

Consolidated Financial Results for the Fiscal Year 2016 (J-GAAP)

May 12, 2016

Listed company name: Ariake Japan Co., Ltd.
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Date of annual general meeting of shareholders: June 17, 2016
 Date to submit the annual securities report: June 20, 2016
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 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, 2016 (April 1, 2015 – March 31, 2016)

(1) Consolidated Business Results

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2016	46,404	13.4	8,836	41.3	9,081	20.1	5,939	25.7
FY2015	40,915	10.0	6,251	10.9	7,562	4.5	4,725	11.1

Note: Comprehensive income: FY2016: ¥4,560 million (-30.1%)

FY2015: ¥6,527 million (-7.9%)

	Net income per share	Fully diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2016	186.62	—	10.3	13.0	19.0
FY2015	148.48	—	8.7	11.6	15.3

Reference: Investment profit/loss on equity method: FY2016: ¥ – million

FY2015: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2016	71,205	59,567	83.2	1,861.85
FY2015	68,293	57,034	82.7	1,775.07

Reference: Equity capital: FY2016: ¥59,251 million

FY2015: ¥56,492 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
FY2016	8,715	(6,357)	(2,294)	13,484
FY2015	6,599	(1,260)	(1,332)	12,955

2. Dividends

	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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2015	—	20.00	—	35.00	55.00	1,750	37.0	3.2
FY2016	—	20.00	—	40.00	60.00	1,909	32.2	3.3
FY2017 (forecast)	—	20.00	—	40.00	60.00		29.0	

3. Forecast of the Consolidated Financial Results for FY2017 Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Full year percentage figures represent 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 attributable to shareholders of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	23,509	6.6	4,316	8.3	4,671	8.1	3,059	11.1	96.12
Full year	50,061	7.9	9,654	9.3	9,895	9.0	6,592	11.0	207.14

* Notes

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

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

Note: PT. Ariake Europe Indonesia was included in consolidation in the current fiscal year, though it does not constitute a change in specified subsidiaries.

(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: None
 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, 2016:	32,808,683 shares	As of March 31, 2015:	32,808,683 shares
2) Number of treasury shares as of the period-end	As of March 31, 2016:	984,762 shares	As of March 31, 2015:	983,271 shares
3) Average number of shares outstanding for the period	FY2016:	31,824,655 shares	FY2015:	32,826,067 shares

(Reference) Summary of Non-consolidated Financial Results

1. Financial Results for the Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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	%
FY2016	34,479	10.2	6,669	20.0	7,060	7.1	4,798	11.6
FY2015	31,296	5.6	5,556	3.9	6,592	(1.6)	4,299	1.8

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY2016	150.77	—
FY2015	135.08	—

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio	Net assets per share
	Millions of yen		Millions of yen		%	Yen
FY2016	67,722	59,762	88.2	1,877.90		
FY2015	65,196	57,190	87.7	1,797.01		

Reference: Equity capital: FY2016: ¥59,762 million FY2015: ¥57,190 million

2. Forecast of the Non-consolidated Financial Results for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(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	17,400	4.4	3,822	4.8	2,627	6.4	82.55
Full year	36,479	5.8	7,594	7.6	5,192	8.2	163.15

* 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 consolidated financial results and other special instructions

Descriptions regarding the future, including the financial outlook 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 FY2016

(Consolidated business results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share (yen)
FY2016	46,404	8,836	9,081	5,939	186.62
FY2015	40,915	6,251	7,562	4,725	148.48
Growth Rate	13.4%	41.3	20.1	25.7%	—

(Non-consolidated business results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2016	34,479	6,669	7,060	4,798	150.77
FY2015	31,296	5,556	6,592	4,299	135.08
Growth Rate	10.2%	20.0	7.1	11.6	—

1) Overall performance for the FY2016

The Japanese economy during the fiscal year ended March 31, 2016 saw a positive effect of the stimulus measures by the government in the first half of the year and improvement in corporate earnings and the employment situation, but with a slowdown in emerging economies including China and the strengthening of the yen in the second half of the year, the economic recovery has been modest.

Under such circumstances, Ariake Japan Co., Ltd. (the “Company”) and its Group companies (collectively, the “Ariake Group”) have been striving to understand 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 10.2% (¥3,182 million) year on year, to ¥34,479 million, resulting from our successful sales and marketing efforts focusing on a “customer-first” approach.

Net sales of consolidated subsidiaries increased by 24.0% 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 13.4% (¥5,488 million) year on year to ¥46,404 million.

Operating Income

The Company’s operating income grew by 20.0% (¥1,112 million) year on year, to ¥6,669 million. This was largely a result of increased sales, which offset growth in expenses such as the higher cost of raw materials due to the depreciation of the yen and higher fixed manufacturing costs (up by approximately ¥352 million year on year).

Consolidated operating income increased by 41.3% (¥2,584 million) year on year to ¥8,836 million.

Ordinary Income

The Company’s ordinary income increased by 7.1% (¥468 million) year on year, to ¥7,060 million. This was mainly attributable to the foreign exchange gains (including loss on valuation of derivatives) of ¥-39 million, marking a ¥719 million decrease from the foreign exchange gains (including gain on valuation of derivatives) of ¥679 million posted in the previous fiscal year.

Consolidated ordinary income increased by 20.1% (¥1,518 million) year on year to ¥9,081 million.

Net income

Net income for the Company grew by 11.6% (¥498 million) year on year to ¥4,798 million.

Consolidated net income increased by 25.7% (¥1,213 million) to ¥5,939 million.

2. Outlook for the FY2017

(Forecast for consolidated financial results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share (yen)
FY2017	50,061	9,654	9,895	6,592	207.14
FY2016	46,404	8,836	9,081	5,939	186.62
Growth Rate	7.9	9.3	9.0	11.0	—

(Forecast for non-consolidated financial results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2017	36,479	7,092	7,594	5,192	163.15
FY2016	34,479	6,669	7,060	4,798	150.77
Growth Rate	5.8	6.3	7.6	8.2	—

1) Outlook for financial results for the FY2017

The Group will continue to demonstrate its unique technical strengths and sales capabilities, and it will strive to increase sales and corporate value by maintaining or expanding existing markets and by developing new markets. We will endeavor to enlarge our overseas operations on a new scale with the aim of creating further growth.

The Company has the following three competitive advantages:

- (1) It is a global enterprise which has seven 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 2011 to the fiscal year ended March 2016, consolidated net sales increased from ¥27,051 million to ¥46,404 million, marking a ¥19,353 million increase (up 71.5%), while consolidated operating income increased from ¥3,783 million to ¥8,836 million, marking a ¥5,053 million increase (up 133.6%). 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 2017, consolidated net sales are projected to increase 7.9% year on year to ¥50,061 million, consolidated operating income to grow 9.3% year on year to ¥9,654 million, and consolidated ordinary income to grow 9.0% year on year to ¥9,895 million.

As for non-consolidated earnings, net sales are expected to increase 5.8% year on year to ¥36,479 million, operating income to increase 6.3% year on year to ¥7,092 million, and ordinary income to increase 7.6% year on year to ¥7,594 million.

(2) Analysis of Financial Position

1) Overview of the FY2016

(Millions of yen)

	FY2015	FY2016	Difference
Cash flows from operating activities	6,599	8,715	2,116
Cash flows from investing activities	(1,260)	(6,357)	(5,096)
Cash flows from financing activities	(1,332)	(2,294)	(962)
Increase (decrease) in cash and cash equivalents	4,480	529	(3,951)
Cash and cash equivalents at beginning of period	8,475	12,955	4,480
Cash and cash equivalents at end of period	12,955	13,484	529

- Regarding the financial position at the end of the current fiscal year, as a result of an increase of ¥3,229 million in cash and deposits and an increase of ¥358 million in non-current assets compared to the end of the previous fiscal year, total assets were ¥71,205 million. Shareholders' equity was ¥56,249 million mainly due to a ¥4,203 million increase.
- Net cash provided by operating activities was ¥8,715 million (year on year increase of ¥2,116 million).
- Cash flows from investing activities
For the current fiscal year, net cash used in investing activities was ¥6,357 million (a year on year increase in outflow of ¥5,096 million). This was mainly attributable to proceeds of ¥1,087 million from the sale of securities, payments of ¥5,200 million into time deposits, and payments of ¥2,272 million for the acquisition of tangible fixed assets.
- Cash flows from financing activities
For the current fiscal year, net cash used in financing activities was ¥2,294 million (a year on year increase in outflow of ¥962 million). This was mainly attributable to an outflow of ¥1,750 million for dividend payments, a decrease in short-term loans payable of ¥250 million, and payments of ¥278 million from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation.

2) Outlook for the FY2017

- 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 ¥3,200 million capital expenditures in total have been predetermined including planned capital expenditures of approximately ¥1,000 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

	FY2012	FY2013	FY2014	FY2015	FY2016
Equity ratio (%)	82.7	84.6	83.0	82.7	83.2
Equity ratio based on fair value (%)	99.7	113.6	122.2	192.2	295.0
Cash flows interest-bearing debts ratio (years)	0.3	0.1	0.1	0.1	0.1
Interest coverage ratio (times)	88.5	148.0	343.8	256.5	607.6

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 FY2016 and FY2017

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 in the hope of securing their continued support, we intend to propose at the shareholders' meeting to be held in June 2016 that we pay a year-end dividend of ¥40 per share.

Therefore, annual dividends will be ¥60 per share, in an increase of ¥5 from the previous fiscal year.

Regarding the dividends for FY2017, the Company will strive to continue to pay the present common dividend of ¥60 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, nine consolidated subsidiaries, and one non-consolidated subsidiary. 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.

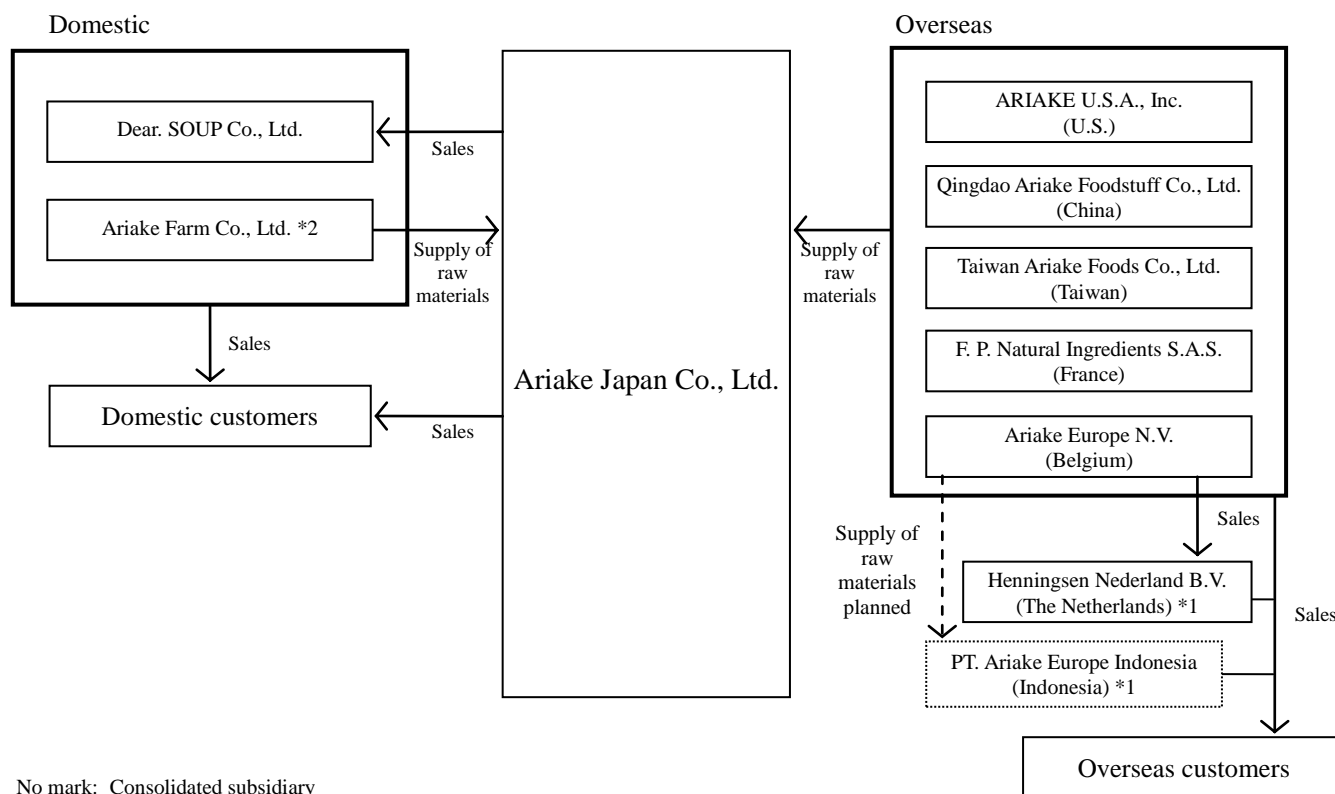
Consolidated Overseas Sub-Subsidiary

- Henningsen Nederland B.V. manufactures natural seasonings and sells them mainly to customers in Europe.
- PT. Ariake Europe Indonesia, a sub-subsidiary that manufactures natural seasonings, was established for the purpose of selling such products mainly in Southeast Asia.

Non-consolidated Subsidiaries

- Ariake Farm Co., Ltd. produces agricultural products and supplies them to the Company. It also sells these products to domestic consumers.

The major companies of the Group and their relationships as of filing date of the Consolidated Financial Results (May 12, 2016) are shown in the diagram below.



No mark: Consolidated subsidiary
 *1: Consolidated sub-subsiary
 *2: Non-consolidated subsidiary

3. Management Policy

(1) Basic Management Policy

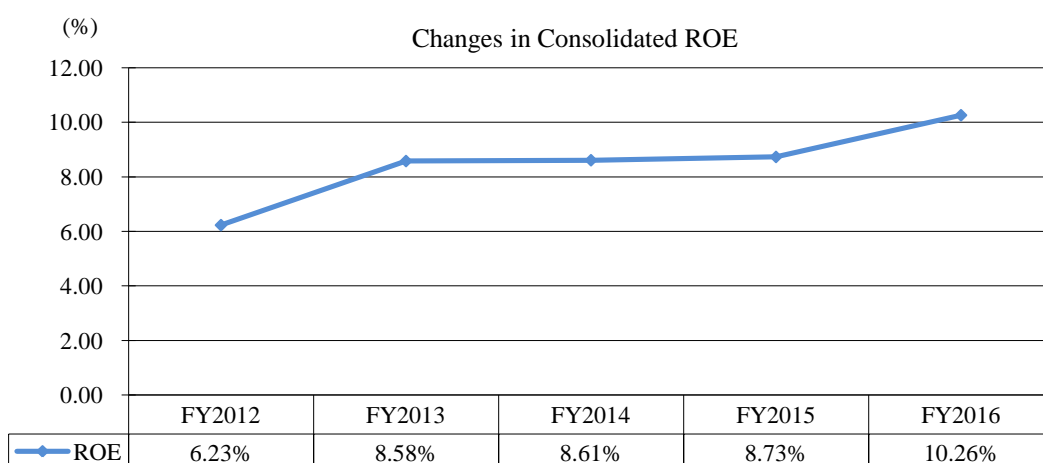
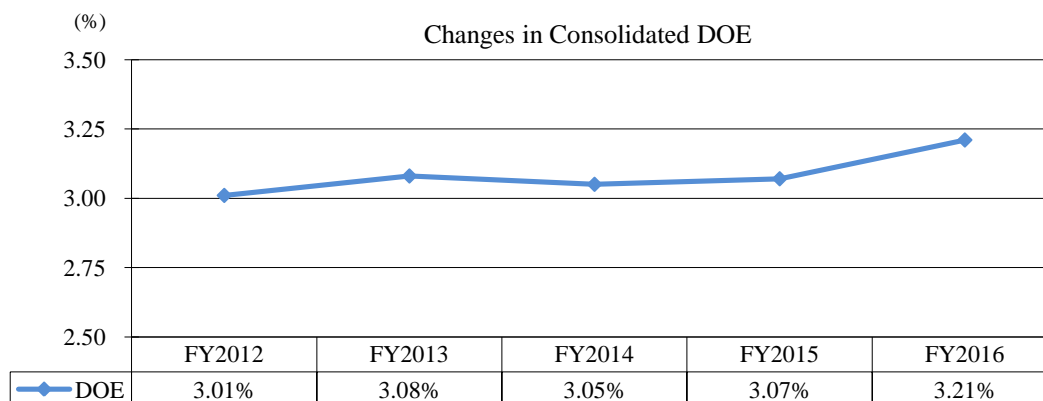
As a leading company in the field of natural seasonings, the Group bases its activities on the following three management concepts:

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 stock price 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 (Henningesen Nederland B.V.), and established PT. Ariake Europe Indonesia in Indonesia for the purpose of selling natural seasonings mainly in Southeast Asia. Having established an optimal regional production system by creating a “global eight-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 stock price 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. Basic Approach to the Selection of Accounting Standards

In consideration of comparability of the consolidated financial statements over different accounting periods, the Group will prepare consolidated financial statements based on Japanese GAAP for the time being. For the application of International Financial Reporting Standards (IFRS), the Group will take adequate actions while paying attention to various situations inside and outside Japan.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY2015 (As of March 31, 2015)	FY2016 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	12,955,853	16,184,958
Notes and accounts receivable - trade	8,054,268	9,090,047
Securities	1,081,368	581,368
Merchandise and finished goods	2,765,089	2,948,959
Work in process	855,994	869,936
Raw materials and supplies	2,054,591	2,165,024
Deferred tax assets	156,992	179,019
Others	2,048,526	507,186
Allowance for doubtful accounts	(4,495)	(4,937)
Total current assets	29,968,190	32,521,565
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,942,871	23,436,294
Accumulated depreciation	(11,730,882)	(12,185,302)
Buildings and structures, net	12,211,988	11,250,991
Machinery, equipment and vehicles	26,255,588	26,517,857
Accumulated depreciation	(19,257,940)	(20,411,718)
Machinery, equipment and vehicles, net	6,997,648	6,106,138
Land	4,776,579	4,727,380
Leased assets	56,194	75,112
Accumulated depreciation	(36,258)	(48,781)
Leased assets, net	19,936	26,331
Construction in progress	25,597	1,431,765
Others	1,063,781	1,044,320
Accumulated depreciation	(908,258)	(898,254)
Others, net	155,522	146,066
Total property, plant and equipment	24,187,274	23,688,673
Intangible assets		
Goodwill	959,134	763,894
Other	166,684	141,988
Total intangible assets	1,125,819	905,883
Investments and other assets		
Investment securities	*1 9,893,724	*1 8,527,807
Long-term loans receivable	12,436	13,491
Real estate for investment, net	*2 684,960	*2 675,494
Long-term time deposits	2,019,125	4,518,420
Others	403,298	355,276
Allowance for doubtful accounts	(1,165)	(821)
Total investments and other assets	13,012,379	14,089,669
Total non-current assets	38,325,473	38,684,226
Total assets	68,293,663	71,205,791

(Thousands of yen)

	FY2015 (As of March 31, 2015)	FY2016 (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,618,361	4,021,163
Short-term loans payable	836,738	663,178
Lease obligations	11,038	8,935
Income taxes payable	1,337,112	1,515,531
Provision for bonuses	202,200	218,125
Provision for directors' bonuses	63,800	51,840
Others	2,004,710	1,882,076
Total current liabilities	8,073,962	8,360,850
Non-current liabilities		
Long-term loans payable	51,113	—
Lease obligations	9,895	19,024
Deferred tax liabilities	1,538,716	1,573,630
Provision for directors' retirement benefits	360,191	299,520
Net defined benefit liability	876,397	1,087,615
Others	348,939	297,694
Total non-current liabilities	3,185,253	3,277,484
Total liabilities	11,259,216	11,638,335
Net assets		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,840,343
Retained earnings	39,183,311	43,388,641
Treasury shares	(2,066,179)	(2,074,351)
Total shareholders' equity	52,046,097	56,249,729
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,645,340	2,177,309
Foreign currency translation adjustment	1,852,500	993,596
Remeasurements of defined benefit plans	(51,658)	(169,286)
Total accumulated other comprehensive income	4,446,183	3,001,619
Non-controlling interests	542,167	316,107
Total net assets	57,034,447	59,567,456
Total liabilities and net assets	68,293,663	71,205,791

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

(Consolidated Statements of Income)

	(Thousands of yen)	
	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Net sales	40,915,954	46,404,682
Cost of sales	*1 28,239,105	*1 30,953,804
Gross profit	12,676,849	15,450,878
Selling, general and administrative expenses	*2, *3 6,424,960	*2, *3 6,614,546
Operating income	6,251,888	8,836,332
Non-operating income		
Interest and dividend income	235,020	218,253
Foreign exchange gains	1,187,218	420,928
House rent income	31,120	34,500
Others	208,666	175,335
Total non-operating income	1,662,025	849,017
Non-operating expenses		
Interest expenses	26,048	14,345
Loss on valuation of derivatives	198,195	505,050
Cost of lease revenue	46,614	17,102
Others	80,741	67,715
Total non-operating expenses	351,600	604,213
Ordinary income	7,562,313	9,081,136
Extraordinary income		
Gain on sales of non-current assets	*4 145,379	*4 118,459
Contribution received	*5 1,128,877	—
Gain on sales of investment securities	—	4,822
Total extraordinary income	1,274,257	123,281
Extraordinary losses		
Impairment loss	*6 1,145,075	—
Directors' retirement benefits	—	15,596
Loss on debt waiver of subsidiaries and affiliates	20,736	—
Early retirement expenses	39,108	—
Total extraordinary losses	1,204,920	15,596
Income before income taxes and minority interests	7,631,650	9,188,821
Income taxes - current	2,525,823	2,799,410
Income taxes - deferred	316,914	357,570
Total income taxes	2,842,737	3,156,981
Net income	4,788,913	6,031,840
Net income attributable to non-controlling interests	63,474	92,759
Net income attributable to shareholders of the parent company	4,725,439	5,939,080

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Net income	4,788,913	6,031,840
Other comprehensive income		
Valuation difference on available-for-sale securities	1,018,598	(468,030)
Foreign currency translation adjustment	781,248	(886,179)
Remeasurements of defined benefit plans	(61,323)	(117,628)
Total other comprehensive income	1,738,523	(1,471,838)
Comprehensive income	* 6,527,436	* 4,560,001
Comprehensive income attributable to:		
Comprehensive income attributable to shareholders of the parent company	6,414,656	4,494,517
Comprehensive income attributable to non-controlling interests	112,780	65,484

(3) Consolidated Statements of Changes in Equity

FY2015 (from April 1, 2014 to March 31, 2015)

(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	36,153,808	(2,062,514)	49,020,258
Cumulative effect of changes in accounting policies			(87,991)		(87,991)
Restated balance	7,095,096	7,833,869	36,065,817	(2,062,514)	48,932,267
Changes of items during period					
Dividends of surplus			(1,591,322)		(1,591,322)
Net income attributable to shareholders of the parent company			4,725,439		4,725,439
Purchase of treasury shares				(3,664)	(3,664)
Disposal of treasury shares					—
Other			(16,622)		(16,622)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,117,494	(3,664)	3,113,829
Balance at end of current period	7,095,096	7,833,869	39,183,311	(2,066,179)	52,046,097

	Accumulated other comprehensive income				Non-controlling 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	1,626,742	1,120,558	9,664	2,756,966	434,293	52,211,518
Cumulative effect of changes in accounting policies						(87,991)
Restated balance	1,626,742	1,120,558	9,664	2,756,966	434,293	52,123,527
Changes of items during period						
Dividends of surplus						(1,591,322)
Net income attributable to shareholders of the parent company						4,725,439
Purchase of treasury shares						(3,664)
Disposal of treasury shares						—
Other						(16,622)
Net changes of items other than shareholders' equity	1,018,598	731,942	(61,323)	1,689,217	107,873	1,797,090
Total changes of items during period	1,018,598	731,942	(61,323)	1,689,217	107,873	4,910,920
Balance at end of current period	2,645,340	1,852,500	(51,658)	4,446,183	542,167	57,034,447

FY2016 (from April 1, 2015 to March 31, 2016)

(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	39,183,311	(2,066,179)	52,046,097
Cumulative effect of changes in accounting policies					
Restated balance	7,095,096	7,833,869	39,183,311	(2,066,179)	52,046,097
Changes of items during period					
Dividends of surplus			(1,750,386)		(1,750,386)
Net income attributable to shareholders of the parent company			5,939,080		5,939,080
Purchase of treasury shares				(8,172)	(8,172)
Disposal of treasury shares					
Other		6,474	16,635		23,110
Net changes of items other than shareholders' equity					
Total changes of items during period	–	6,474	4,205,330	(8,172)	4,203,631
Balance at end of current period	7,095,096	7,840,343	43,388,641	(2,074,351)	56,249,729

	Accumulated other comprehensive income				Non-controlling 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	2,645,340	1,852,500	(51,658)	4,446,183	542,167	57,034,447
Cumulative effect of changes in accounting policies						
Restated balance	2,645,340	1,852,500	(51,658)	4,446,183	542,167	57,034,447
Changes of items during period						
Dividends of surplus						(1,750,386)
Net income attributable to shareholders of the parent company						5,939,080
Purchase of treasury shares						(8,172)
Disposal of treasury shares						
Other						23,110
Net changes of items other than shareholders' equity	(468,030)	(858,904)	(117,628)	(1,444,563)	(226,059)	(1,670,622)
Total changes of items during period	(468,030)	(858,904)	(117,628)	(1,444,563)	(226,059)	2,533,008
Balance at end of current period	2,177,309	993,596	(169,286)	3,001,619	316,107	59,567,456

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	7,631,650	9,188,821
Depreciation	2,314,918	2,117,197
Impairment loss	1,145,075	—
Amortization of goodwill	109,615	98,567
Increase (decrease) in allowance for doubtful accounts	(3,838)	97
Increase (decrease) in net defined benefit liability	100,614	44,493
Increase (decrease) in provision for directors' retirement benefits	11,396	(60,671)
Increase (decrease) in provision for bonuses	(1,325)	15,924
Increase (decrease) in provision for directors' bonuses	5,800	(11,960)
Interest and dividend income	(235,020)	(218,253)
Interest expenses	26,048	14,345
Foreign exchange losses (gains)	(877,728)	(465,370)
Loss (gain) on valuation of derivatives	198,195	505,050
Loss (gain) on sales of non-current assets	(145,379)	(118,459)
Loss (gain) on sales of investment securities	—	(4,822)
Decrease (increase) in notes and accounts receivable- trade	(796,301)	(1,140,586)
Decrease (increase) in inventories	206,224	(435,301)
Increase (decrease) in notes and accounts payable - trade	179,538	453,113
Increase (decrease) in accrued consumption taxes	419,611	(169,514)
Loss on debt waiver	20,736	—
Decrease (increase) in other assets	(1,157,432)	68,368
Increase (decrease) in other liabilities	(71,149)	193,354
Subtotal	9,081,246	10,074,395
Interest and dividend income received	251,928	214,283
Interest expenses paid	(26,048)	(14,345)
Contribution received	—	1,057,157
Income taxes paid	(2,707,796)	(2,615,584)
Net cash provided by operating activities	6,599,329	8,715,907
Cash flows from investing activities		
Proceeds from sale of securities	3,500,000	1,087,771
Payments into time deposits	(2,019,125)	(5,200,000)
Purchase of property, plant and equipment	(1,642,878)	(2,272,547)
Purchase of intangible assets	(3,044)	(9,329)
Proceeds from sales of non-current assets	918,521	—
Purchase of investment securities	(2,040,236)	(6,327)
Proceeds from sales of investment securities	—	41,584
Payments of loans receivable	(1,318)	(4,478)
Collection of loans receivable	27,148	5,500
Net cash used in investing activities	(1,260,934)	(6,357,826)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	284,400	(250,771)
Payments from changes in ownership interests in subsidiaries that do not result in a change in scope of consolidation	—	(278,382)
Purchase of treasury shares	(3,664)	(8,172)
Cash dividends paid	(1,591,393)	(1,750,372)
Dividends paid to non-controlling interests	(4,906)	(6,686)
Other	(16,622)	—
Net cash used in financing activities	(1,332,186)	(2,294,386)
Effect of exchange rate change on cash and cash equivalents	474,321	465,410
Net increase in cash and cash equivalents	4,480,530	529,105
Cash and cash equivalents at beginning of period	8,475,323	12,955,853
Cash and cash equivalents at end of period	*1 12,955,853	*1 13,484,958

(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: 9

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.

PT. Ariake Europe Indonesia

During the current consolidated fiscal year, we established PT. Ariake Europe Indonesia and included it in the scope of consolidation.

(2) Name of the major non-consolidated subsidiary :

Major non-consolidated subsidiaries

Ariake Farm Co., Ltd.

(Reason to exclude from the scope of consolidation)

The non-consolidated subsidiary Ariake Farm Co., Ltd. is a small company, and its total assets, net sales, net income or loss (corresponding to equity) 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. had an insignificant influence on the Consolidated Financial Statements. Since it was not financially important overall, it was 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., PT. Ariake Europe Indonesia and Taiwan Ariake Foods Co., Ltd. is 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

a) Held-to-maturity securities

Amortized cost method (straight-line method)

b) Other securities

1) 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.)

2) 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: 2-10 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

(i) Period corresponding method for the projected retirement benefits.

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

(ii) 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)

(Application of accounting standards concerning business combination, etc.)

We have applied "Accounting Standards for Business Combination" (corporate accounting standard No. 21, September 13, 2013, "Business Combination Accounting Standards" hereinafter) and "Accounting Standards for Consolidated Financial Statements" (corporate accounting standard No. 22, September 13, 2013, "Consolidation Accounting Standard" hereinafter), and "Accounting Standard for Business Divestitures" (corporate accounting standard No. 7, September 13, 2013, "Business Divestitures Accounting Standard" hereinafter), and recorded the difference arising from changes in our stakes in subsidiaries, which we continue to control as capital surplus, and changed the accounting treatment of acquisition-related expenses so that such expenses are recorded in the consolidated fiscal year in which they were incurred. Also, for a business combination which takes place at or later than the beginning of the current consolidated fiscal year, we have changed the accounting method so that the revised allocation of the acquisition cost arising from a tentative accounting treatment is reflected in the consolidated financial statements of the consolidated fiscal year to which the date of business combination belongs. Additionally, we have changed the way of presenting net income and other items and changed from minority interests to non-controlling interests. To reflect such changes, the consolidated financial statements for the previous fiscal year have been reclassified.

Regarding the application of Business Combination Accounting Standard, we abided by the transitional treatment provided for by Business Combination Accounting Standard Article 58-2(4), Consolidation Accounting Standard Article 44-5(4) and Business Divestitures Accounting Standard Article 57-4(4), and the treatment has been applied from the beginning of the current consolidated fiscal year in a forward-looking manner.

The impact on the consolidated financial statements of these changes is immaterial.

In the consolidated statement of cash flows for the current consolidated fiscal year, cash flow arising from payments or proceeds from changes in ownership interests in subsidiaries that do not result in a change in the scope of consolidation has been recorded in the “cash flows from financing activities” section, and cash flows from purchase of shares of subsidiaries resulting in change in scope of consolidation and expenses arising from the acquisition or sale of shares of subsidiaries that do not result in a change in the scope of consolidation has been recorded in the “cash flows from operating activities.”

The impact on per-share performance of these changes is immaterial.

(Changes in presentation)

(Consolidated balance sheet)

In the previous consolidated fiscal year, “long-term time deposits” were included in the “other” of the “investments and other assets.” This fiscal year, however, long-term time deposits exceeded 5% of total assets and have therefore been made an independent accounting item. To reflect this change in presentation, the consolidated balance sheet of the previous consolidated fiscal year has been reclassified.

As a result, the “other” in “investments and other assets” at ¥2,422,423 thousand in the consolidated balance sheet of the previous consolidated fiscal year has been reclassified into “long-term time deposits” at ¥2,019,125 thousand and “other” at ¥403,298 thousand.

(Consolidated Balance Sheets)

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

	FY2015 (As of March 31, 2015)	FY2016 (As of March 31, 2016)
	(Thousands of yen)	(Thousands of yen)
Investment securities (stocks)	1,500	1,500

*2. Accumulated depreciation of investments in real estates

	FY2015 (As of March 31, 2015)	FY2016 (As of March 31, 2016)
	(Thousands of yen)	(Thousands of yen)
Accumulated depreciation of investments in real estates	150,460	159,925

*3. Contingent liabilities

Guarantee of liabilities was applied to the following obligations by non-consolidated companies.

	FY2015 (As of March 31, 2015)	FY2016 (As of March 31, 2016)
	(Thousands of yen)	(Thousands of yen)
Ariake Farm Co., Ltd.		
Indebtedness to financial institutions	300,040	227,920
Guarantee of liabilities related to overdraft facility	180,000	180,000

(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.

FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
(Thousands of yen)	(Thousands of yen)
(104,515)	(82,710)

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

	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
	(Thousands of yen)	(Thousands of yen)
Salary and bonuses	1,073,634	1,037,405
Packing and transportation expenses	2,302,906	2,591,193
Depreciation	121,949	109,374
Provision for bonuses	44,069	52,423
Provision for directors' bonuses	63,800	51,840
Retirement benefit expenses	25,456	27,673
Provision for directors' retirement benefits	17,238	17,308

*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:

	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
	(Thousands of yen)	(Thousands of yen)
General and administrative expenses	362,736	332,383
Manufacturing cost of the current term	23,689	30,069

*4. Gain on sales of non-current assets

This gain was attributable to the sale of real estate for investment in the previous consolidated fiscal year and the current consolidated fiscal year.

*5. Contribution received

During the previous consolidated fiscal year, business conditions of our consolidated subsidiaries F. P. Natural Ingredients S.A.S. and Ariake Europe N.V. deteriorated significantly more than had been expected at the start of business operations. We reviewed the productivity and efficiency of their machinery and equipment to determine and measure the extent of the impairment. Based on the review results, asset impairment was conducted in accordance with guiding principles.

In order to fulfill the responsibility for these companies' business performance, the Company accepted a proposal of a financial contribution from Kineo Okada, Representative Director and Chairman of the Board.

*6. Impairment loss

For the previous consolidated fiscal year, the Group recorded impairment loss on the following groups of assets.

Location	Purpose of use	Category	Impairment loss
F. P. Natural Ingredients S.A.S.	Production facilities for natural seasoning	Machinery and equipment	¥224,206 thousand
Ariake Europe N.V.	Production facilities for natural seasoning	Machinery and equipment	¥920,868 thousand

We put assets into groups mainly based on management accounting categorization according to the operation units. At two European subsidiaries, we wrote down the book values of production facilities, for which productivity and the utilization rate are seen to have declined materially due to changes in production plans and other reasons, to the recoverable amounts and recorded the reduction (¥1,145,705 thousand) as impairment loss.

Recoverable amounts of these assets are derived from the utility value, but the above-described assets have been written down to zero as no cash flow is expected from those in the future.

(Consolidated Statements of Comprehensive Income)

* Other comprehensive income reclassification adjustments and tax effects

(Thousands of yen)

	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Valuation difference on available-for-sale securities:		
Accrued amount during the period	1,426,851	(750,660)
Reclassification adjustments	—	(4,822)
Adjustments of tax effects	1,426,851	(755,483)
Tax effects	(408,253)	(287,452)
Valuation difference on available-for-sale securities	1,018,598	(468,030)
Foreign currency translation adjustment:		
Accrued amount during the period	781,248	(886,179)
Reclassification adjustments	—	—
Foreign currency translation adjustment	781,248	(886,179)
Remeasurements of defined benefit plans:		
Amount recognized during the current fiscal year	(88,089)	(180,392)
Reclassification adjustments	(1,569)	13,666
Before tax effect adjustment	(89,659)	(166,725)
Tax effects	28,336	49,097
Remeasurements of defined benefit plans	(61,323)	(117,628)
Total other comprehensive income	1,738,523	(1,471,838)

(Consolidated Statements of Changes in Equity)

FY2015 (from April 1, 2014 to March 31, 2015)

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, 2014	Increased number of shares (April 1, 2014 to March 31, 2015)	Decreased number of shares (April 1, 2014 to March 31, 2015)	Number of shares as of March 31, 2015
Outstanding shares				
Common stock	32,808	–	–	32,808
Total	32,808	–	–	32,808
Treasury shares				
Common stock ^(Note)	981	1	–	983
Total	981	1	–	983

Note: The increase in common stock in treasury was due to the acquisition of shares of less than one unit.

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 20, 2014 Annual meeting of shareholders	Common stock	954,801	30.0	March 31, 2014	June 23, 2014
November 12, 2014 Board of Directors Meeting	Common stock	636,520	20.0	September 30, 2014	December 8, 2014

(2) Dividends for which the record date fell in current 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 19, 2015 Annual meeting of shareholders	Common stock	1,113,889	Retained earnings	35.0	March 31, 2015	June 22, 2015

FY2016 (from April 1, 2015 to March 31, 2016)

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, 2015	Increased number of shares (April 1, 2015 to March 31, 2016)	Decreased number of shares (April 1, 2015 to March 31, 2016)	Number of shares as of March 31, 2016
Outstanding shares				
Common stock	32,808	–	–	32,808
Total	32,808	–	–	32,808
Treasury shares				
Common stock ^(Note)	983	1	–	984
Total	983	1	–	984

Note: The increase in common stock in treasury was due to the acquisition of shares of less than one unit.

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 19, 2015 Annual meeting of shareholders	Common stock	1,113,889	35.0	March 31, 2015	June 22, 2015
November 11, 2015 Board of Directors Meeting	Common stock	636,496	20.0	September 30, 2015	December 7, 2015

(2) Dividends for which the record date fell in current 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 17, 2016 Annual meeting of shareholders	Common stock	1,272,956	Retained earnings	40.0	March 31, 2016	June 20, 2016

(Consolidated Statements of Cash Flows)

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

	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
	(Thousands of yen)	(Thousands of yen)
Cash and deposits	12,955,853	16,184,958
Time deposits with maturities longer than 3 months	—	(2,700,000)
Cash and cash equivalents	12,955,853	13,484,958

(Securities)

1. Held-to-maturity securities

FY2015 (as of March 31, 2015)

(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	3,500,000	3,561,300	61,300
	Subtotal	3,500,000	3,561,300	61,300
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	497,800	(2,200)
	Subtotal	500,000	497,800	(2,200)
Total		4,000,000	4,059,100	59,100

FY2016 (as of March 31, 2016)

(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	2,000,000	2,042,400	42,400
	Subtotal	2,000,000	2,042,400	42,400
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	986,650	(13,350)
	Subtotal	1,000,000	986,650	(13,350)
Total		3,000,000	3,029,050	29,050

2. Other securities

FY2015 (as of March 31, 2015)

(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	6,505,638	2,628,032	3,877,606
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	203,420	200,000	3,420
	(3) Others	—	—	—
	Subtotal	6,709,058	2,828,032	3,881,026
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	32,619	51,270	(18,651)
	(2) Bonds			
	1) Government and municipal bonds etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	32,619	51,270	(18,651)
Total		6,741,677	2,879,302	3,862,375

Note: Unlisted equity securities (with a carrying amount of ¥233,415 thousand recorded on the Consolidated Balance Sheets) are not included in the above "Other securities," since there is no quoted market price and it is very difficult to determine their fair values.

FY2016 (as of March 31, 2016)

(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	5,712,154	2,597,327	3,114,826
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	121,896	120,000	1,896
	(3) Others	—	—	—
	Subtotal	5,834,050	2,717,327	3,116,722
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	41,709	51,540	(9,830)
	(2) Bonds			
	1) Government and municipal bonds etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	41,709	51,540	(9,830)
Total		5,875,760	2,768,868	3,106,891

Note: Unlisted equity securities (with a carrying amount of ¥231,915 thousand recorded on the Consolidated Balance Sheets) are not included in the above "Other securities," since there is no quoted market price and it is very difficult to determine their fair values.

(Derivative Transactions)

1. Derivative transactions not applied to hedge accounting

(1) Currency-related

FY2015 (as of March 31, 2015)

(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	3,714,120	2,932,200	(11,176)	(11,176)
	U.S. dollar	9,092,580	7,570,540	568,417	568,417
	Total	12,806,700	10,502,740	557,240	557,240

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.

FY2016 (as of March 31, 2016)

(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				
	U.S. dollar	2,373,600	1,842,880	52,189	52,189
	Total	2,373,600	1,842,880	52,189	52,189

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)

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

The Company has a retirement lump sum payment plan and a defined-benefit corporate pension plan in place. Some consolidated subsidiaries adopt defined contribution pension plans as defined contribution retirement plans.

2. Defined benefits system

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

	(Thousands of yen)	
	FY2015	FY2016
	(from April 1, 2014 to March 31, 2015)	(from April 1, 2015 to March 31, 2016)
Beginning balance of retirement benefits obligations	1,442,958	1,723,567
Cumulative effect of changes in accounting policies	134,956	-
Restated balance	1,577,914	1,723,567
Employment expenses	96,931	119,177
Interest expenses	28,859	18,131
Amortization of net actuarial gains or losses	84,415	168,047
Payment of retirement benefits	(64,553)	(65,702)
Ending balance of retirement benefits obligations	1,723,567	1,963,221

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

	(Thousands of yen)	
	FY2015	FY2016
	(from April 1, 2014 to March 31, 2015)	(from April 1, 2015 to March 31, 2016)
Beginning balance of pension assets	803,973	847,170
Expected return on plan assets	12,059	12,707
Amortization of net actuarial gains or losses	(3,674)	(12,344)
Employer's contribution	48,619	50,009
Payment of retirement benefits	(13,808)	(21,937)
Ending balance of pension assets	847,170	875,605

(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)	
	FY2015	FY2016
	(as of March 31, 2015)	(as of March 31, 2016)
Retirement benefits obligations on the funded scheme	1,051,281	1,252,928
Pension assets	(847,170)	(875,605)
	204,111	377,322
Retirement benefits obligations on the non-funded scheme	672,286	710,293
Net amount of liabilities and assets reported in the Consolidated Balance Sheets	876,397	1,087,615
Liabilities concerning retirement benefits	876,397	1,087,615
Net amount of liabilities and assets reported in the Consolidated Balance Sheets	876,397	1,087,615

(4) Amounts of retirement benefits expenses and their components

	(Thousands of yen)	
	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Employment expenses	96,931	119,177
Interest expenses	28,859	18,131
Expected return on plan assets	(12,059)	(12,707)
Amortization of net actuarial gains or losses	(1,569)	13,666
Amortization for prior service costs	-	-
Retirement benefits expenses concerning defined benefit system	112,161	138,267

(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)	
	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Prior service costs	-	-
Actuarial gains and losses	(89,659)	(166,725)
Total	(89,659)	(166,725)

(6) 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)	
	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
Unrecognized prior service costs	-	-
Unrecognized actuarial gains and losses	(74,836)	(241,561)
Total	(74,836)	(241,561)

(7) Matters relating to pension assets

1) Principal components of pension assets

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

	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
Bonds	—%	—%
Stocks	—	—
Cash and deposits	—	—
Other	100	100
Total	100	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.

(8) Matters relating to the basis of the actuarial calculation

The basis of the principal actuarial calculation (calculated using the weighted average).

	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
Discount rate	0.8%~1.2%	0.6%~0.9%
Long-term expected rate of return	1.5%	1.5%
Expected rate of salary increases	4.6%	2.0%

3. Defined contribution plans

The amount contributed to defined contribution plans of the consolidated subsidiaries was ¥13,238 thousand for the previous consolidated fiscal year and ¥12,424 thousand for the current consolidated fiscal year.

(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]

FY2015 (from April 1, 2014 to March 31, 2015)

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
31,649,077	2,700,292	2,933,098	3,633,485	40,915,954

(2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Asia	Total
13,563,665	4,301,938	4,023,053	2,298,616	24,187,274

3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	5,147,799	Natural seasonings business

FY2016 (from April 1, 2015 to March 31, 2016)

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
34,827,744	4,408,064	2,865,941	4,302,932	46,404,682

(2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Asia	Total
12,732,563	4,035,089	3,496,221	3,424,799	23,688,673

3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	6,021,957	Natural seasonings business

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

FY2015 (from April 1, 2014 to March 31, 2015)

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

FY2016 (from April 1, 2015 to March 31, 2016)

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

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

FY2015 (from April 1, 2014 to March 31, 2015)

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

FY2016 (from April 1, 2015 to March 31, 2016)

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

(1) Transaction between the Company and related parties

Transaction

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

FY2015 (from April 1, 2014 to March 31, 2015)

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	673,253	Accounts payable - trade	70,910
							Guarantee of liabilities	480,040	-	-

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.

3. The Company has provided guarantees to Ariake Farm Co., Ltd. for its borrowings from financial institutions. The Company has not received guarantee fees from this subsidiary.

FY2016 (from April 1, 2015 to March 31, 2016)

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	846,500	Accounts payable - trade	79,035
							Guarantee of liabilities	407,920	-	-

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.

3. The Company has provided guarantees to Ariake Farm Co., Ltd. for its borrowings from financial institutions. The Company has not received guarantee fees from this subsidiary.

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

FY2015 (from April 1, 2014 to March 31, 2015)

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	252,007	Accounts receivable - trade	30,315
							Receiving of facility usage fees	1,200	Advances received	108
	Japan Food Business Co., Ltd.	Shibuya ward, Tokyo	20,000	Management of assets	(Direct) 29.1	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.

FY2016 (from April 1, 2015 to March 31, 2016)

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	243,042	Accounts receivable - trade	30,908
							Receiving of facility usage fees	1,200	Advances received	108
	Japan Food Business Co., Ltd.	Shibuya ward, Tokyo	20,000	Management of assets	(Direct) 29.1	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.

(2) Transactions between consolidated subsidiaries of the Company and related parties

a) Directors and major shareholders of the Company

FY2015 (from April 1, 2014 to March 31, 2015)

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)
Director Major shareholder	Kineo Okada	-	-	Representative Director and Chairman of the Board	(Direct) 0.00	Acceptance of contributions	Acceptance of contributions	1,128,877	Accounts receivable	1,128,877

Note: During the current consolidated fiscal year, business conditions of our consolidated subsidiaries F. P. Natural Ingredients S.A.S. and Ariake Europe N.V. deteriorated significantly more than had been expected at the start of business operations. We reviewed the productivity and efficiency of their machinery and equipment to determine and measure the extent of impairment. Based on the review results, asset impairment was conducted in accordance with guiding principles.

In order to fulfill the responsibility for these companies' business performance, the Company accepted a proposal of a financial contribution from Kineo Okada, Representative Director and Chairman of the Board.

FY2016 (from April 1, 2015 to March 31, 2016)

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)
Director	Kineo Okada	-	-	Representative Director and Chairman of the Board	(Direct) 3.09	Gain on gifts	Gain on gifts	11,179	-	-
Major shareholder	Tomoki Tagawa	-	-	Representative Director and Chairman of the Board	(Direct) 0.00	Gain on gifts	Gain on gifts	12,964	-	-

Note: Regarding temporary expenses at consolidated subsidiaries, the Company accepted a proposal to cover such expenses from the Directors.

(Per Share Information)

(Yen)

	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Net assets per share	1,775.07	1,861.85
Net income per share	148.48	186.62

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)

	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Net income attributable to shareholders of the parent company	4,725,439	5,939,080
Amount not attributed to common shareholders	—	—
Net income attributable to shareholders of the parent company with regard to common shares	4,725,439	5,939,080
Average number of shares outstanding during the fiscal years (thousand shares)	31,826	31,824

(Important Subsequent Events)

There is nothing to report.

6. Non-consolidated Financial Statements**(1) Non-consolidated Balance Sheets**

	(Thousands of yen)	
	FY2015 (As of March 31, 2015)	FY2016 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	10,060,572	12,542,136
Notes receivable - trade	333,345	296,870
Accounts receivable - trade	5,620,158	6,365,288
Securities	1,081,368	581,368
Merchandise and finished goods	1,771,852	1,918,184
Work in process	513,229	522,429
Raw materials and supplies	1,532,551	1,728,798
Advance payments - trade	179,672	164,709
Prepaid expenses	66,012	65,978
Deferred tax assets	146,848	147,051
Derivatives	557,240	52,189
Other	126,893	225,828
Allowance for doubtful accounts	(3,382)	(3,856)
Total current assets	21,986,362	24,606,975
Non-current assets		
Property, plant and equipment		
Buildings	5,434,867	5,141,750
Structures	261,164	229,877
Machinery and equipment	3,780,167	3,195,877
Vessels	30	25
Vehicles	36,889	35,812
Tools, furniture and fixtures	42,236	53,633
Land	3,974,466	3,974,466
Leased assets	19,936	22,905
Construction in progress	2,302	67,972
Total property, plant and equipment	13,552,061	12,722,321
Intangible assets		
Software	25,847	14,467
Telephone subscription rights	7,139	7,139
Total intangible assets	32,986	21,606
Investments and other assets		
Investment securities	9,892,224	8,526,307
Shares of subsidiaries and associates	14,271,050	14,308,549
Investments in capital of subsidiaries and associates	413,095	691,477
Long-term loans receivable from employees	12,436	13,491
Long-term loans receivable from subsidiaries and associates	2,055,176	1,411,081
Long-term prepaid expenses	58,599	110,956
Real estate for investment	684,960	675,494
Insurance funds	282,726	182,894
Long-term time deposits	2,000,000	4,500,000
Other	31,588	31,282
Allowance for doubtful accounts	(76,765)	(80,321)
Total investments and other assets	29,625,091	30,371,215
Total non-current assets	43,210,139	43,115,143
Total assets	65,196,502	67,722,118

(Thousands of yen)

	FY2015 (As of March 31, 2015)	FY2016 (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes payable - trade	968,199	1,111,334
Accounts payable - trade	2,026,305	2,221,872
Lease obligations	11,038	8,141
Accounts payable - other	887,705	846,056
Accrued expenses	188,795	164,345
Income taxes payable	1,108,719	1,252,107
Accrued consumption taxes	416,598	253,236
Deposits received	71,775	45,549
Provision for bonuses	180,403	196,810
Provision for directors' bonuses	63,800	51,840
Other	71,079	77,835
Total current liabilities	5,994,420	6,229,130
Non-current liabilities		
Lease obligations	9,895	16,313
Deferred tax liabilities	839,739	568,862
Provision for retirement benefits	801,560	846,053
Provision for directors' retirement benefits	360,191	299,520
Other	60	60
Total non-current liabilities	2,011,446	1,730,809
Total liabilities	8,005,867	7,959,939
Net assets		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus		
Legal 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	114,920	103,637
General reserve	7,820,000	7,820,000
Retained earnings brought forward	33,306,587	36,365,618
Total retained earnings	41,682,508	44,730,256
Treasury shares	(2,066,179)	(2,074,351)
Total shareholders' equity	54,545,294	57,584,869
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,645,340	2,177,309
Total valuation and translation adjustments	2,645,340	2,177,309
Total net assets	57,190,634	59,762,179
Total liabilities and net assets	65,196,502	67,722,118

(2) Non-consolidated Statements of Income

	(Thousands of yen)	
	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Net sales		
Net sales of finished goods	30,034,464	33,247,323
Net sales of goods	1,262,438	1,232,046
Total net sales	31,296,902	34,479,370
Cost of sales	21,207,607	22,997,662
Gross profit	10,089,294	11,481,708
Selling, general and administrative expenses	4,533,172	4,812,687
Operating income	5,556,122	6,669,020
Non-operating income		
Interest income	18,123	26,593
Interest on securities	82,817	47,443
Dividend income	206,455	254,198
Foreign exchange gains	877,728	465,370
House rent income	40,648	44,028
Other	60,133	85,634
Total non-operating income	1,285,907	923,270
Non-operating expenses		
Cost of lease revenue	46,614	17,102
Loss on valuation of derivatives	198,195	505,050
Other	5,173	9,317
Total non-operating expenses	249,983	531,470
Ordinary income	6,592,046	7,060,820
Extraordinary income		
Gain on sales of non-current assets	145,379	118,459
Gain on sales of investment securities	—	4,822
Total extraordinary income	145,379	123,281
Extraordinary losses		
Loss on debt waiver of subsidiaries and affiliates	75,627	—
Directors' retirement benefits	—	15,596
Total extraordinary losses	75,627	15,596
Income before income taxes	6,661,799	7,168,505
Income taxes - current	2,258,000	2,354,000
Income taxes - deferred	104,604	16,372
Total income taxes	2,362,604	2,370,372
Net income	4,299,195	4,798,133

[Breakdown of the Product Cost of Manufacture]

(Thousands of yen)

Account	Notes	FY2015 (from April 1, 2014 to March 31, 2015)		FY2016 (from April 1, 2015 to March 31, 2016)	
		Amount	Ratio (%)	Amount	Ratio (%)
I. Material costs		11,844,506	58.8	13,306,921	60.0
II. Labor costs		2,588,506	12.8	2,894,574	13.1
III. Expenses	* 1	5,722,795	28.4	5,976,000	26.9
Total manufacturing cost of the current term		20,155,807	100.0	22,177,496	100.0
Work in process inventory at beginning of term		550,144		513,229	
Total		20,705,952		22,690,726	
Subtract: Work in process inventory at end of term		513,229		522,429	
Subtract: Transfers to other accounts	* 2	67,980		65,493	
Product cost of manufacture of the current term		20,124,743		22,102,803	

Cost accounting method

Separate cost accounting per individual lots based on actual cost

Notes

*1. Details are as follows:

(Thousands of yen)

Item	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Depreciation expenses	1,278,247	1,203,642
Subcontract processing expenses	55,815	53,464

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

(Thousands of yen)

Item	FY2015 (from April 1, 2014 to March 31, 2015)	FY2016 (from April 1, 2015 to March 31, 2016)
Advertising expenses	45,696	44,877
Research and development expenses	22,284	20,615
Total	67,980	65,493

(3) Non-consolidated Statements of Changes in Equity

FY2015 (from April 1, 2014 to March 31, 2015)

(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	56,842	7,820,000	30,744,782	39,062,625
Cumulative effect of changes in accounting policies							(87,991)	(87,991)
Restated balance	7,095,096	7,833,869	7,833,869	441,000	56,842	7,820,000	30,656,791	38,974,634
Changes of items during period								
Provision of reserve for special depreciation					72,196		(72,196)	—
Reversal of reserve for special depreciation					(14,118)		14,118	—
Dividends of surplus							(1,591,322)	(1,591,322)
Net income							4,299,195	4,299,195
Purchase of treasury shares								
Disposal of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	58,077	—	2,649,796	2,707,873
Balance at end of current period	7,095,096	7,833,869	7,833,869	441,000	114,920	7,820,000	33,306,587	41,682,508

	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	(2,062,514)	51,929,076	1,626,742	1,626,742	53,555,818
Cumulative effect of changes in accounting policies		(87,991)			(87,991)
Restated balance	(2,062,514)	51,841,085	1,626,742	1,626,742	53,467,827
Changes of items during period					
Provision of reserve for special depreciation		—			—
Reversal of reserve for special depreciation		—			—
Dividends of surplus		(1,591,322)			(1,591,322)
Net income		4,299,195			4,299,195
Purchase of treasury shares	(3,664)	(3,664)			(3,664)
Disposal of treasury shares		—			—
Net changes of items other than shareholders' equity			1,018,598	1,018,598	1,018,598
Total changes of items during period	(3,664)	2,704,209	1,018,598	1,018,598	3,722,807
Balance at end of current period	(2,066,179)	54,545,294	2,645,340	2,645,340	57,190,634

FY2016 (from April 1, 2015 to March 31, 2016)

(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	114,920	7,820,000	33,306,587	41,682,508
Cumulative effect of changes in accounting policies								
Restated balance	7,095,096	7,833,869	7,833,869	441,000	114,920	7,820,000	33,306,587	41,682,508
Changes of items during period								
Provision of reserve for special depreciation					9,641		(9,641)	
Reversal of reserve for special depreciation					(20,923)		20,923	
Dividends of surplus							(1,750,386)	(1,750,386)
Net income							4,798,133	4,798,133
Purchase of treasury shares								
Disposal of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	(11,282)	-	3,059,030	3,047,747
Balance at end of current period	7,095,096	7,833,869	7,833,869	441,000	103,637	7,820,000	36,365,618	44,730,256

	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	(2,066,179)	54,545,294	2,645,340	2,645,340	57,190,634
Cumulative effect of changes in accounting policies					
Restated balance	(2,066,179)	54,545,294	2,645,340	2,645,340	57,190,634
Changes of items during period					
Provision of reserve for special depreciation					
Reversal of reserve for special depreciation					
Dividends of surplus		(1,750,386)			(1,750,386)
Net income		4,798,133			4,798,133
Purchase of treasury shares	(8,172)	(8,172)			(8,172)
Disposal of treasury shares					
Net changes of items other than shareholders' equity			(468,030)	(468,030)	(468,030)
Total changes of items during period	(8,172)	3,039,574	(468,030)	(468,030)	2,571,544
Balance at end of current period	(2,074,351)	57,584,869	2,177,309	2,177,309	59,762,179

7. Others

(1) Changes in Directors

- (i) Change in Representative Directors
 - Representative Director slated to step down
Representative Director Kineo Okada (Slated to take the post of senior advisor)

- (ii) Scheduled date of personnel changes
June 17, 2016