

# Consolidated Financial Results for the Fiscal Year 2014 (J-GAAP)

May 12, 2014

Listed company name: Ariake Japan Co., Ltd.  
 Code number: 2815 URL: <http://www.ariakejapan.com> Listing exchange: Tokyo, 1st Section  
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Date of annual general meeting of shareholders: June 20, 2014  
 Date to submit the annual securities report: June 23, 2014  
 Date to start dividends distribution: June 23, 2014  
 Supplementary materials prepared: Yes  
 Results information meeting held: Yes (for financial analysts)

(Figures shown are rounded down to the nearest million yen.)

## 1. Consolidated Financial Results for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

### (1) Consolidated Business Results

(Percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2014	37,201	10.7	5,639	3.0	7,236	12.9	4,252	12.3
FY2013	33,591	6.6	5,475	10.8	6,408	30.9	3,788	46.5

Note: Comprehensive income: FY2014: ¥7,090 million (+29.4%)

FY2013: ¥5,481 million (+124.4%)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2014	133.63	—	8.7	12.4	15.2
FY2013	119.02	—	8.6	12.1	16.3

Reference: Investment profit/loss on equity method: FY2014: ¥ — million

FY2013: ¥ — million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2014	62,352	52,211	83.0	1,626.85
FY2013	54,662	46,550	84.6	1,452.87

Reference: Equity capital: FY2014: ¥51,777 million FY2013: ¥46,241 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2014	6,367	(4,424)	(1,767)	8,475
FY2013	5,572	(787)	(1,987)	8,102

## 2. Dividends

(Record date)	Dividends per share					Total dividends (Annual)	Dividends payout ratio (Consolidated)	Dividends on shareholders' equity ratio (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
FY2013	—	20.00	—	25.00	45.00	1,432	37.8	3.2
FY2014	—	20.00	—	30.00	50.00	1,591	37.4	3.2
FY2015 (forecast)	—	20.00	—	30.00	50.00		32.4	

## 3. Forecast of the Consolidated Financial Results for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(Full year percentage figures represent of changes from the previous fiscal year, and first half figures represent the rates of changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	19,426	11.8	3,021	10.2	3,408	1.7	2,217	12.2	69.66
Full year	41,879	12.6	6,961	23.4	7,724	6.7	5,066	19.1	159.17

## \* Notes

(1) Significant Changes in Subsidiaries during the Year under Review (Changes in specified subsidiaries resulting in changes of scope of consolidation): None

Newly included: (Company name: ) Removed: None (Company name: )

(2) Changes in Accounting Policies, Accounting Estimates, and Restatement of Revisions

- 1) Changes in accounting policies associated with revisions of accounting standards, etc.: Yes  
 2) Changes other than those included in 1): None  
 3) Changes in accounting estimates: Yes  
 4) Restatement of revisions: None

(3) Number of Shares Outstanding (Common Stock)

1) Number of shares outstanding as of the period-end (including treasury shares)	As of March 31, 2014:	32,808,683 shares	As of March 31, 2013:	32,808,683 shares
2) Number of treasury shares as of the period-end	As of March 31, 2014:	981,952 shares	As of March 31, 2013:	980,716 shares
3) Average number of shares outstanding for the period	FY2014:	31,827,271 shares	FY2013:	31,828,156 shares

## (Reference) Summary of Non-consolidated Financial Results

1. Financial Results for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Non-consolidated Financial Results

(Percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2014	29,645	4.2	5,349	(2.6)	6,701	5.5	4,224	7.0
FY2013	28,442	6.7	5,495	7.9	6,350	22.2	3,948	33.1

	Net income per share	Diluted net income per share
	Yen	Yen
FY2014	132.75	—
FY2013	124.07	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2014	60,867	53,555	88.0	1,682.73
FY2013	56,836	50,300	88.5	1,580.39

Reference: Equity capital: FY2014: ¥53,555 million FY2013: ¥50,300 million

2. Forecast of the Non-consolidated Financial Results for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(Full year percentage figures represent changes from the previous fiscal year, and first half figures represent changes from the same period of the previous year.)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	14,967	4.5	3,054	(3.9)	1,954	(0.6)	61.39
Full year	31,682	6.9	6,521	(2.7)	4,170	(1.3)	131.02

## \* Implementation status of audit procedures

As of the time this report was disclosed, audit of financial statements based on Financial Instruments and Exchange Act had not completed.

## \* Explanation regarding the appropriate use of forecast of financial results and other special instructions

Descriptions regarding the future, including the financial forecast contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable and actual business results may significantly vary due to various factors.

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## 1. Business Results and Financial Position

### (1) Analysis of Business Results

#### 1. Business conditions for the FY2014 (Consolidated business results)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2014	37,201	5,639	7,236	4,252	133.63
FY2013	33,591	5,475	6,408	3,788	119.02
Growth Rate	10.7%	3.0%	12.9%	12.3%	—

#### (Non-consolidated business results)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2014	29,645	5,349	6,701	4,224	132.75
FY2013	28,442	5,495	6,350	3,948	124.07
Growth Rate	4.2%	(2.6)%	5.5%	7.0%	—

#### 1) Overall performance for the FY2014

During the fiscal year ended March 31, 2014, the Japanese economy showed signs of a modest recovery supported by rising share prices and the weakening yen in anticipation for the positive fiscal and monetary policies put forward by the government. However, the outlook remained uncertain due to some concerns over financial and political instability in Europe and slowing economies in emerging countries.

In the food industry, despite signs of recovery in personal consumption in some segments, the yen depreciation trend, spurred by the economic recovery after the change in government at the end of 2012, is causing rises in raw material costs and producing a headwind. However, companies saw signs of improvement in its business environment.

Under such circumstances, Ariake Japan Co., Ltd. (the “Company”) and its Group companies (collectively, the “Ariake Group”) have been striving to grasp customer needs early on, expand their existing businesses throughout the world, and actively develop new businesses. In this way, the Ariake Group endeavors, as a leading manufacturer in the field of natural seasonings, and also as a global enterprise setting up a “global seven-pillar system,” to fulfill its commitments to food safety, good health, and better taste.

As a result of these efforts, the Group and the Company were able to record the following earnings for the fiscal year under review.

#### Net Sales

The Company’s net sales increased by 4.2% (¥1,203 million) year on year, to ¥29,645 million, resulting from our successful sales and marketing efforts focusing on a “customer-first” approach.

Net sales of consolidated subsidiaries increased by 46.7% year on year mainly due to the higher sales in the overseas subsidiaries.

Therefore, consolidated net sales for the fiscal year under review increased by 10.7% (¥3,610 million) year on year to ¥37,201 million.

#### Operating Income

The Company’s operating income decreased by 2.6% (¥145 million) year on year, to ¥5,349 million, due to an increase in low material costs caused by the yen depreciation and an increase in fixed manufacturing costs (an approx. ¥361 million increase year on year) and other expenses.

On the other hand, consolidated operating income increased by 3.0% (¥163 million) year on year to ¥5,639 million.

#### Ordinary Income

The Company’s ordinary income increased by 5.5% (¥351 million) year on year, to ¥6,701 million. This was mainly due to the foreign exchange gains (including valuation gains in derivatives trading) of ¥962 million, marking a ¥504 million increase from the foreign exchange gains of ¥457 million posted

in the previous fiscal year.

Consolidated ordinary income increased by 12.9% (¥827 million) year on year to ¥7,236 million.

Net income for the Company increased by 7.0% (¥276 million) year on year to ¥4,224 million.

Consolidated net income increased by 12.3% (¥464 million) to ¥4,252 million.

## 2. Outlook for the FY2015

(Forecast for consolidated financial results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2015	41,879	6,961	7,724	5,066	159.17
FY2014	37,201	5,639	7,236	4,252	133.63
Growth Rate	12.6%	23.4%	6.7%	19.1%	—

(Forecast for non-consolidated financial results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2015	31,682	5,709	6,521	4,170	131.02
FY2014	29,645	5,349	6,701	4,224	132.75
Growth Rate	6.9%	6.7%	(2.7)%	(1.3)%	—

### 1) Outlook for financial results for the FY2015

Although interest rates are declining due to aggressive monetary easing policies by the Bank of Japan last year, business began to show signs of recovery. Still, the outlook remains uncertain due to such factors as sluggish consumer spending affected by higher consumption taxes, so the recovery in consumer spending is expected to take some time.

In this environment, the Group, trusting in its technical strengths and sales capabilities, will move ahead with efforts to maintain and expand existing markets and develop a new market to strive to increase sales. In the overseas operations, we will endeavor to make further growth of the European business utilizing the advantages of sales channels covered by Henningsen Nederland B.V. in the Netherlands, which was acquired in 2013.

The Company has the following three competitive advantages:

- (1) It is a global enterprise which has six production bases in overseas countries, including the U.S. and Europe. This makes it possible to procure high-quality, reasonably priced raw materials.
- (2) The Company has established highly automated large-scale production facilities. The product cost of manufacture decreases in proportion to the scale of the facilities.
- (3) Having been in operation for 50 years, the Company has benefited from the experience curve effect and skills and processes have undergone repeated rounds of “kaizen”, the review of work by on-site workers.

With these advantages, we have created a production system that turns out high-quality products at low cost.

Since the beginning of this century, the Ariake Group has made upwards of ¥20 billion in capital expenditures across the globe and the results are steadily being realized. During the past five years from the fiscal year ended March 2009 to the fiscal year ended March 2014, consolidated net sales increased from ¥21,736 million to ¥37,201 million, marking a ¥15,465 million increase (up 71.1%), while consolidated operating income increased from ¥2,890 million to ¥5,639 million, marking a ¥2,749 million increase (up 95.1%). These results indicate that our products are highly appreciated for their quality and demanded more and more by our customers around the world.

In the coming fiscal year, as well, we will make the most of our proprietary technologies and cutting-edge facilities, and spare no effort in fully leveraging the unique qualities discussed above to maintain steady increase of its earnings.

Therefore, for the fiscal year 2015, consolidated net sales are projected to increase 12.6% year on year to ¥41,879 million, consolidated operating income to grow 23.4% year on year to ¥6,961 million, and consolidated ordinary income to grow 6.7% year on year to ¥7,724 million.

As for non-consolidated earnings, net sales are expected to increase 6.9% year on year to ¥31,682 million, operating income to increase 6.7% year on year to ¥5,709 million, and ordinary income to decrease 2.7% year on year to ¥6,521 million.

## (2) Analysis of Financial Position

### 1) Overview of the FY2014

(Millions of yen)

	FY2013	FY2014	Difference
Cash flows from operating activities	5,572	6,367	795
Cash flows from investing activities	(787)	(4,424)	(3,637)
Cash flows from financing activities	(1,987)	(1,767)	219
Increase (decrease) in cash and cash equivalents	2,719	372	(2,346)
Cash and cash equivalents at beginning of period	5,383	8,102	2,719
Cash and cash equivalents at end of period	8,102	8,475	372

- Regarding the financial position at the end of the current fiscal year, as a result of an increase of ¥372 million in cash and deposits and an increase of ¥2,687 million in non-current assets compared to the end of the previous fiscal year, total assets were ¥62,352 million. Shareholders' equity was ¥49,020 million mainly due to a ¥2,817 million increase.

- Net cash provided by operating activities was ¥6,367 million (year on year increase of ¥795 million).

- Cash flows from investing activities

For the current fiscal year, net cash used in investing activities was ¥4,424 million (year on year increase in outflow of ¥3,637 million), as a result of ¥1,000 million in proceeds from the sale of securities, ¥3,337 million in payments for the acquisition of tangible fixed assets and ¥1,608 million in payments for the acquisition of shares of a subsidiary which accompanies a change in the range of consolidation.

- Cash flows from financing activities

For the current fiscal year, net cash used in financing activities was ¥1,767 million (year on year decrease in outflow of ¥219 million) as a result of an outflow of ¥1,432 million for dividend payment, and a decrease in short-term loans payable of ¥328 million, etc.

### 2) Outlook for the FY2015

- Cash flows from operating activities

We expect to achieve target sales and profits for the next fiscal year, and to see an increase in income as well.

- Cash flows from investing activities

In response to sales increases, approximately ¥2,800 million capital expenditures in total have been predetermined including planned capital expenditures of approximately ¥2,300 million by Ariake Japan Co., Ltd.

- Cash flows from financing activities

To improve capital efficiency and provide return to stockholders, we will continue flexible operation.

## 3) Cash Flow Indicators

	FY2010	FY2011	FY2012	FY2013	FY2014
Equity ratio (%)	79.6	80.6	82.7	84.6	83.0
Equity ratio based on fair value (%)	82.6	86.0	99.7	113.6	132.2
Cash flows interest-bearing debts ratio (years)	0.8	0.9	0.3	0.1	0.1
Interest coverage ratio	109.6	53.6	88.5	148.0	343.8

Equity ratio: equity capital / total assets

Equity ratio based on fair value: total fair value / total assets

Cash flows interest-bearing liabilities ratio: interest-bearing debts / cash flows

Interest coverage ratio: cash flows / interest payments

\* All indicators are calculated using financial figures on a consolidated basis.

\* Total fair value is calculated based on Final stock price at term end × Number of shares outstanding at term end (after deduction of treasury shares).

\* The “Cash flows from operating activities” on the Consolidated Statements of Cash Flows and all interest-bearing debts on the Consolidated Balance Sheets were used as cash flows and interest-bearing debts, respectively.

## (3) Basic Policy Regarding Distribution of Earnings for FY2014 and FY2015

The Company considers that appropriate distribution of earnings to the shareholders is one of the most important management policies. Therefore, the Company has been based on the principle of paying dividends consistent with its business performance. The Company has pursued a policy of paying substantial stable dividends by considering various indicators in proportion to the growth of the business results. At the same time, the Company has paid attention to the anticipated business environment and long-term business development and maintained ample internal reserves to strengthen the business quality.

Specifically, with the objective of achieving a stable distribution of profits, the Company has been paying dividends based on dividend on equity (DOE) for shareholders' capital investments.

We consider that DOE is an effective method to ensure directly a high dividend rate for our shareholders. Our present target is a DOE of 3.0%, and we are striving to continue to pay greater dividends.

Internal reserves are used for investments and loans to develop the natural seasoning business based on the Company's global strategy, to generate profits, and to expand the scope of business by preparing for situations such as stock price increases through the flexible and agile operation of treasury shares.

We managed to achieve the consolidated net income higher than that of the previous fiscal year. To show our appreciation for the ongoing support of our shareholders and with hope for their continued support, we intend to propose at the shareholders' meeting to be held in June 2014 that we pay a year-end dividend of ¥30 per share.

Therefore, annual dividends will be ¥50 per share, in an increase of ¥5 from the previous fiscal year.

Regarding the dividends for FY2015, the Company will strive to continue to pay the present common dividend of ¥50 per share, expecting that we will continue to record stable profits in the long term.



## 2. Outline of the Business Group

### Outline of the Business Group

The Ariake Group (Ariake Japan and its consolidated subsidiaries) is comprised of the Company, eight consolidated subsidiaries, and two non-consolidated subsidiaries. Its main business is the manufacture and sale of natural seasoning products. The Company and three of its subsidiaries are located in Japan, and the remaining seven subsidiaries, overseas. The following is an outline of the business operations of the various group companies.

### Ariake Japan Co., Ltd. (The Company filing the Consolidated Financial Statements)

The Company manufactures natural seasonings and sells them mainly to domestic customers.

### Domestic Subsidiaries

Dear. SOUP Co., Ltd. manufactures natural soups and sells them to domestic customers.

A.C.C. Co., Ltd. leases portions of the headquarters building from the Company and operates a convenience store.

### Overseas Subsidiaries

- ARIAKE U.S.A., Inc. manufactures natural seasonings and sells them to customers in the U.S. and other countries. It also supplies these seasonings to the Company.
- Qingdao Ariake Foodstuff Co., Ltd. manufactures natural seasonings and sells them to customers in China and other countries. It also supplies these seasonings to the Company.
- Taiwan Ariake Foods Co., Ltd. manufactures natural seasonings and sells them mainly to customers in Taiwan, China, and Southeast Asia. It also supplies these seasonings to the Company.
- F. P. Natural Ingredients S.A.S. manufactures natural seasonings and sells them mainly to customers in Europe. It also supplies these seasonings to the Company.
- Ariake Europe N.V. manufactures natural seasonings and sells them mainly to customers in Europe. It also supplies these seasonings to the Company.

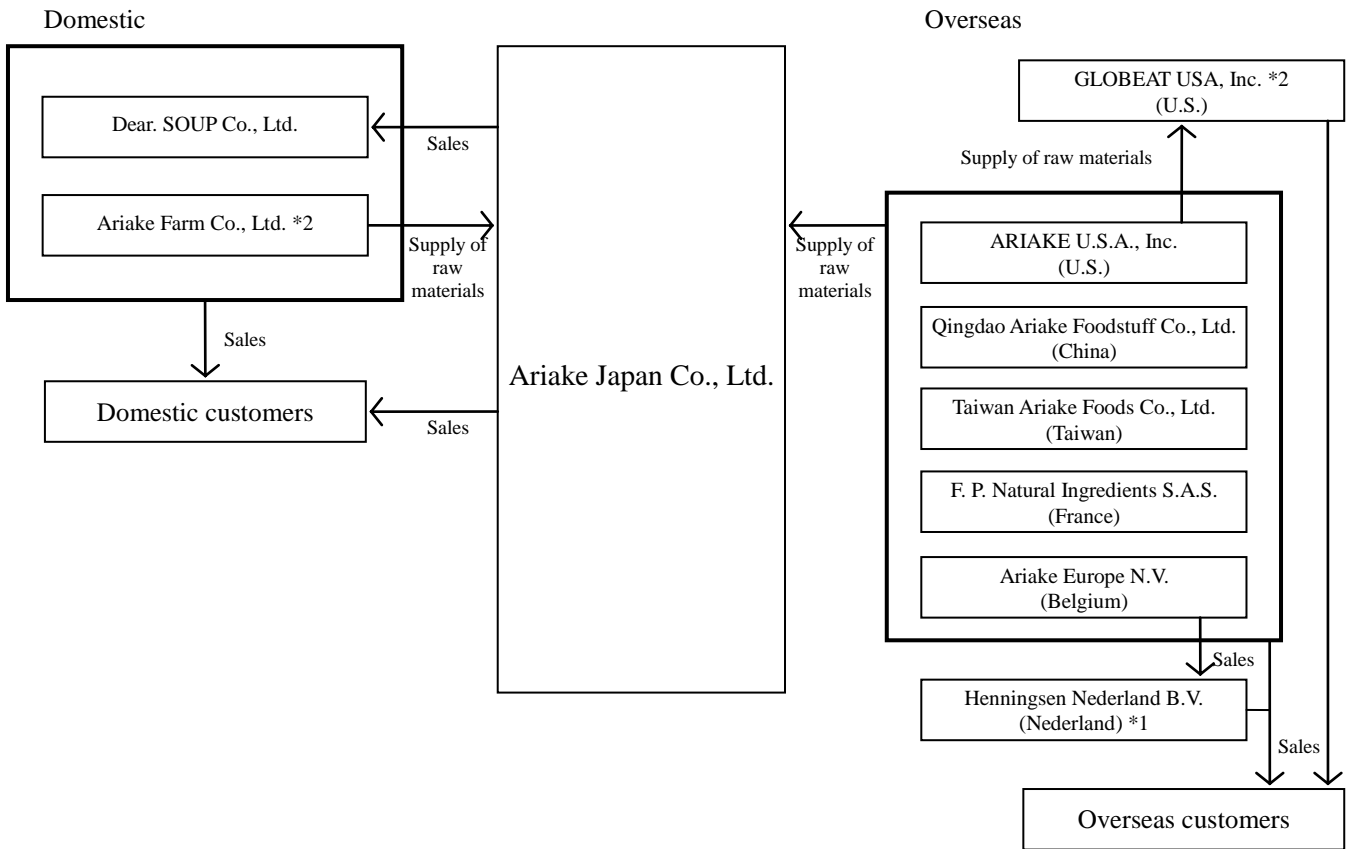
### Consolidated Overseas Sub-Subsidiary

- We acquired Henningsen Nederland B.V. via our subsidiary Ariake Europe N.V. in Belgium, through the transaction executed on November 28, 2013. Henningsen Nederland B.V. manufactures natural seasonings and sells them mainly to customers in Europe.

### Non-consolidated Subsidiaries

- Ariake Farm Co., Ltd. produces agricultural products and supplies them to the Company. It also sells these products to domestic consumers.
- GLOBEAT USA, Inc. is engaged in the food service industry in the U.S.

The major companies of the Group and their relationships as of filing date of the Consolidated Financial Results (May 12, 2014) are shown in the diagram below.



No mark: Consolidated subsidiary

\*1: Consolidated sub-subsidiary (100% subsidiary of Ariake Europe N.V.)

\*2: Non-consolidated subsidiary

### 3. Management Policy

#### (1) Basic Management Policy

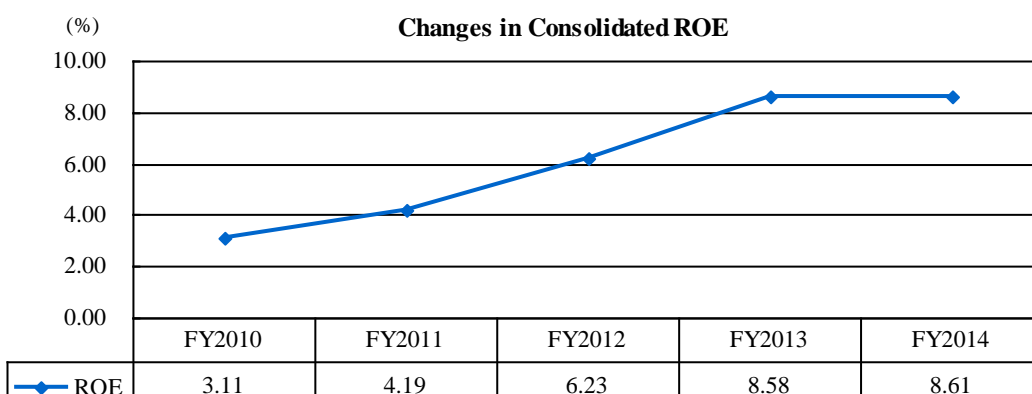
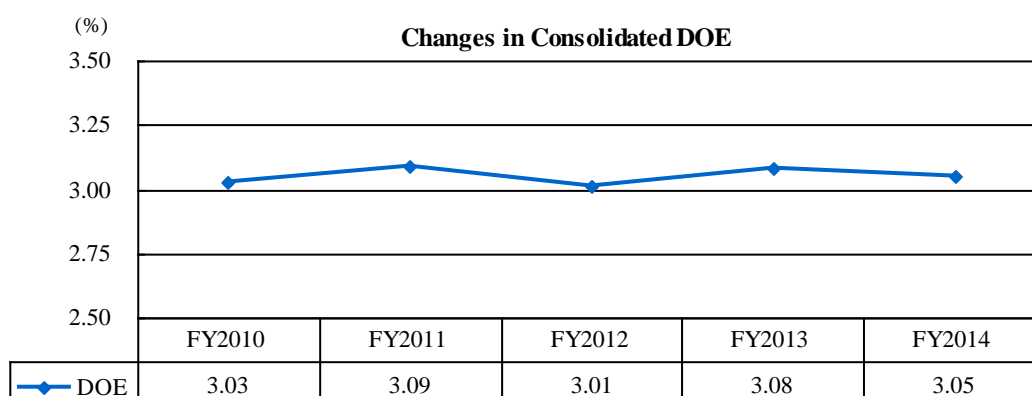
As a leading company in the field of natural seasonings, the Group bases its activities on the following three management concepts:

1. The Group will contribute to the world by supporting healthy and enjoyable food culture through the production of natural seasonings.
2. The Group will quickly and precisely develop businesses that meet the needs of the times, based on the concept of the customer creed.
3. The Group will aim to maximize shareholders' value through businesses to be always attractive to shareholders.

The Group will endeavor to develop and foster the growth of products that take full advantage of the characteristics of natural seasonings, "tasty, healthy and user-friendly" and try hard to improve quality of products by achieving technological reform while ensuring food safety through safety and hygiene control. In this way, the Group will pursue the goal of increasing profitability.

#### (2) Key Management Indicator

In order to ensure corporate management that is attractive to shareholders by maximizing return on capital investments, the Company uses return on equity (ROE) and dividend on equity (DOE) as its main management indicator for the mid-term. For this reason, the Group will execute stable management based on the long-term management plan and has set a long-term target of 3.0% for DOE and 12.0% for ROE.



### (3) Medium- and Long-term Management Plan

The Group continues to operate on the basis of a medium- and long-term management plan. While the food industry in Japan is a matured market, we have based our management plan on; 1) the anticipation for the expansion of demand for natural seasonings through various measures taken by the Company, 2) the short supply of domestic raw materials relative to anticipated market expansion, and 3) the great potential to develop this business on a global scale.

Based on this management plan, we are manufacturing, and performing R&D for, natural seasonings at our No. 1 Kyushu Plant, in Sasebo City, Nagasaki, and No. 2 Kyushu Plant, on the outskirts of Sasebo City.

The Group has both subsidiaries and factories in the U.S. (Ariake U.S.A., Inc.), China (Qingdao Ariake Foodstuff Co., Ltd.), Taiwan (Taiwan Ariake Foods Co., Ltd.), France (F.P. Natural Ingredients S.A.S.) and Belgium (Ariake Europe N.V.), and also a sub-subsidiary and a factory in the Netherlands (Henningsen Nederland B.V.), and established an optimal regional production system by creating a “global seven-pillar system.”

In order to manufacture and sell natural soups, sales of which are rapidly growing not only in Japan but throughout the world, the Group founded Dear. SOUP Co., Ltd., and is working to expand sales to customers within Japan and overseas.

The main points of the mid-term management plan are as follows:

1. Extend our operations from a natural seasonings-specialized manufacturer to a comprehensive seasonings manufacturer in order to increase corporate value.
2. Expand demand by thoroughly pursuing the domestic market and developing the global market.
3. Grow into a world class leading company through technical innovation.

Specifically, this plan involves the following four items.

- 1) Stimulate domestic demand as a comprehensive seasonings manufacturer in the contracting food market with a declining birthrate and a growing proportion of elderly people.
- 2) Actively make capital investments through technical innovation, and provide low-cost, high-quality products.
- 3) Actively promote our overseas strategy.
- 4) Implement effective capital policies which increased corporate value.

We believe that our responsibility to the investors that have invested in the Company is to increase shareholders' value through the steady accumulation of results in annual plans based on these long-term visions and the establishment of a profit foundation. This approach represents the essence of our ultimate management policies.

### (4) Issues which the Company Needs to Address

Recognizing that the natural seasoning industry will largely grow both in Japan and overseas in the future, the Group has made capital investments worth ¥20 billion throughout the world. The Group meets its capital needs with shareholder's equity and external loans. We believe that success in the natural seasonings business will contribute broadly to the food market and help to secure steady growth in the Group's revenue base.

To increase corporate value and conduct stable business operations through these measures, we intend to develop and pursue capital policies that allow us to continuously build a friendly shareholder base.

### (5) Other Important Matters Relating to the Company Management

There is nothing to report.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	8,102,330	8,475,323
Notes and accounts receivable - trade	*3 6,766,744	7,131,256
Securities	1,000,000	3,590,000
Merchandise and finished goods	2,432,717	3,078,829
Work in process	677,707	893,386
Raw materials and supplies	1,568,228	1,771,276
Deferred tax assets	215,645	192,287
Others	470,089	1,104,125
Allowance for doubtful accounts	(1,425)	(1,522)
Total current assets	21,232,038	26,234,964
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,577,196	23,108,779
Accumulated depreciation	(9,251,388)	(10,820,544)
Buildings and structures, net	11,325,807	12,288,235
Machinery, equipment and vehicles	21,908,262	26,139,882
Accumulated depreciation	(16,676,929)	(18,977,895)
Machinery, equipment and vehicles, net	5,231,333	7,161,987
Land	4,499,643	4,695,695
Leased assets	44,156	56,194
Accumulated depreciation	(15,542)	(25,649)
Leased assets, net	28,613	30,545
Construction in progress	191,547	1,152,225
Others	835,870	997,400
Accumulated depreciation	(748,915)	(864,258)
Others, net	86,955	133,142
Total property, plant and equipment	21,363,900	25,461,830
Intangible assets		
Goodwill	-	1,057,882
Other	143,645	177,903
Total intangible assets	143,645	1,235,785
Investments and other assets		
Investment securities	*1 9,856,060	*1 7,477,484
Long-term loans receivable	64,897	48,327
Real estate for investment, net	*2 1,453,834	*2 1,469,306
Others	548,170	433,168
Allowance for doubtful accounts	(193)	(7,976)
Total investments and other assets	11,922,770	9,420,310
Total non-current assets	33,430,316	36,117,926
Total assets	54,662,355	62,352,891

	(Thousands of yen)	
	FY2013	FY2014
	(As of March 31, 2013)	(As of March 31, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	*3 2,851,630	3,381,377
Short-term loans payable	223,785	461,090
Lease obligations	9,032	11,138
Income taxes payable	1,404,238	1,508,758
Provision for bonuses	179,443	203,526
Provision for directors' bonuses	58,000	58,000
Others	1,341,858	1,917,345
<b>Total current liabilities</b>	<b>6,067,989</b>	<b>7,541,238</b>
<b>Non-current liabilities</b>		
Long-term loans payable	324,848	220,054
Lease obligations	21,012	20,933
Deferred tax liabilities	412,717	955,848
Provision for retirement benefits	612,951	-
Net defined benefit liability	-	638,985
Provision for directors' retirement benefits	328,362	348,795
Others	344,121	415,516
<b>Total non-current liabilities</b>	<b>2,044,012</b>	<b>2,600,134</b>
<b>Total liabilities</b>	<b>8,112,001</b>	<b>10,141,372</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	33,333,121	36,153,808
Treasury shares	(2,059,636)	(2,062,514)
<b>Total shareholders' equity</b>	<b>46,202,450</b>	<b>49,020,258</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,161,420	1,626,742
Foreign currency translation adjustment	(1,121,873)	1,120,558
Remeasurements of defined benefit plans	-	9,664
<b>Total accumulated other comprehensive income</b>	<b>39,546</b>	<b>2,756,966</b>
Minority interests	308,356	434,293
<b>Total net assets</b>	<b>46,550,353</b>	<b>52,211,518</b>
<b>Total liabilities and net assets</b>	<b>54,662,355</b>	<b>62,352,891</b>

## (2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Thousands of yen)

	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
Net sales	33,591,021	37,201,258
Cost of sales	*1, *3 22,661,953	*1, *3 25,601,186
Gross profit	10,929,067	11,600,072
Selling, general and administrative expenses	*2, *3 5,453,625	*2, *3 5,960,891
Operating income	5,475,442	5,639,180
Non-operating income		
Interest and dividend income	207,620	224,616
Foreign exchange gains	194,095	686,966
House rent income	28,221	28,568
Gain on valuation of derivatives	457,653	575,663
Others	156,888	151,624
Total non-operating income	1,044,480	1,667,439
Non-operating expenses		
Interest expenses	37,657	17,322
Compensation expenses	24,258	–
Cost of lease revenue	13,137	20,870
Others	36,032	32,083
Total non-operating expenses	111,086	70,276
Ordinary income	6,408,836	7,236,343
Extraordinary losses		
Loss on retirement of non-current assets	*4 17,788	–
Loss on valuation of investment securities	–	6,696
Loss on valuation of golf club membership	–	1,460
Loss on closing of stores	4,341	–
Provision of allowance for doubtful accounts	–	7,794
Total extraordinary losses	22,130	15,952
Income before income taxes and minority interests	6,386,706	7,220,391
Income taxes - current	2,529,957	2,661,798
Income taxes - deferred	31,353	252,854
Total income taxes	2,561,310	2,914,653
Income before minority interests	3,825,395	4,305,737
Minority interests in income	37,299	52,807
Net income	3,788,095	4,252,929

## (Consolidated Statements of Comprehensive Income)

	(Thousands of yen)	
	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
Income before minority interests	3,825,395	4,305,737
Other comprehensive income		
Valuation difference on available-for-sale securities	676,412	465,322
Foreign currency translation adjustment	979,409	2,319,760
Total other comprehensive income	1,655,822	2,785,082
Comprehensive income	5,481,217	7,090,819
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	5,411,957	6,960,684
Comprehensive income attributable to minority interests	69,259	130,135



## (3) Consolidated Statements of Changes in Equity

FY2013 (from April 1, 2012 to March 31, 2013)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,095,096	7,833,869	30,818,154	(2,059,169)	43,687,950
Changes of items during period					
Dividends of surplus			(1,273,128)		(1,273,128)
Net income			3,788,095		3,788,095
Purchase of treasury shares				(815)	(815)
Disposal of treasury shares				348	348
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,514,967	(466)	2,514,500
Balance at end of current period	7,095,096	7,833,869	33,333,121	(2,059,636)	46,202,450

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	485,008	(2,069,323)	(1,584,315)	241,669	42,345,304
Changes of items during period					
Dividends of surplus					(1,273,128)
Net income					3,788,095
Purchase of treasury shares					(815)
Disposal of treasury shares					348
Net changes of items other than shareholders' equity	676,412	947,449	1,623,862	66,687	1,690,549
Total changes of items during period	676,412	947,449	1,623,862	66,687	4,205,049
Balance at end of current period	1,161,420	(1,121,873)	39,546	308,356	46,550,353

FY2014 (from April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,095,096	7,833,869	33,333,121	(2,059,636)	46,202,450
Changes of items during period					
Dividends of surplus			(1,432,243)		(1,432,243)
Net income			4,252,929		4,252,929
Purchase of treasury shares				(2,878)	(2,878)
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period			2,820,686	(2,878)	2,817,808
Balance at end of current period	7,095,096	7,833,869	36,153,808	(2,062,514)	49,020,258

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,161,420	(1,121,873)	–	39,546	308,356	46,550,353
Changes of items during period						
Dividends of surplus						(1,432,243)
Net income						4,252,929
Purchase of treasury shares						(2,878)
Disposal of treasury shares						–
Net changes of items other than shareholders' equity	465,322	2,242,432	9,664	2,717,419	125,937	2,843,356
Total changes of items during period	465,322	2,242,432	9,664	2,717,419	125,937	5,661,164
Balance at end of current period	1,626,742	1,120,558	9,664	2,756,966	434,293	52,211,518

## (4) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	6,386,706	7,220,391
Depreciation	1,878,202	1,995,582
Amortization of goodwill	–	27,125
Increase (decrease) in allowance for doubtful accounts	(29)	7,880
Increase (decrease) in provision for retirement benefits	29,614	–
Increase (decrease) in net defined benefit liability	–	40,857
Increase (decrease) in provision for directors' retirement benefits	23,085	20,433
Increase (decrease) in provision for bonuses	(896)	24,083
Increase (decrease) in provision for directors' bonuses	2,000	–
Interest and dividend income	(207,620)	(224,616)
Interest expenses	37,657	17,322
Foreign exchange losses (gains)	194,263	386,436
Loss (gain) on valuation of derivatives	(457,653)	(575,663)
Loss on retirement of non-current assets	17,788	–
Loss (gain) on valuation of investment securities	–	6,696
Decrease (increase) in notes and accounts receivable - trade	90,192	146,405
Decrease (increase) in inventories	94,920	(385,971)
Increase (decrease) in notes and accounts payable - trade	(166,686)	405,719
Increase (decrease) in accrued consumption taxes	822	(89,192)
Decrease (increase) in other assets	(50,049)	(562,584)
Increase (decrease) in other liabilities	106,236	269,106
Subtotal	7,978,552	8,730,012
Interest and dividend income received	190,804	225,564
Interest expenses paid	(37,657)	(17,322)
Income taxes paid	(2,559,605)	(2,570,277)
Net cash provided by operating activities	5,572,093	6,367,977
Cash flows from investing activities		
Proceeds from sale of securities	2,000,000	1,000,000
Purchase of property, plant and equipment	(1,393,659)	(3,337,330)
Purchase of intangible assets	(35,682)	(27,893)
Purchase of investment securities	(1,799,363)	(506,131)
Proceeds from sales of investment securities	501,965	1,694
Payments of loans receivable	(9,850)	(10,940)
Collection of loans receivable	95,959	94,007
Payments for investments in real estates	(146,577)	(29,060)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,608,749) <sup>*2</sup>
Net cash used in investing activities	(787,208)	(4,424,403)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(710,935)	(328,391)
Proceeds from sales of treasury shares	272	–
Purchase of treasury shares	(815)	(2,878)
Cash dividends paid	(1,273,214)	(1,432,252)
Cash dividends paid to minority shareholders	(2,572)	(4,198)
Net cash used in financing activities	(1,987,265)	(1,767,721)
Effect of exchange rate change on cash and cash equivalents	(78,582)	197,140
Net increase in cash and cash equivalents	2,719,036	372,993
Cash and cash equivalents at beginning of period	5,383,293	8,102,330
Cash and cash equivalents at end of period	8,102,330 <sup>*1</sup>	8,475,323 <sup>*1</sup>

## (5) Notes on the Consolidated Financial Statements

(Notes on the Going Concern Assumption)

There is nothing to report.

(Basic Important Matters to Prepare the Consolidated Financial Statements)

### 1. Matters relating to the scope of consolidation

#### (1) Consolidated subsidiary companies: 8

Name of the major consolidated subsidiaries

Dear. SOUP Co., Ltd.

A.C.C. Co., Ltd.

ARIAKE U.S.A., Inc.

Qingdao Ariake Foodstuff Co., Ltd.

Taiwan Ariake Foods Co., Ltd.

F. P. Natural Ingredients S.A.S.

Ariake Europe N.V.

Henningsen Nederland B.V.

Of the above, Henningsen Nederland B.V. became our consolidated subsidiary from the current consolidated fiscal year accompanying the transaction to acquire its 100% stake on November 28th, 2013.

#### (2) Major non-consolidated subsidiaries:

Ariake Farm Co., Ltd.

GLOBEAT USA, INC.

(Reason to exclude from the scope of consolidation)

The non-consolidated subsidiary Ariake Farm Co., Ltd. and GLOBEAT USA, INC. are small companies, and their total assets, net sales, net income or loss and retained earnings (corresponding to equity) did not have a significant influence on the Consolidated Financial Statements.

### 2. Matters relating to subsidiaries and affiliates adopting the equity method

#### (1) Number and names of companies adopting equity method

Non-consolidated subsidiaries: None

Affiliated companies: None

#### (2) Non-consolidated subsidiaries that are not using the equity method:

Considering the net income or loss (corresponding to equity) and retained earnings (corresponding to equity), Ariake Farm Co., Ltd. and GLOBEAT USA, INC. had an insignificant influence on the Consolidated Financial Statements. Since they were not financially important overall, they were excluded from the scope of application of the equity method.

### 3. Matters relating to business year of consolidated subsidiaries

The closing day of ARIAKE U.S.A., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients S.A.S., Ariake Europe N.V., Henningsen Nederland B.V. and Taiwan Ariake Foods Co., Ltd. was December 31. Although the Company adopted all the subsidiaries' financial statements as of December 31 to prepare for the Consolidated Financial Statements, any significant transactions accrued in the period from that date to the consolidated book closing day were adjusted according to consolidation requirements.

4. Matters relating to accounting standards

(1) Valuation standards and methods for important assets

(i) Securities

1) Held-to-maturity securities

Amortized cost method (straight-line method)

2) Other securities

(a) Securities with market price

Mark-to-market method based on the market price as of the closing day of accounts (All the valuation differences were incorporated directly into the net assets and costs for sale were computed with the moving average method.)

(b) Securities without market price

Cost method under the moving average method

(ii) Derivatives

Mark-to-market method

(iii) Major inventories

(a) Products

Mainly, identified cost method

(b) Raw materials

Mainly, cost method under the moving average method

(c) Work in process

Mainly, identified cost method

(d) Supplies

Last cost method

(Amounts on the balance sheets were calculated by the method of writing down the book value in accordance with a decline in profitability.)

(2) Depreciation method for important depreciable assets

(i) Property, plant and equipment (except for leased assets)

(a) Domestic companies: Declining balance method

However, a straight-line method was used for buildings (except attached equipment) acquired or put into business use after April 1, 1998.

Small-amount depreciable assets of which the acquisition price was ¥100,000 or more and less than ¥200,000 were and will be depreciated evenly over 3 years.

Useful lives of major assets were as follows:

Buildings and structures: 7-50 years

Machines, devices and delivery equipment: 4-10 years

(b) Overseas subsidiaries

Straight-line method based on the estimated useful life

(ii) Intangible assets (except for leased assets): Straight-line method

Software for internal use is amortized over its estimated useful life of 5 years, using the straight-line method.

(iii) Leased assets

Finance leased assets that do not transfer ownership are depreciated using the straight-line method over the period of the lease with zero residual value.

Finance leased assets that do not transfer ownership and were acquired prior to March 31, 2008 are not capitalized but accounted for by a method similar to that applicable to operating leases.

(iv) Real estate for investment: Declining balance method

## (3) Standards for significant allowances

## (i) Allowance for doubtful accounts

To prepare against losses from bad debts, the amount estimated based on the actual loss ratio was reserved for ordinary receivables, and the amount of possible losses is included in the reserve considering the collectability of individual doubtful accounts.

## (ii) Provision for employees' bonuses

Except for the foreign subsidiaries, the Company has reserved and recorded the estimated amount of the bonuses to prepare for payment to employees.

## (iii) Provision for directors' bonuses

The Company has reserved and recorded as the current fiscal year's Company's contribution a part of the estimated amount of directors' bonuses to prepare for payment to directors.

## (iv) Provision for directors' retirement benefits

To prepare for payment of directors' retirement benefits, the Company has reserved and recorded the required amounts as of the end of the term based on the internal regulations regarding directors' retirement benefits.

## (4) Accounting method for retirement benefits

## 1) Period corresponding method for the projected retirement benefits.

For the calculation of the retirement benefit obligations, the fixed duration standard is applied as a period corresponding method to determine projected retirement benefits up to the current consolidated fiscal year.

## 2) Accounting method for actuarial gains and losses and prior service costs

Past employment expenses are treated as expenses and amortized, using the straight-line method based on a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of accrual. Actuarial gains and losses are treated as expenses, and amortized from the following fiscal year in which the gain or loss is recognized using the straight-line method over a certain period (mainly 5 years) within the average remaining years of service of the employees.

## (5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen

Receivables and payables denominated in foreign currencies were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period, and differences were recorded as gains or losses.

The assets and liabilities, as well as income and expenses, of foreign subsidiaries were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period and differences were included in the adjustment account for foreign currency exchange or minority interests under net assets.

## (6) Amortization method and period for goodwill

A straight-line method is adopted to amortize goodwill for a period of 10 years.

## (7) Scope of cash in the Consolidated Statements of Cash Flows

Cash (cash and cash equivalents) in the Consolidated Statements of Cash Flows consist of cash on hand, deposits withdrawable at any time and short-term investments convertible easily into cash and repayable within 3 months after acquisition, with little risk for price fluctuation.

## (8) Other important matters to prepare the Consolidated Financial Statements

Accounting of the consumption tax

The Company applied the tax-exclusion accounting method.

## (Changes in Accounting Policies)

## (Accounting Standards, etc. for Retirement Benefits)

“Accounting Standards for Retirement Benefits” (Accounting Standards Board of Japan Statement No. 26 issued May 17, 2012, hereinafter referred to as “Accounting Standards for Retirement Benefits”) and “Guidance on Accounting Standards for Retirement Benefits” (Accounting Standards Board of Japan Guidance No. 25 issued May 17, 2012, hereinafter referred to as “Guidance on Accounting Standard for Retirement Benefits” (excluding Accounting Standards Board of Japan Statement, however, the provisions stipulated in the main clauses of paragraph (35) of the Accounting Standards for Retirement Benefits and paragraph (67) of Guidance on Retirement Benefits) are applied as from the end of the current consolidated fiscal year. Accordingly, the classifying method of retirement benefits obligations was changed to the method of classifying retirement benefits obligations as liabilities concerning retirement benefits, and unrecognized actuarial gains and losses are classified as liabilities concerning retirement benefits.

Accounting Standards, etc. for Retirement Benefits were adopted in accordance with specific transitional provisions stipulated in paragraph (37) of Accounting Standards for Retirement Benefits. Accordingly, the impact of the above change was reflected on the accumulated adjustments for retirement benefits under the other accumulated comprehensive income at the end of the current consolidated fiscal year.

As a result, at the end of the current consolidated fiscal year, the amount of ¥638,985,000 was posted as

retirement benefits liabilities, while the other accumulated comprehensive income increased by ¥9,664,000.

In addition, net assets per share increased by ¥0.30.

(Accounting Standards, etc. not yet adopted)

- “Accounting Standards for Retirement Benefits” (Accounting Standards Board of Japan Statement No. 26 issued May 17, 2012)
- “Guidance on Accounting Standards for Retirement Benefit (Accounting Standard board of Japan Guidance No. 25 issued May 17, 2012)

(1) Overview

Accounting methods for unrecognized actuarial gains and losses and prior service costs, calculation methods for retirement benefits obligations and employment expenses, and the enhancement of disclosure, etc. have been revised.

(2) The scheduled date of adoption

The revised calculation methods for retirement benefits obligations and employment expenses will be adopted from the beginning of FY2015.

Under specific transitional provisions included in these Accounting Standards, Consolidated Financial Statements for the past terms shall not be affected retrospectively by these revisions.

(3) Impact of these Accounting Standards

The impact of the revision to the calculation methods for retirement benefits obligations and employment expenses on our Consolidated Financial Statements is currently under evaluation.

(Changes in Accounting Estimates)

(Change of service life of major assets)

As a result of reviews on usage conditions of the Ariake Group’s property, plant and equipment, some overseas consolidated subsidiaries changed the service lives for some of the machinery, equipment and vehicles from this fiscal year.

In conjunction with this change, operating income, ordinary income and income before income taxes and minority interests for the current consolidated fiscal year increased respectively by ¥172 million, when compared with the figure calculated for the previous years.

## (Consolidated Balance Sheets)

\*1. Items accounted in non-consolidated subsidiaries and affiliated companies are as follows:

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
Investment securities (stocks)	8,196	1,500

\*2. Accumulated depreciation of investments in real estates

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
Accumulated depreciation of investments in real estates	125,667	139,254

\*3. Notes receivable and payable maturing at the end of the consolidated fiscal year

Regarding the accounting treatment of notes receivable and payable maturing at the end of the consolidated fiscal year, despite that the end of the current consolidated fiscal year fell on a bank holiday, these notes were accounted for as if settlement occurred on the maturity date. The amount of notes receivable and payable maturing at the end of the current consolidated fiscal year were as shown below.

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
Notes receivable - trade	75,820	—
Notes payable - trade	97,858	—



## (Consolidated Statements of Income)

\*1. Ending inventories were calculated by writing down the book value in accordance with a decline in profitability and the following loss on valuation of inventories was included in cost of sales.

	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
	45,578	(36,543)

\*2. Major items and amounts under selling, general and administrative expenses are as follows:

	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
Salary and bonuses	877,627	988,007
Packing and transportation expenses	2,005,826	2,178,248
Depreciation	115,974	111,829
Provision for bonuses	51,231	52,278
Provision for directors' bonuses	58,000	58,000
Retirement benefit expenses	38,855	24,821
Provision for directors' retirement benefits	23,085	20,433

\*3. The total amount of research and development expenses included in general and administrative expenses and manufacturing cost of the current term is as follows:

	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
General and administrative expenses	331,240	357,048
Manufacturing cost of the current term	14,281	18,073

\*4. Loss on retirement of non-current assets is as follows:

	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
Buildings and structures	8,707	—
Machinery, equipment and vehicles	8,995	—
Other	85	—

## (Consolidated Statements of Comprehensive Income)

## \* Other comprehensive income reclassification adjustments and tax effects

	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
Valuation difference on available-for-sale securities		
Accrued amount during the period	1,035,430	713,841
Reclassification adjustments	-	(157)
Adjustments of tax effects	1,035,430	713,684
Tax effects	(359,018)	248,362
Valuation difference on available-for-sale securities	676,412	465,322
Foreign currency translation adjustment		
Accrued amount during the period	979,409	2,319,760
Reclassification adjustments	-	-
Foreign currency translation adjustment	979,409	2,319,760
Total other comprehensive income	1,655,822	2,785,082

## (Consolidated Statements of Changes in Equity)

FY2013 (from April 1, 2012 to March 31, 2013)

## 1. Items regarding the type and number of shares outstanding and the type and number of treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2012	Increased number of shares (April 1, 2012 to March 31, 2013)	Decreased number of shares (April 1, 2012 to March 31, 2013)	Number of shares as of March 31, 2013
Outstanding shares				
Common stock	32,808	–	–	32,808
Total	32,808	–	–	32,808
Treasury shares				
Common stock <sup>(Note)</sup>	980	0	0	980
Total	980	0	0	980

Note: The share increase in common stock for treasury shares was through purchase of odd-lot shares while the decrease in the stock was due to the sales of odd-lot shares.

## 2. Matters regarding subscription rights to shares and treasury subscription rights to shares

There is nothing to report.

## 3. Items regarding dividends

## (1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date
June 22, 2012 Annual meeting of shareholders	Common stock	636,565	20.0	March 31, 2012	June 25, 2012
November 9, 2012 Board of Directors Meeting	Common stock	636,563	20.0	September 30, 2012	December 10, 2012

## (2) Dividends for which the record date fell in this consolidated fiscal year and the effective date fell in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Dividends per share (yen)	Record date	Effective date
June 21, 2013 Annual meeting of shareholders	Common stock	795,699	Retained earnings	25.0	March 31, 2013	June 24, 2013

FY2014 (from April 1, 2013 to March 31, 2014)

(30) Items regarding the type and number of shares outstanding and the type and number of treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2013	Increased number of shares (April 1, 2013 to March 31, 2014)	Decreased number of shares (April 1, 2013 to March 31, 2014)	Number of shares as of March 31, 2014
Outstanding shares				
Common stock	32,808	–	–	32,808
Total	32,808	–	–	32,808
Treasury shares				
Common stock <sup>(Note)</sup>	980	1	–	981
Total	980	1	–	981

Note: The share increase in common stock for treasury shares was through purchase of odd-lot shares while the decrease in the stock was due to the sales of odd-lot shares.

## 2. Matters regarding subscription rights to shares and treasury subscription rights to shares

There is nothing to report.

## 3. Items regarding dividends

## (1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date
June 21, 2013 Annual meeting of shareholders	Common stock	795,699	25.0	March 31, 2013	June 24, 2013
November 12, 2013 Board of Directors Meeting	Common stock	636,544	20.0	September 30, 2013	December 9, 2013

## (2) Dividends for which the record date fell in this consolidated fiscal year and the effective date will fall in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Dividends per share (yen)	Record date	Effective date
June 20, 2014 Annual meeting of shareholders	Common stock	954,801	Retained earnings	30.0	March 31, 2014	June 23, 2014

## (Consolidated Statements of Cash Flows)

## \*1. Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets

	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
	(Thousands of yen)	(Thousands of yen)
Cash and deposits	8,102,330	8,475,323
Cash and cash equivalents	8,102,330	8,475,323

## \*2 Principal components of assets and liabilities of a company that became a consolidated subsidiary due to acquisition of shares

The break down of the assets and liabilities of Henningsen Nederland B.V. at the time of its consolidation, which became a consolidated subsidiary due to the acquisition of shares, as well as the relationship between the acquisition price of shares and expenditures (net) for its acquisition, are listed below.

	(Thousands of yen)
Current assets	729,324
Non-current assets	446,784
Goodwill	986,418
Current liabilities	(179,282)
Non-current liabilities	(374,432)
Acquisition price of shares	1,608,813
Cash and cash equivalents	(64)
Deduction: Expenditures for acquisition	1,608,749

## (Securities)

## 1. Held-to-maturity securities

FY2013 (as of March 31, 2013)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Fair value	Difference
Securities whose fair value exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	5,500,000	5,570,525	70,525
	Subtotal	5,500,000	5,570,525	70,525
Securities whose fair value do not exceed their carrying value on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	1,000,000	997,500	(2,500)
	Subtotal	1,000,000	997,500	(2,500)
Total		6,500,000	6,568,025	68,025

FY2014 (as of March 31, 2014)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Fair value	Difference
Securities whose fair value exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	5,500,000	5,549,335	49,335
	Subtotal	5,500,000	5,549,335	49,335
Securities whose fair value do not exceed their carrying value on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	500,000	498,100	(1,900)
	Subtotal	500,000	498,100	(1,900)
Total		6,000,000	6,047,435	47,435

## 2. Other securities

FY2013 (as of March 31, 2013)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Acquisition costs	Difference
Securities whose carrying amount on the Consolidated Balance Sheets exceed acquisition costs	(1) Stocks	3,761,251	1,947,056	1,814,194
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	205,780	200,000	5,780
	(3) Others	—	—	—
	Subtotal	3,967,031	2,147,056	1,819,974
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	164,917	203,572	(38,654)
	(2) Bonds			
	1) Government and municipal bonds etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	164,917	203,572	(38,654)
Total		4,131,949	2,350,629	1,781,319

Note: Unlisted shares and a portion of bonds (with an amount recorded on the Consolidated Balance Sheets of ¥224,111,000) do not have fair values and it is considered extremely difficult to determine fair values for these shares. Therefore, they are not included in "Other securities" above.

FY2014 (as of March 31, 2014)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Acquisition costs	Difference
Securities whose carrying amount on the Consolidated Balance Sheets exceed acquisition costs	(1) Stocks	4,580,720	2,067,124	2,513,595
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	206,460	200,000	6,460
	(3) Others	—	—	—
	Subtotal	4,787,180	2,267,124	2,520,055
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	62,889	87,941	(25,051)
	(2) Bonds			
	1) Government and municipal bonds etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	62,889	87,941	(25,051)
Total		4,850,069	2,355,065	2,495,003

Note: Unlisted shares and a portion of bonds (with an amount recorded on the Consolidated Balance Sheets of ¥217,415,000) do not have fair values and it is considered extremely difficult to determine fair values for these shares. Therefore, they are not included in "Other securities" above.

## (Derivative Transactions)

## 1. Derivative transactions not applied to hedge accounting

## (1) Currency-related

FY2013 (as of March 31, 2013)

(Thousands of yen)

Category	Type	Contract amount, etc.	Contract price (portion due after one year)	Fair value	Gain/loss on valuation
Non-market transactions	Forward exchange contracts				
	Short position				
	Euro	1,143,780	–	(21,389)	(21,389)
	U.S. dollar	5,748,950	4,432,250	201,162	201,162
Total		6,892,730	4,432,250	179,772	179,772

Note: Method for calculating fair value

The fair values of these are determined using the quoted price by financial institutions and others with which businesses are conducted.

FY2014 (as of March 31, 2014)

(Thousands of yen)

Category	Type	Contract amount, etc.	Contract price (portion due after one year)	Fair value	Gain/loss on valuation
Non-market transactions	Forward exchange contracts				
	Short position				
	Euro	4,674,450	4,037,025	266,286	266,286
	U.S. dollar	6,992,720	5,757,680	489,149	489,149
Total		11,667,170	9,794,705	755,436	755,436

Note: Method for calculating fair value

The fair values of these are determined using the quoted price by financial institutions and others with which businesses are conducted.



## (Retirement Benefits)

FY2013 (from April 1, 2012 to March 31, 2013)

## 1. Outline of the retirement benefits system employed by the Company

The Company uses a lump sum retirement system in combination with a defined benefits pension system.

## 2. Retirement benefit obligations and their breakdown

	(Thousands of yen)
(1) Retirement benefit obligations	(1,395,062)
(2) Pension assets	767,674
(3) Unfunded retirement benefit obligations (1)+(2)	(627,388)
(4) Unrecognized actuarial gains or losses	14,437
(5) Unrecognized prior service costs (obligation write down)	-
(6) Net amount reported in the Consolidated Balance Sheets (3)+(4)+(5)	(612,951)
(7) Provision for retirement benefits (6)	(612,951)

## 3. Breakdown of retirement benefits expenses

	(Thousands of yen)
(1) Employment expenses	91,207
(2) Interest expenses	26,558
(3) Expected return on plan assets	(11,470)
(4) Amortization of net actuarial gains or losses	(10,783)
(5) Amortization of prior service costs	-
(6) Retirement benefits expenses (1)+(2)+(3)+(4)+(5)	95,557

## 4. Matters relating to the accounting foundations of retirement benefit obligations

## (1) Distribution method and fixed amount standard of anticipated retirement benefits

Periodically fixed amount

## (2) Discount rate

2.0%

## (3) Expected return on plan assets

1.5%

## (4) Amortization of prior service costs

5 years (Prior service costs are treated as expense, using the straight-line method based on a fixed number of years within average remaining service period of employees at the time of accrual.)

## (5) Amortization of actuarial gains or losses

5 years (Actuarial gains and losses are treated as expenses, and amortized from the following fiscal year in which the gain or loss is recognized using a straight-line method over a certain period within the average remaining years of service of the employees.)

FY2014 (from April 1, 2013 to March 31, 2014)

## 1. Outline of the retirement benefits system employed by the Company

The Company uses a lump sum retirement system in combination with a defined benefits pension system.

## 2. Defined benefits system

## (1) Reconciliation table for beginning and ending balances of retirement benefits obligations

	(Thousands of yen)
Beginning balance of retirement benefits obligations	1,395,062
Employment expenses	93,161
Interest expenses	27,901
Amortization of net actuarial gains or losses	(27,229)
Payment of retirement benefits	(45,936)
Ending balance of retirement benefits obligations	1,442,958

## (2) Reconciliation table for beginning and ending balances of pension assets

	(Thousands of yen)
Beginning balance of pension assets	767,674
Expected return on plan assets	11,515
Amortization of net actuarial gains or losses	(4,279)
Employer's contribution	46,960
Payment of retirement benefits	(17,896)
Ending balance of pension assets	803,973

## (3) Reconciliation table for ending balance of retirement benefits obligations and pension assets, and liabilities concerning retirement benefits and assets concerning retirement benefits posted on the Consolidated Balance Sheets

	(Thousands of yen)
Retirement benefits obligations on the funded scheme	866,909
Pension assets	(803,973)
	62,935
Retirement benefits obligations on the non-funded scheme	576,049
Net amount of liabilities and assets reported in the Consolidated Balance Sheets	638,985
Liabilities concerning retirement benefits	638,985
Net amount of liabilities and assets reported in the Consolidated Balance Sheets	638,985

## (4) Amounts of retirement benefits expenses and their components

	(Thousands of yen)
Employment expenses	93,161
Interest expenses	27,901
Expected return on plan assets	(11,515)
Amortization of net actuarial gains or losses	6,311
Amortization for prior service costs	-
Retirement benefits expenses concerning defined benefit system	115,858

## (5) Accumulated adjustments concerning retirement benefits

The breakdown of items (before income taxes) posted on the accumulated adjustments concerning retirement benefits are as follows:

	(Thousands of yen)
Unrecognized prior service costs	-
Unrecognized actuarial gains and losses	14,823
Total	14,823

## (6) Matters relating to pension assets

## 1) Principal components of pension assets

The proportion of principal categories concerning the total pension assets is as follows:

	(%)
Bonds	—
Stocks	—
Cash and deposits	—
Other	100
Total	100

## 2) Configuration method of long-term expected rate of return

In determining long-term expected rate of return on pension assets, allocation of current and projected pension assets and present and future long-term rate of return on a variety of assets comprising pension assets are considered.

## (7) Matters relating to the basis of the actuarial calculation

The basis of the principal actuarial calculation at the end of the consolidated fiscal year (calculated using the weighted average).

Discount rate: 2.0%

Long-term expected rate of return: 1.5%

(Segment Information, etc.)

[Segment information]

## 1. Overview of reportable segments

In accordance with aggregation criteria for reportable segments, the Company's businesses are aggregated into the segment "manufacturing and sales of natural seasonings." Therefore, the Ariake Group has only one reportable segment of a natural seasonings business.

## 2. Method of calculations of sales, income (loss), assets, liabilities, and other items by reportable segment

The Ariake Group has only one reportable segment of a natural seasonings business, so information is omitted.

## 3. Information on sales, income (loss), assets, liabilities, and other items by reportable segment

The Ariake Group has only one reportable segment of a natural seasonings business, so information is omitted.

## 4. Difference between total amount of reportable segment and amount recorded on consolidated financial statements and its details about the difference (matters relating to difference adjustment)

The Ariake Group has only one reportable segment of a natural seasonings business, so information is omitted.

[Related information]

FY2013 (from April 1, 2012 to March 31, 2013)

## 1. Information by product and service

Information by product and service is omitted because external sales by products and services account for more than 90% of total net sales stated at the Consolidated Statements of Income.

## 2. Information by geographic segment

## (1) Sales

(Thousands of yen)

Japan	North America	Europe	Asia	Total
28,862,084	1,899,063	600,786	2,229,087	33,591,021

## (2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Asia	Total
13,268,048	2,740,138	3,550,699	1,805,014	21,363,900

## 3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	3,955,851	Natural seasonings business

FY2014 (from April 1, 2013 to March 31, 2014)

## 1. Information by product and service

Information by product and service is omitted because external sales by products and services account for more than 90% of total net sales stated at the Consolidated Statements of Income.

## 2. Information by geographic segment

## (1) Sales

(Thousands of yen)

Japan	North America	Europe	Asia	Total
30,003,690	2,556,028	1,633,679	3,007,859	37,201,258

## (2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Asia	Total
14,413,430	3,471,543	5,413,116	2,163,739	25,461,830

## 3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	4,905,940	Natural seasonings business

[Information on impairment loss of non-current assets by reportable segment]

There is nothing to report.

[Information on amortization and unamortization of goodwill by reportable segment]

FY2013 (from April 1, 2012 to March 31, 2013)

There is nothing to report.

FY2014 (from April 1, 2013 to March 31, 2014)

The Ariake Group has only one reportable segment of a natural seasonings business, so information is omitted.

[Information on accrual profit of negative goodwill by reportable segment]

There is nothing to report.

## (Information on the Related Parties)

## Transaction with related parties

## Transaction between the Company and related parties

## a) Non-consolidated subsidiaries and affiliated companies, etc. of the Company

FY2013 (from April 1, 2012 to March 31, 2013)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Subsidiary	Ariake Farm Co., Ltd.	Sasebo City, Nagasaki	15,100	Farming	9.9 (Direct) 89.4 (Indirect)	Purchase of raw materials	Purchase of raw materials	309,718	Accounts payable - trade	52,623
									Advance payments - trade	20,000

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

FY2014 (from April 1, 2013 to March 31, 2014)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Subsidiary	Ariake Farm Co., Ltd.	Sasebo City, Nagasaki	15,100	Farming	9.9 (Direct) 89.4 (Indirect)	Purchase of raw materials	Purchase of raw materials	646,839	Accounts payable - trade	37,932

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

## b) Directors, major shareholders, etc. of the Company

FY2013 (from April 1, 2012 to March 31, 2013)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka City, Fukuoka	30,000	Operation of restaurants	None	Sales of merchandise and Leasing of facilities	Sales of merchandise	249,877	Accounts receivable - trade	28,297
							Receiving of facility usage fees	2,600	Advances received	105
	Japan Food Business Co., Ltd.	Shibuya ward, Tokyo	20,000	Management of assets	(Direct) 28.9	Sales of merchandise and Leasing of facilities	Sales of merchandise	1,023	-	-
							Receiving of facility usage fees	2,400	Advances received	210

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

## FY2014 (from April 1, 2013 to March 31, 2014)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka City, Fukuoka	30,000	Operation of restaurants	None	Sales of merchandise Leasing of facilities	Sales of merchandise	243,200	Accounts receivable - trade	25,929
							Receiving of facility usage fees	1,200	Advances received	108
	Japan Food Business Co., Ltd.	Shibuya ward, Tokyo	20,000	Management of assets	(Direct) 28.9	Sales of merchandise Leasing of facilities			-	
							Receiving of facility usage fees	2,400	Advances received	216

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

## (Per Share Information)

	(Yen)	
	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
Net assets per share	1,452.87	1,626.85
Net income per share	119.02	133.63

Notes: 1. Diluted net income per share is not reported because these are not residual securities.

2. Basis for calculation of net income per share is as follows:

	(Thousands of yen)	
	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
Net income	3,788,095	4,252,929
Amount not attributed to common shareholders	-	-
Net income related to common stocks	3,788,095	4,252,929
Average number of shares outstanding during the fiscal years (thousand shares)	31,828	31,827

## (Important Subsequent Events)

There is nothing to report.

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

	(Thousands of yen)	
	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,568,927	6,593,115
Notes receivable - trade	*3 455,189	449,263
Accounts receivable - trade	*2 5,362,263	*2 4,822,544
Securities	1,000,000	3,590,000
Merchandise and finished goods	1,892,856	1,951,183
Work in process	459,816	550,144
Raw materials and supplies	1,289,093	1,291,715
Advance payments - trade	93,414	228,604
Prepaid expenses	47,861	53,565
Deferred tax assets	203,808	183,754
Derivatives	179,772	755,436
Short-term loans receivable	87,500	21,875
Other	86,560	108,295
Allowance for doubtful accounts	(568)	(506)
<b>Total current assets</b>	<b>16,726,495</b>	<b>20,598,992</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	12,868,839	12,883,062
Accumulated depreciation	(6,811,391)	(7,165,923)
Buildings, net	6,057,448	5,717,139
Structures	1,144,247	1,177,737
Accumulated depreciation	(819,018)	(872,344)
Structures, net	325,229	305,392
Machinery and equipment	15,683,121	17,147,737
Accumulated depreciation	(13,039,013)	(13,652,740)
Machinery and equipment, net	2,644,108	3,494,997
Vessels	17,344	17,344
Accumulated depreciation	(17,290)	(17,303)
Vessels, net	54	40
Vehicles	206,952	209,874
Accumulated depreciation	(163,163)	(173,414)
Vehicles, net	43,789	36,460
Tools, furniture and fixtures	669,482	676,327
Accumulated depreciation	(625,628)	(636,687)
Tools, furniture and fixtures, net	43,853	39,640
Land	3,974,466	3,974,466
Leased assets	44,156	56,194
Accumulated depreciation	(15,542)	(25,649)
Leased assets, net	28,613	30,545
Construction in progress	136,224	801,863
<b>Total property, plant and equipment</b>	<b>13,253,787</b>	<b>14,400,544</b>



	(Thousands of yen)	
	FY2013	FY2014
	(As of March 31, 2013)	(As of March 31, 2014)
Intangible assets		
Software	51,200	38,703
Telephone subscription rights	7,139	7,139
Total intangible assets	58,339	45,842
Investments and other assets		
Investment securities	9,847,864	7,475,984
Shares of subsidiaries and associates	12,640,491	14,271,050
Investments in capital of subsidiaries and associates	413,095	413,095
Long-term loans receivable	21,875	-
Long-term loans receivable from employees	21,161	16,546
Long-term loans receivable from subsidiaries and associates	1,930,463	1,859,304
Long-term prepaid expenses	61,602	108,500
Real estate for investment, net	*1 1,453,834	*1 1,469,306
Insurance funds	426,441	259,532
Other	34,366	32,352
Allowance for doubtful accounts	(53,193)	(83,576)
Total investments and other assets	26,798,002	25,822,096
Total non-current assets	40,110,129	40,268,483
Total assets	56,836,625	60,867,475
Liabilities		
Current liabilities		
Notes payable - trade	*3 837,498	927,103
Accounts payable - trade	1,712,342	1,781,128
Lease obligations	9,032	11,138
Accounts payable - other	830,559	980,759
Accrued expenses	167,682	187,341
Income taxes payable	1,332,817	1,368,918
Accrued consumption taxes	94,338	39,043
Deposits received	40,593	42,834
Provision for bonuses	179,224	184,056
Provision for directors' bonuses	58,000	58,000
Other	45,034	237,500
Total current liabilities	5,307,123	5,817,825
Non-current liabilities		
Lease obligations	21,012	20,933
Deferred tax liabilities	266,465	470,232
Provision for retirement benefits	612,951	653,808
Provision for directors' retirement benefits	328,362	348,795
Other	60	60
Total non-current liabilities	1,228,851	1,493,831
Total liabilities	6,535,974	7,311,657

	(Thousands of yen)	
	FY2013	FY2014
	(As of March 31, 2013)	(As of March 31, 2014)
Net assets		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus		
Lease capital surplus	7,833,869	7,833,869
Total capital surplus	7,833,869	7,833,869
Retained earnings		
Legal retained earnings	441,000	441,000
Other retained earnings		
Reserve for special depreciation	74,585	56,842
General reserve	7,820,000	7,820,000
Retained earnings brought forward	27,934,315	30,744,782
Total retained earnings	36,269,901	39,062,625
Treasury shares	(2,059,636)	(2,062,514)
Total shareholders' equity	49,139,230	51,929,076
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,161,420	1,626,742
Total valuation and translation adjustments	1,161,420	1,626,742
Total net assets	50,300,650	53,555,818
Total liabilities and net assets	56,836,625	60,867,475

## (2) Non-consolidated Statements of Income

	(Thousands of yen)	
	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
Net sales		
Net sales of finished goods	26,729,350	28,150,029
Net sales of goods	1,712,823	1,495,889
Total net sales	28,442,174	29,645,918
Cost of sales		
Beginning finished goods	1,532,732	1,545,447
Beginning goods	426,694	347,408
Cost of products manufactured	*1 17,216,694	*1 18,876,693
Cost of purchased goods	1,323,401	1,082,056
Total	20,499,523	21,851,606
Ending finished goods	1,545,447	1,723,498
Ending goods	347,408	227,685
Total cost of sales	18,606,667	19,900,423
Gross profit	9,835,506	9,745,495
Selling, general and administrative expenses	*2, *3 4,340,418	*2, *3 4,395,699
Operating income	5,495,088	5,349,796
Non-operating income		
Interest income	27,859	22,432
Interest on securities	121,746	99,051
Dividend income	157,116	171,787
Foreign exchange gains	1,063	386,436
House rent income	37,749	38,096
Gain on valuation of derivatives	457,653	575,663
Other	107,545	82,430
Total non-operating income	910,735	1,375,897
Non-operating expenses		
Cost of lease revenue	13,137	20,870
Compensation expenses	24,258	-
Other	18,195	2,845
Total non-operating expenses	55,591	23,715
Ordinary income	6,350,232	6,701,978
Extraordinary losses		
Loss on retirement of non-current assets	*4 8,995	-
Loss on valuation of shares of subsidiaries and associates	-	6,696
Provision of allowance for doubtful accounts	-	30,394
Loss on valuation of golf club membership	-	1,460
Total extraordinary losses	8,995	38,552
Income before income taxes	6,341,236	6,663,426
Income taxes - current	2,420,000	2,463,000
Income taxes - deferred	(27,627)	(24,541)
Total income taxes	2,392,372	2,438,458
Net income	3,948,864	4,224,967

## [Breakdown of the Product Cost of Manufacture]

(Thousands of yen)

Account	Notes	FY2013 (from April 1, 2012 to March 31, 2013)		FY2014 (from April 1, 2013 to March 31, 2014)	
		Amount	Ratio (%)	Amount	Ratio (%)
I. Material costs		9,997,539	57.8	11,055,973	58.1
II. Labor costs		2,395,890	13.8	2,569,514	13.5
III. Expenses	*1	4,904,921	28.4	5,406,619	28.4
Total manufacturing cost of the current term		17,298,351	100.0	19,032,107	100.0
Work in process inventory at beginning of term		441,446		459,816	
Total		17,739,797		19,491,923	
Subtract: Work in process inventory at end of term		459,816		550,144	
Subtract: Transfers to other accounts	*2	63,286		65,084	
Product cost of manufacture of the current term		17,216,694		18,876,693	

Cost accounting method

Separate cost accounting per individual lots based on actual cost

Notes

\*1. Details are as follows:

(Thousands of yen)

Item	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
Depreciation expenses	1,064,150	1,121,406
Subcontract processing expenses	61,190	57,281

\*2. Details of transfers to other accounts are as follows:

(Thousands of yen)

Item	FY2013 (from April 1, 2012 to March 31, 2013)	FY2014 (from April 1, 2013 to March 31, 2014)
Advertising expenses	43,343	44,982
Research and development expenses	19,942	20,101
Total	63,286	65,084

## (3) Non-consolidated Statements of Changes in Equity

FY2013 (from April 1, 2012 to March 31, 2013)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of current period	7,095,096	7,833,869	7,833,869	441,000	63,270	7,820,000	25,269,894	33,594,165
Changes of items during period								
Provision of reserve for special depreciation					30,861		(30,861)	—
Reversal of reserve for special depreciation					(19,545)		19,545	—
Dividends of surplus							(1,273,128)	(1,273,128)
Net income							3,948,864	3,948,864
Purchase of treasury shares								
Disposal of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	11,315	—	2,664,420	2,675,735
Balance at end of current period	7,095,096	7,833,869	7,833,869	441,000	74,585	7,820,000	27,934,315	36,269,901

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,059,169)	46,463,961	485,008	485,008	46,948,969
Changes of items during period					
Provision of reserve for special depreciation					
Reversal of reserve for special depreciation					
Dividends of surplus		(1,273,128)			(1,273,128)
Net income		3,948,864			3,948,864
Purchase of treasury shares	(815)	(815)			(815)
Disposal of treasury shares	348	348			348
Net changes of items other than shareholders' equity			676,412	676,412	676,412
Total changes of items during period	(466)	2,675,268	676,412	676,412	3,351,681
Balance at end of current period	(2,059,636)	49,139,230	1,161,420	1,161,420	50,300,650

FY2014 (from April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of current period	7,095,096	7,833,869	7,833,869	441,000	74,585	7,820,000	27,934,315	36,269,901
Changes of items during period								
Provision of reserve for special depreciation								
Reversal of reserve for special depreciation					(17,742)		17,742	
Dividends of surplus							(1,432,243)	(1,432,243)
Net income							4,224,967	4,224,967
Purchase of treasury shares								
Disposal of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period					(17,742)		2,810,467	2,792,724
Balance at end of current period	7,095,096	7,833,869	7,833,869	441,000	56,842	7,820,000	30,744,782	39,062,625

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,059,636)	49,139,230	1,161,420	1,161,420	50,300,650
Changes of items during period					
Provision of reserve for special depreciation					
Reversal of reserve for special depreciation					
Dividends of surplus		(1,432,243)			(1,432,243)
Net income		4,224,967			4,224,967
Purchase of treasury shares	(2,878)	(2,878)			(2,878)
Disposal of treasury shares					
Net changes of items other than shareholders' equity			465,322	465,322	465,322
Total changes of items during period	(2,878)	2,789,846	465,322	465,322	3,255,168
Balance at end of current period	(2,062,514)	51,929,076	1,626,742	1,626,742	53,555,818

## 6. Others

### (1) Changes in Directors

#### 1) Changes in Representative Director

- Candidate for the new representative director

Representative Director and Vice President, Administrator of the overseas subsidiaries and associates, COO: Katsutoshi Iwaki (currently Senior Managing Director, General Manager of Internal Control Office)

#### 2) Changes in other directors

- Candidate for the new director

Director: Naoyoshi Takeshita (currently Auditor (part-time))

Note: Mr. Naoyoshi Takeshita is also a candidate for the outside director.

#### 3) Expected date of appointment

June 20, 2014

### (2) Others

There is nothing to report.