

May 12, 2016

Consolidated Financial Results (Japanese Accounting Standards) for the FY2015 (Ended March 31, 2016)

Company name: House Foods Group Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2810
 URL: <http://housefoods-group.com>
 Representative: Hiroshi Urakami, President
 Contact: Ryo Shibata, General Manager, Public & Investors Relations Division
 Tel. +81-3-5211-6039

Scheduled date of ordinary shareholders' meeting: June 28, 2016
 Scheduled date of commencement of dividend payment: June 29, 2016
 Scheduled date for filing of annual securities report: June 28, 2016
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded to the nearest million yen.)

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

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2016	241,893	4.5	10,775	24.0	12,152	10.9	22,632	224.6
Year ended March 31, 2015	231,448	(0.5)	8,686	(9.4)	10,957	(0.0)	6,971	(20.7)

(Note) Comprehensive income: 12,787 million yen (-41.3%) for the fiscal year ended March 31, 2016
 21,789 million yen (82.2%) for the fiscal year ended March 31, 2015

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	220.48	–	10.1	3.8	4.5
Year ended March 31, 2015	67.61	–	3.3	3.9	3.8

(Reference) Share of (profit) loss of entities accounted for using equity method:

584 million yen for the fiscal year ended March 31, 2016
 628 million yen for the fiscal year ended March 31, 2015

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2016	349,427	260,329	65.5	2,231.86
Year ended March 31, 2015	286,149	221,456	76.9	2,140.27

(Reference) Shareholders' equity: As of March 31, 2016: 228,812 million yen
 As of March 31, 2015: 219,927 million yen

(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 fiscal year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2016	12,518	(8,308)	(3,743)	44,156
Year ended March 31, 2015	8,428	(4,679)	(10,588)	43,832

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2015	–	15.00	–	15.00	30.00	3,083	44.4	1.5
Year ending March 31, 2016	–	15.00	–	15.00	30.00	3,083	13.6	1.4
Year ending March 31, 2017 (forecasts)	–	15.00	–	15.00	30.00		58.0	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentage figures for the fiscal year represent the changes from the previous year, while percentage figures for the six months period represent the changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2016	140,000	24.6	4,000	(1.1)	4,400	(8.2)	1,800	(39.0)	17.56
Year ending March 31, 2017	289,000	19.5	10,200	(5.3)	11,200	(7.8)	5,300	(76.6)	51.70

* Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes

Newly added: One company (Ichibanya Co., Ltd.)

For details, see “5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements, (Business Combinations, etc.)” on page 49.

(2) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

For details, please see the statement under the heading “5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies), (Changes in Presentation Methods)” on page 31 of the accompanying materials.

(3) Number of shares outstanding (common shares):

(i) Number of shares outstanding at end of period (including treasury shares)

As of March 31, 2016: 102,758,690 shares

As of March 31, 2015: 102,758,690 shares

(ii) Number of treasury shares at end of period

As of March 31, 2016: 237,762 shares

As of March 31, 2015: 2,237 shares

(iii) Average number of shares outstanding during the term

Year ended March 31, 2016: 102,650,594 shares

Year ended March 31, 2015: 103,107,976 shares

(Reference) Summary of Non-Consolidated Financial Results

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

(1) Non-Consolidated Financial Results

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2016	14,983	10.1	4,892	10.5	5,933	(8.6)	6,572	3.3
Year ended March 31, 2015	13,603	(81.9)	4,427	9.4	6,488	(1.0)	6,364	(161.7)

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Year ended March 31, 2016	63.95		-	
Year ended March 31, 2015	61.72		-	

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2016	194,770	156,420	80.3	1,522.27
Year ended March 31, 2015	194,212	155,038	79.8	1,508.79

(Reference) Shareholders' equity: As of March 31, 2016: 156,420 million yen
As of March 31, 2015: 155,038 million yen

* Statement Relating to the Execution Status for Audit Procedures

This financial summary falls outside the scope of audit procedures based on the stipulations of the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of said Act were not completed at the time this financial summary was disclosed.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

The consolidated and non-consolidated business performance forecasts given in this document are based on assumptions, prospects, and future business plans, currently available on the date this document was published. Actual results may differ from these forecasts for a variety of reasons.

For other matters relating to the forecasts, please refer to "1. Analysis of Operating Results and Financial Position, (1) Analysis of Operating Results" on page 2 of the accompanying materials.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(i) Operating Results for the Fiscal Year under Review

During the consolidated fiscal year under review, the business environment continued to show an overall trend of modest recovery in spite of concerns over downside risks, mainly against a backdrop of increasing uncertainty about overseas economies. In the food industry, efforts such as the strengthening of safety and security measures and responding to changes in the lifestyle of customers were required because uncertainty about the future still remained due to stagnant consumer confidence and rising raw material costs.

In this operating environment, the Group has been taking steps to strengthen the earnings power of its domestic businesses, create new demand, and accelerate the growth of the International Business segment based on the theme of “striving to become a high quality company that provides ‘Healthy Life Through Foods’” in its Fifth Medium-term Business Plan, which was launched in the consolidated fiscal year under review.

Consolidated net sales for the fiscal year under review increased 4.5% year on year, to 241,893 million yen, due to growth in the International Food Business and the positive effect of making Ichibanya Co., Ltd. a consolidated subsidiary in December 2015, despite a decline in sales in the Spice / Seasoning / Proceed Food Business and the Health Food Business, the two core domestic business segments.

Consolidated operating income rose 24.0% year on year, to 10,775 million yen as a result of promoting efforts to increase the earnings power of each business. Consolidated ordinary income grew 10.9% year on year, to 12,152 million yen, and profit attributable to owners of parent climbed 224.6%, to 22,632 million yen, mainly reflecting the posting of a gain on step acquisitions arising from the acquisition of additional shares of Ichibanya Co., Ltd. in extraordinary income. Amortization of goodwill, etc. of Ichibanya Co., Ltd. was commenced in the fourth quarter of the consolidated fiscal year under review.

The following is an overview of results by segment (before the elimination of inter-segment transactions).

Segment	Consolidated net sales		Consolidated operating income (Segment profit)	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	120,018	97.8	7,924	119.0
Health Food Business	34,523	92.8	1,398	194.9
International Food Business	18,577	104.4	1,381	138.1
Restaurant Business	18,312	272.9	44	–
Other Food Related Business	62,718	107.0	101	–
Subtotal	254,148	104.6	10,849	144.1
Adjustment (elimination)	(12,256)	–	(73)	–
Total	241,893	104.5	10,775	124.0

- (Notes) 1. Adjustment (elimination) comprises profit or loss not distributed to segments and the elimination of inter-segment transactions.
2. Different methods for distribution to each segment and classification have been used since the consolidated fiscal year under review. For more details, see “(5) Notes to Consolidated Financial Statements (Segment Information)” of “5. Consolidated Financial Statements” on page 53.

Spice / Seasoning / Processed Food Business

This business segment is working to strengthen existing areas and develop new areas by providing products and services that are “healthier, better quality, more easily and with a more appropriate amount,” in response to changes in the environment surrounding our business, such as the growing tendency of people to eat out or buying food to eat at home.

In the fiscal year under review, the segment focused on efforts to quickly set in place new reasonable prices after the price revision conducted in February 2015 in curry roux and other core products. It also worked to maintain and strengthen the revenue base in the domestic mature market through the efficient operation of marketing costs and cost reduction.

As a result, sales in the Spice / Seasoning / Processed Food Business stood at 120,018 million yen down 2.2% year on year, while operating income increased 19.0% year on year, to 7,924 million yen.

Health Food Business

This business segment has been making efforts to improve the profitability of its core products through comprehensive cost control and making preparations for their growth.

In the fiscal year under review, the segment focused on the rebuilding of the *Ukon No Chikara* series and the strengthening of the response to each channel for the *C1000* series. As a result, sales of *Ukon No Chikara* were on a recovery trend as the sales increased year on year in the second half, where our promotion more in tune with the drinking scene of customers was successful, although the sales declined in the full year.

While segment sales declined 7.2% year on year, to 34,523 million yen due to a sharp drop in sales of products for sales consignment and the impact of the end of sales of certain products, operating income rose 94.9% year on year, to 1,398 million yen, reflecting the full enforcement of the effective operation of expenses in the fiscal year under review, compared with the previous fiscal year when costs increased due to the introduction of new and variety products to the market.

International Food Business * The name was changed from the International Business.

This business segment has been working to accelerate its growth and increase profitability in the three key areas (the United States, China, and Southeast Asia). Associated with the new establishment of the Restaurant Business, the restaurant business operated overseas, which was included in this business segment, has been transferred to the Restaurant Business.

In the United States, sales and profits increased as a result of progress in the penetration of the *House Tofu* brand as the Group steadily implemented a form of product offering adapted to the different sales channels.

In China, sales rose but profits declined, reflecting the active use of costs for Japanese-style curry to further take root, although the market for both household use and professional use continued to grow strongly.

In Southeast Asia, the Group focused on building the business base mainly for the functional beverage business in Thailand. For Group companies based in Southeast Asia, the account settlement date for the fiscal year under review has been made for an irregular period of nine months due to a change in the account settlement date.

As a result of the above, sales in the International Food Business rose 4.4% year-on-year, to 18,577 million yen, and operating income increased 38.1% to 1,381 million yen.

Restaurant Business

This business segment was newly incorporated into consolidation in the fourth quarter of the consolidated fiscal year under review because the Company made Ichibanya Co., Ltd. a consolidated subsidiary by acquiring a 51% stake in December 2015.

(Period for consolidation in the fiscal year ended March 31, 2016)

New incorporation into consolidation	Ichibanya Co., Ltd.	December 2015 – February 2016 (3 months)
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In the restaurant business, the Asia restaurant business which the Company operates as a franchisee of Ichibanya Co., Ltd. enjoyed higher sales and profits, thanks to its efforts to steadily open restaurants and improve their quality in the increasingly severe competitive environment, particularly in urban regions in China.

As a result, sales in the Restaurant Business rose 172.9% year on year, to 18,312 million yen due to the significant contribution of the new consolidation of Ichibanya Co., Ltd., and operating income stood at 44 million yen, attributable to the consolidation effect as well as the commencement of amortization of goodwill, etc.

Other Food Related Business

This business segment has been working to enhance the overall strength of the Group by improving its functions and level of synergy with Group companies.

House Logistics Service Corporation, which operates the transportation and warehouse business, moved into profit by eliminating an operating loss in the previous fiscal year as a result of modifying its business structure, increasing its product transportation capacity, and improving its earnings structure through activities to drastically reduce costs.

Delica Chef Corporation, a Group company that produces prepared food for convenience stores, posted an operating loss due to a higher-than-initially-expected increase in the initial costs for a new prepared food plant that began operation and this pushed down this segment's profits.

In addition to the above, Vox Trading Co., Ltd., a company mainly engaged in the import and sale of foodstuffs, made the account settlement for an irregular period of 10 months due to a change in the account settlement date in the previous fiscal year. Partly due to this effect, sales in Other Food Related Business increased 7.0% year on year, to 62,718 million yen, and operating income amounted to 101 million yen (compared to an operating loss of 780 million yen in the previous fiscal year).

(ii) Outlook for the Next Fiscal Year

The business environment that surrounds the House Foods Group is expected to be more uncertain, with changes in the household composition in the mature domestic market, more budget-minded consumers, concerns about weakening consumer confidence, and rising raw material costs against the backdrop of growing demand in emerging countries.

In this environment, the Group will further promote initiatives to strengthen the earnings power of the domestic businesses, create new demand, and accelerate growth in the international business in the second year of the Fifth Medium-Term Business Plan that was launched in April 2015, setting “innovative changes to a quality company that offers health through its foods” as a theme.

In the Spice / Seasoning / Processed Food Business and the Health Food Business, the core businesses that will

play the key role for earnings, the Group will further strengthen their earnings power by enhancing the brand value of the core products through the execution of marketing strategies. It will also work to create new demand in the mature market based on its solid technologies.

In the International Food Business, the Group will surely take in the growth of the markets into which the Group has entered in the three key areas of the United States, China, and Southeast Asia in order to expand the business scale across the boundaries of food culture.

In the Restaurant Business, the Group will strive to increase the value of curry menus in Japan and other countries by promoting cooperation among the Group companies in an integrated manner.

With these initiatives, for the next fiscal year the Group expects consolidated net sales of 289,000 million yen (a year-on-year increase of 19.5%) and consolidated operating income of 10,200 million yen (a year-on-year decrease of 5.3%), partly due to the burden of amortizing goodwill, trademark rights, and contract-related intangible assets as a result of the consolidation of Ichibanya Co., Ltd., as well as the unavoidable rise in retirement benefit expenses. The Group also anticipates consolidated ordinary income of 11,200 million yen (a year-on-year decrease of 7.8%) and profit attributable to owners of parent of 5,300 million yen (a year-on-year decrease of 76.6%).

(2) Analysis of Financial Position

(i) Analysis of Assets, Liabilities, and Net Assets

Total assets at the end of the consolidated fiscal year under review rose 63,278 million yen from the end of the previous consolidated fiscal year, to 349,427 million yen.

Current assets stood at 118,947 million yen, a decrease of 4,187 million yen compared to the end of the previous consolidated fiscal year. Non-current assets were 230,480 million yen, a year-on-year rise of 67,464 million yen.

The primary factors for the decrease in current assets include a 24,568 million yen decrease in securities, as well as a 17,222 million yen increase in cash and deposits and a 2,446 million yen increase in notes and accounts receivable-trade mainly due to the effect of making Ichibanya Co., Ltd. a subsidiary.

The main factors for the increase in non-current assets include a 28,753 million yen increase in contract-related intangible assets, a 26,350 million yen increase in trademark rights, a 16,066 million yen increase in goodwill, a 4,672 million yen increase in buildings and structures, and a 3,009 million yen increase in land mainly due to the effect of making Ichibanya Co., Ltd. a subsidiary, as well as a 11,441 million yen decrease in investment securities due to the elimination of intra-company transactions and the sales of shares in Ichibanya Co., Ltd. that were already owned by the Company as a result of Ichibanya Co., Ltd. becoming a consolidated subsidiary, and a 6,818 million yen decrease in net defined benefit asset due to the effects of interest rates, etc.

Total liabilities at the end of the consolidated fiscal year under review were 89,098 million yen, an increase of 24,405 million yen compared to the end of the previous consolidated fiscal year. Current liabilities were up 4,511 million yen from the end of the previous consolidated fiscal year, to 50,814 million yen, and non-current liabilities were 38,284 million yen, a year-on-year increase of 19,894 million yen.

The primary factors for the increase in current liabilities include a 1,456 million yen increase in accounts payable-other, and a 1,253 million yen rise in income taxes payable chiefly due to the effect of making Ichibanya Co., Ltd. a subsidiary.

The primary factors in the increase in non-current liabilities included a 13,947 million yen increase in deferred tax liabilities due to the effect of making Ichibanya Co., Ltd. a subsidiary, and a 3,707 million yen increase in net defined benefit liability due to the effects of interest rates, etc.

Net assets at the end of the consolidated fiscal year under review stood at 260,329 million yen, an increase of 38,873 million yen from the end of the previous consolidated fiscal year, primarily reflecting an increase in non-controlling interests due to the effect of making Ichibanya Co., Ltd. a subsidiary and an increase in retained earnings as a result of net income, as well as a decline in remeasurements of defined benefit plans due to the effects of interest rates, etc. and a decrease in the valuation difference on available-for-sale securities due to a decline in the market value of investment securities owned.

As a result, the equity ratio at the end of the consolidated fiscal year under review stood at 65.5%, compared with 76.9% at the end of the previous consolidated fiscal year, and net assets per share were 2,231.86 yen, compared with 2,140.27 yen at the end of the previous consolidated fiscal year.

(ii) Analysis of Cash Flows

With respect to cash flows for the consolidated fiscal year under review, net cash provided by (used in) operating activities amounted to 12,518 million yen, net cash provided by (used in) investing activities, including the purchase of shares of subsidiaries, the purchase of securities, and sales of securities, amounted to 8,308 million

yen, and net cash provided by (used in) financing activities, including an increase in short-term loans payable, a decrease in short-term loans payable, and cash dividends paid, was 3,743 million yen. As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 44,156 million yen, an increase of 323 million yen compared with the balance at the beginning of the year.

The status and primary contributing factors for each cash flows category were as follows:

(Cash flows from operating activities)

Cash provided by operating activities during the consolidated fiscal year under review was 12,518 million yen, an increase of 4,090 million yen from the previous consolidated fiscal year. Key factors included 28,102 million yen in income before income taxes and a 13,851 million yen gain on step acquisitions.

The increase in comparison to the previous consolidated fiscal year is mainly attributable to an increase in income before income taxes (a year-on-year increase of 16,208 million yen), a decrease in inventories (a year-on-year increase of 1,679 million yen), an increase in the gain on step acquisitions (a year-on-year decrease of 13,851 million yen), and an increase in the gain on the sale of investment securities (a year-on-year decrease of 1,822 million yen).

(Cash flows from investing activities)

Cash used by investing activities during the consolidated fiscal year under review was 8,308 million yen, which was 3,629 million yen more than cash used in the previous consolidated fiscal year. Key factors included the purchase of shares of subsidiaries resulting in a change in the scope of consolidation of 16,556 million yen, the purchase of investment securities of 6,501 million yen, the purchase of property, plant and equipment of 5,501 million yen, the purchase of securities of 3,424 million yen, proceeds from the sale of securities of 18,498 million yen, and proceeds from the sale of investment securities of 5,788 million yen.

The primary factors for the decrease compared with the previous consolidated fiscal year were an increase in the purchase of shares of subsidiaries resulting in change in scope of consolidation (a year-on-year decrease of 16,556 million yen), a decrease in proceeds from the withdrawal of time deposits (a year-on-year decrease of 5,720 million yen), an increase in proceeds from the sale of securities (a year-on-year increase of 10,868 million yen), a decline in the purchase of property, plant and equipment (a year-on-year increase of 3,209 million yen), and a decrease in payments into time deposits (a year-on-year increase of 3,009 million yen).

(Cash flows from financing activities)

Cash used by financing activities during the consolidated fiscal year under review was 3,743 million yen, which was 6,845 million yen less than cash used in the previous consolidated fiscal year. Key factors included a decrease in short-term loans payable of 75,269 million yen, cash dividends paid of 3,076 million yen and an increase in short-term loans payable of 75,360 million yen.

The primary factors for the increase compared with the previous consolidated fiscal year were an increase in the increase in short-term loans payable (a year-on-year increase of 16,470 million yen), a decrease in the purchase of treasury shares (a year-on-year increase of 5,489 million yen) and a larger decrease in short-term loans payable (a year-on-year decrease of 15,714 million yen).

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Year-on-year change
Cash flows from operating activities	8,428	12,518	4,090
Cash flows from investing activities	(4,679)	(8,308)	(3,629)
Cash flows from financing activities	(10,588)	(3,743)	6,845
Effect of exchange rate changes on cash and cash equivalents	1,085	(144)	(1,229)
Net increase (decrease) in cash and cash equivalents	(5,754)	323	6,077
Cash and cash equivalents at beginning of period	49,586	43,832	(5,754)
Cash and cash equivalents at end of period	43,832	44,156	323

Cash flow indicators for the Group are as follows:

	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Equity ratio (%)	78.6	79.2	76.4	76.9	65.5
Equity ratio (market value basis) (%)	62.9	69.1	66.3	90.5	61.7
Cash flow/interest bearing liabilities ratio (%)	32.4	41.2	148.8	143.5	117.3
Interest coverage ratio (times)	444.3	287.2	40.3	63.6	122.7

(Notes) 1. Equity ratio: Shareholders' equity / Total assets

Equity ratio (market value basis): Market capitalization / Total assets

Cash flow / interest bearing liabilities ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

2. Each indicator is calculated based on consolidated financial figures.

3. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury shares) as of that date.

4. Operating cash flow uses net cash provided by operating activities on the consolidated cash flow statements.

5. Interest-bearing debt includes all liabilities requiring the payment of interest under the liabilities section of the consolidated balance sheet. Interest payments equal the amount of interest paid on the consolidated cash flow statements.

(3) Basic Policy on the Payment of Dividends and Dividends for the Fiscal Year under Review and Next Fiscal Year

The Group previously considered the payment of stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis as a standard, as the basic policy on the return of earnings to shareholders. However, in relation to the Company's move of making Ichibanya Co., Ltd. its consolidated subsidiary in the fiscal year under review, the changes in profits and losses that will not entail cash movements are expected to become greater for the near future, including the fiscal year under review, due to the generation of extraordinary income from shares for step acquisitions and the amortization of goodwill and intangible assets.

For this reason, believing that stable dividends will more likely materialize if we exclude these fluctuating factors from the source for dividend payments, we will revise our the basic policy on the payment of dividends to "maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income arising from business combination and the amortization of goodwill as a standard," from the fiscal year under review.

In terms of internal reserves, the Group seeks to use such reserves to fund investment in manufacturing equipment, research and development, and new businesses development, to prepare for future business.

The Group plans to pay annual dividends of 30 yen per share (including interim dividends of 15 yen per share) in the fiscal year under review, and as a result the consolidated dividend payout ratio will be 13.6%. However, excluding the effects of profits and losses pertaining to shares for step acquisitions and the amortization of

goodwill mentioned above, the dividend payout ratio will be 32.0% on a consolidated basis.

For the next fiscal year, the Group expects to pay an annual dividend of 30 yen (an interim dividend of 15 yen).

(4) Business and Other Risks

Risks that could influence the Group's performance and financial standing include the following.

Considering the possibility of these risks occurring (emerging), the Group will seek to minimize or prevent them and to deal with them when they do occur.

(i) Food Safety Issues

Consumer demand for quality has increased in the food industry.

In response, the Company is taking steps to strengthen its quality assurance system, including constructing a traceability mechanism headed by the Quality Assurance Management Division, which is dedicated exclusively to product quality assurance, as well as holding Group quality assurance meetings, with the participation of people from outside the Group who can deliver useful insights. Nevertheless, should an incident that exceeds the scope of the Group's initiatives as described above take place – for instance, a quality issue that encompasses the entire community – and the image of the products of the Group is harmed, or should other events in which the image of the products of the Group is harmed by rumors take place, even if the Group's products are not directly related to the relevant incidents, the Group's performance and financial standing could be affected.

(ii) Weather and Natural Disasters and Widespread Outbreak of Serious Infectious Diseases

Weather-related factors, such as relatively cold summers, heat waves and relatively mild winters, the occurrence of a large-scale natural disaster, or the widespread outbreak of serious infectious disease have the potential to become risks for the Group's businesses and could affect the Group's performance and financial standing.

The Group creates a task force immediately after a large-scale disaster or widespread outbreak of serious infectious disease and establishes a Group-wide system to respond to the disaster or disease. Considering relief supplies and product supply the primary mission of a food corporation, the Group creates a production and supply system to deal with the disaster or disease. The Group also revises its business continuity plan every year in order to resume business without delay should the Group suffer damage as a result of disaster.

(iii) Procurement of Raw Materials and Price Fluctuations

The main ingredients of the Group's products are agricultural products such as wheat and spices, as well as petroleum products used in packaging, among others. There is a risk of stable procurement of these ingredients becoming difficult in the event of crop failure associated with extraordinary weather in their places of origin, because of the occurrence of conflicts and incidents, or unexpected changes in laws or regulations. There is also a risk of manufacturing costs rising because of soaring prices associated with supply and demand relationships or price fluctuations in markets. Those risks could influence the Group's performance and financial standing.

The Group procures part of its ingredients from overseas, and their prices could be affected by exchange rate fluctuations. Medium- to long-term exchange rate fluctuations are at risk of affecting the Group's performance and financial standing.

(iv) Risks in Overseas Businesses

The Group is engaged in various food-related businesses overseas, including manufacturing and selling tofu products and curry products and operating restaurant chains in countries such as the United States, China, Taiwan, South Korea, Thailand and Vietnam. Economic slowdowns, political issues, and situations jeopardizing food safety in these countries have the potential to become risks that influence the Group's performance and financial standing.

(v) Changes in the Value of Held Assets

The Group holds a range of assets, including land and securities. Should the asset values of land and securities fall, impairment accounting could be necessary. Impairment accounting could influence the Group's performance and financial standing.

(vi) Effects of Laws and Regulations

The Group is subject to a number of laws and regulations, including the Food Sanitation Act, the Product Liability Act, the Act against Unjustifiable Premiums and Misleading Representations, and laws and regulations concerning the environment and recycling, and local laws and regulations overseas. Each division in the Group collaborates with the legal division to take all possible measures to comply with relevant laws and regulations. However, our business activities could be restricted should regulations be tightened and new regulations imposed, and this could influence the Group's performance and financial standing.

(vii) Risks in Data and System Management

The Group manages data in computerized form about development, production, logistics, sales and other aspects, and the personal information of many customers associated with sales promotion campaigns and mail-order marketing. The Group prepares for unlikely events such as system failures by taking all possible maintenance and security measures, while operating a comprehensive data management system. Nonetheless, systems could become inoperative, or sensitive information could be lost if software or equipment were to be damaged in a disaster. The potential for system failures, unauthorized disclosure, or falsification of data does exist, for instance from unauthorized access involving new technologies and the infection of computers with unknown viruses. In those cases, the Group's performance, financial standing, and social trust could be influenced.

2. Corporate Group

The Company's corporate group consists of the Company, 34 consolidated subsidiaries, and 3 affiliates. The Group engages primarily in operations such as the production and sale of food products, as well as related logistics and other services and restaurant operations.

A description of the position of each company within the operations of the Group and each company's relationships with segments are as follows.

The affiliates do not belong to any segment.

In addition, because the Group included Ichibanya Co., Ltd. in the scope of its consolidated subsidiaries by making an additional acquisition of common shares of Ichibanya in the third quarter of the fiscal year under review, the Restaurant Business segment, a new reportable segment, was added. The Company also changed the name of the International Business, a reportable segment, to the International Food Business in the fourth quarter of the fiscal year under review. For more details, see "(5) Notes to Consolidated Financial Statements (segment information)" of "5. Consolidated Financial Statements."

Spice / Seasoning / Processed Food Business

The Group is engaged in the business of manufacturing and selling spices, seasonings and processed foods such as curry roux products, and food-service products in the domestic market.

House Foods Corporation manufactures and sells spices, seasonings and processed foods such as curry roux products, and food-service products.

Sun House Foods Corporation manufactures mainly retort pouched products.

Sun Supply Corporation processes meat.

House Ai-Factory Corporation manufactures mainly spice products.

Asaoka Spice K.K. sells spices.

Health Food Business

The Group is engaged in the business of manufacturing, selling, and direct marketing of health foods in the domestic market.

House Wellness Foods Corporation produces and sells products, including health foods and beverages.

International Food Business

The Group is engaged in the business of manufacturing and selling foods overseas.

House Foods Corporation exports and sells spices, seasonings, and processed foods.

House Foods Holding USA Inc. exercises overall supervision of the businesses of the House Foods Group in the United States.

House Foods America Corporation manufactures and sells soybean-related products such as tofu, and imports and sells House Foods Corporation's products in the United States. The segment to which restaurant operations of House Foods America Corporation belong has been changed from the International Food Business to the Restaurant Business.

El Burrito Mexican Food Products Corporation manufactures and sells products, including soybean-related products in the United States.

House Foods China Inc. overseas operations in China.

Shanghai House Foods Co., Ltd. manufactures and sells spices and condiments such as curry roux products in China.

Dalian Horie Yamatoya Food Co., Ltd. manufactures and sells foods in China and exports and sells foods.

Dalian Horie Yamatoya Food Co., Ltd. changed its name to Dalian House Foods Co., Ltd. in April 2016.

House Foods Vietnam Co., Ltd. manufactures and sells processed foods in Vietnam.

House Osotspa Foods Co., Ltd. manufactures and sells beverages, spices, seasonings, and processed foods in Thailand.

PT. Vox Trading Indonesia mainly exports and sells spices in Indonesia. PT. Vox Trading Indonesia changed its name to PT House And Vox Indonesia in May 2016.

Taiwan House Foods Co., Ltd. imports and sells spices and condiments in Taiwan.

Restaurant Business

The Group is engaged in the business of operating restaurants in the domestic market and the overseas market.

Ichibanya Co., Ltd. runs restaurants.

House Foods America Corporation and Ichibanya USA, Inc. operate restaurants in the United States. House Restaurant Management (Shanghai) Co., Ltd., House Restaurant Management (Beijing) Co., Ltd., House Restaurant Management (Guangzhou) Co., Ltd., Ichibanya International Hong Kong Limited, and Ichibanya Hong Kong Limited run restaurants in China. Taiwan Curry House Restaurant, Inc. and Curry House Korea Corporation run restaurants in Taiwan and South Korea, respectively.

In addition, the segment to which the restaurant operations of House Foods America Corporation, House Restaurant Management (Shanghai) Co., Ltd., House Restaurant Management (Beijing) Co., Ltd., House Restaurant Management (Guangzhou) Co., Ltd., Taiwan Curry House Restaurant, Inc. and Curry House Korea Corporation belong has been changed from the International Food Business to the Restaurant Business.

Other Food Related Business

The Group is engaged in businesses such as transportation and warehousing, manufacturing and selling prepared foods, analysis of foods, and imports and sales of foodstuffs.

Vox Trading Co., Ltd. is engaged in imports and exports operations and domestic sales of agricultural products, foods, and other products.

Horie Yamatoya Co., Ltd. imports, exports, and sells agricultural and processed products. As a result of conducting an absorption-type merger in April 2016, in which Vox Trading Co., Ltd. became the surviving company and Horie Yamatoya Co., Ltd. became an absorbed company, Horie Yamatoya Co., Ltd. ceased to exist.

Delica Chef Corporation manufactures and sells products such as prepared foods, baked bread and desserts for convenience stores.

House Logistics Service Corporation and High Net Corporation are engaged in transportation and warehousing.

House Food Analytical Laboratory Inc. conducts mainly analysis on food safety and sanitation.

Tim Food Co., Ltd. and PT. Java Agritech produce and sell vegetables and other agricultural products in Thailand and Indonesia, respectively.

Other Businesses

(Subsidiaries not belonging to a segment)

House Business Partners Corporation is commissioned by the Group to handle indirect operations.

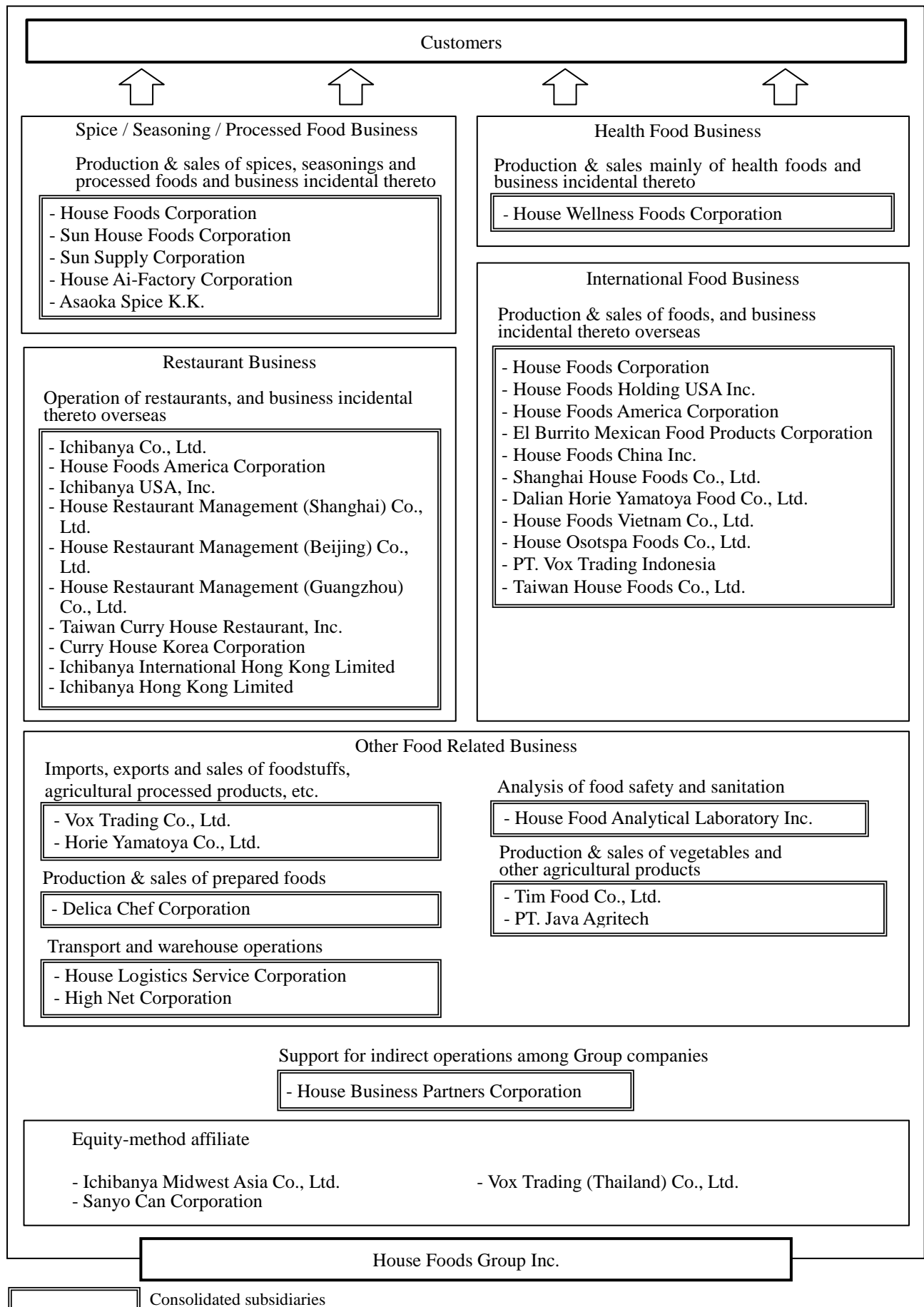
(Affiliates not belonging to a segment)

Ichibanya Midwest Asia Co., Ltd. runs restaurants in Thailand.

Vox Trading (Thailand) Co., Ltd. exports and sells vegetables and agricultural products, etc. in Thailand.

Sanyo Can Corporation manufactures and sells mainly retort pouched products and cans.

Flow Chart of Business Activities



3. Management Policy

(1) Basic Corporate Management Policy

Taking advantage of the opportunity of adopting the holding company structure on October 1, 2013, the Group has established a new Group philosophy, “Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives.” By positioning this Group philosophy and the existing “Our Founding philosophy” and “House No Kokoro,” the three factors, as its corporate philosophy, the Group has been striving to expand its businesses through consistent business activities by clarifying the targets it aims to achieve.

The Group will strengthen its capabilities to create value on its own in the mature domestic market and make efforts to further expand business in growing markets overseas. The Company also seeks to be more attractive for shareholders, for example by paying stable dividends so that it can earn their long-term support and assistance.

(2) Medium- to Long-Term Management Strategies

The Group develops a medium-term business plan every three years that clarifies the direction of each business, and formulates and implements specific action plans in accordance with this plan.

Under the Fifth Medium-Term Business Plan that started in April 2015, the Group has formulated and implemented specific measures, assuming a business framework that sets its sights on 2020, setting “innovative changes to a quality company that offers health through its foods” as a theme.

In addition, the Group strengthened the framework for further expansion of the curry market by acquiring additional shares of Ichibanya Co., Ltd., which was an equity method affiliate, in December 2015 to make it a consolidated subsidiary.

The basic concepts of the Fifth Medium-Term Business Plan are as follows.

(i) Business Strategies

In the domestic Spice / Seasoning / Processed Food Business and the domestic Health Food Business, the Group plans to further develop existing businesses and improve profitability. The Group will also take on the challenge of starting a business that it will offer to customers by creating new value in the mature market, while promoting partnerships with value-chain-type businesses.

In International Food Business, the Group intends to strengthen its respective revenue bases in the United States, China, and Southeast Asia, and expand business in growing markets, placing on emphasis on speed in expansion.

In regards to the Restaurant Business, which was added as a new business segment in the fourth quarter of the fiscal year under review, with the inclusion of Ichibanya Co., Ltd. in the Group, the Group will further enhance the value that curry has both in Japan and other countries by promoting cooperation between a manufacturer and a restaurant operator, two companies that are engaged in different businesses.

(ii) Realization of the Group Philosophy

The Group will promote consistent efforts to realize the Group philosophy as a corporate citizen that always fulfills its responsibilities to its customers, employees and their families, and society.

(iii) Functional Enhancement

The Group will execute the medium-term business plan, operations, investment plans, and R&D themes, working hard to achieve their aims, by strengthening a framework to implement a plan-do-check-act (PDCA) cycle. The Group will also strengthen its cost competitiveness by moving forward with new efforts to procure raw materials and improve the manufacturing processes.

(iv) Capital Policy

The Group previously considered the payment of stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis as a standard, as the basic policy on the return of earnings to shareholders. However, in relation to the Company's move of making Ichibanya Co., Ltd. its consolidated subsidiary in the fiscal year under review, the changes in profits and losses that will not entail cash movements are expected to become greater for the near future, including the fiscal year under review, due to the generation of extraordinary income from shares for step acquisitions and the amortization of goodwill and intangible assets.

For this reason, believing that stable dividends will more likely materialize if we exclude these fluctuating factors from the source for dividend payments, we will revise our the basic policy on the payment of dividends to "maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income arising from business combination and the amortization of goodwill as a standard," from the fiscal year under review.

The Group will also operate new businesses, making effective use of excess funds, by setting an upper limit on business investment, including borrowings.

(3) Issues Facing the Group

We are addressing the following specific action items to enhance synergies in the Group and to improve corporate value and profitability:

(i) Quality Assurance System

To constantly provide secure and safe products as a food manufacturer, we review our standards and policies on quality as needed and hold Group quality assurance meetings, with the participation of people from outside the Company who can deliver useful insights, to share information about food quality, and to discuss issues. To continue providing customers with products they know they can use safely, we also engage in quality improvement activities based on customer feedback to further strengthen our manufacturing capabilities.

(ii) Corporate Governance

The Company considers a system of internal controls to be a mechanism for strengthening its corporate governance system, embodying its corporate philosophy, and achieving its management goals. We plan to step up the construction and operation of governance systems for risk management, compliance, and other areas from the perspective of Group management, to improve our corporate value, and achieve sustainable development. Considering the “corporate governance code” that was introduced to listed companies in June 2015 as a good opportunity to review the governance systems, we have been conducting studies in order to develop better governance systems. In terms of corporate bodies, the Company appointed an outside director (and plans to increase the number to two on June 28, 2016) and is focusing on reinforcing the supervisory function in relation to the management strategy body. Five corporate auditors, including three outside auditors, inspect the directors’ performance of their duties. Two standing auditors strive to ensure the effectiveness of auditors’ auditing in the Group by concurrently becoming non-standing auditors of major Group companies.

We plan to make ongoing improvements to our system of internal controls so that it functions effectively for the entire Group.

(iii) Corporate Social Responsibility

We conduct CSR activities that are promoted by our all employees. Working through food, we fulfill our responsibilities to our stakeholders, such as customers, employees and their families, and society. We aim to be a good partner, connecting and collaborating with people to create smiles in their lives.

In regards to our environmental activities, we promote them within our core operations by developing the House Foods Group environmental policies based on environmental principles and action guidelines, and adopting the ISO14001 environmental management system.

In our social contribution activities, we are promoting initiatives that focus on “continuing to contribute to addressing social issues by using the House Foods Group’s assets.” We will contribute to the realization of a better society by establishing and maintaining trust relationships with our stakeholders while seeking to maintain a balance between international society and regional societies.

4. Basic Concept concerning the Selection of Accounting Standards

The Company considers the application of the International Financial Reporting Standards (IFRS) to be necessary, and will continue to apply it in the future.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	26,906	44,128
Notes and accounts receivable - trade	40,695	43,140
Securities	34,577	10,009
Merchandise and finished goods	9,708	9,628
Work in process	1,535	1,563
Raw materials and supplies	3,590	3,723
Deferred tax assets	2,070	2,397
Other	4,132	4,499
Allowance for doubtful accounts	(79)	(141)
Total current assets	123,134	118,947
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,176	28,848
Machinery, equipment and vehicles, net	10,801	11,722
Land	25,842	28,851
Lease assets, net	3,775	4,400
Construction in progress	556	1,140
Other, net	1,465	2,261
Total property, plant and equipment	66,616	77,223
Intangible assets		
Goodwill	476	16,542
Trademark right	220	26,570
Software	1,960	2,109
Contract-related intangible assets	–	28,753
Software in progress	75	89
Other	747	736
Total intangible assets	3,478	74,799
Investments and other assets		
Investment securities	80,240	68,800
Long-term loans receivable	369	360
Deferred tax assets	636	2,247
Long-term time deposits	2,000	2,500
Net defined benefit asset	7,103	285
Claims provable in bankruptcy, claims provable in rehabilitation and other	512	719
Other	2,764	4,441
Allowance for doubtful accounts	(702)	(893)
Total investments and other assets	92,922	78,458
Total non-current assets	163,016	230,480
Total assets	286,149	349,427

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,592	18,749
Electronically recorded obligations - operating	1,447	1,540
Short-term loans payable	6,770	6,849
Lease obligations	483	733
Accounts payable - other	12,432	13,887
Income taxes payable	1,557	2,810
Provision for bonuses	–	129
Provision for directors' bonuses	65	68
Provision for shareholder benefit program	–	75
Asset retirement obligations	–	3
Other	5,957	5,971
Total current liabilities	46,303	50,814
Non-current liabilities		
Long-term loans payable	810	824
Lease obligations	3,393	3,745
Long-term accounts payable - other	661	319
Deferred tax liabilities	11,383	25,330
Provision for loss on guarantees	–	6
Net defined benefit liability	960	4,668
Asset retirement obligations	285	711
Other	898	2,681
Total non-current liabilities	18,390	38,284
Total liabilities	64,693	89,098
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus	23,868	23,927
Retained earnings	157,338	176,898
Treasury shares	(5)	(516)
Total shareholders' equity	191,150	210,257
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	20,402	18,294
Deferred gains or losses on hedges	47	(19)
Foreign currency translation adjustment	2,878	2,410
Remeasurements of defined benefit plans	5,450	(2,128)
Total other accumulated comprehensive income	28,777	18,555
Non-controlling interests	1,530	31,517
Total net assets	221,456	260,329
Total liabilities and net assets	286,149	349,427

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Net sales	231,448	241,893
Cost of sales	133,293	138,371
Gross profit	98,155	103,522
Selling, general and administrative expenses		
Advertising expenses	10,326	9,822
Transportation and warehousing expenses	6,836	7,248
Sales commission	2,441	2,342
Promotion expenses	30,871	29,741
Salaries, allowances and bonuses	15,203	16,961
Provision for directors' bonuses	72	78
Depreciation	1,458	1,996
Amortization of goodwill	167	1,016
Rent expenses	2,605	3,006
Experiment and research expenses	3,582	3,510
Other	15,907	17,027
Total selling, general and administrative expenses	89,468	92,746
Operating income	8,686	10,775
Non-operating income		
Interest income	530	478
Dividend income	603	609
Share of profit of entities accounted for using equity method	628	584
House rent income	0	176
Foreign exchange gains	820	–
Other	356	330
Total non-operating income	2,937	2,177
Non-operating expenses		
Interest expenses	129	93
Rent expenses	–	148
Foreign exchange losses	–	174
Other	538	385
Total non-operating expenses	667	801
Ordinary income	10,957	12,152

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Extraordinary income		
Gain on sales of non-current assets	195	7
Gain on sales of investment securities	1,311	3,135
Gain on sales of investments in capital	18	–
Gain on sales of restaurants	–	19
Gain on change in equity	3	–
Gain on step acquisitions	–	13,851
Compensation income	13	–
Other	2	1
Total extraordinary income	1,543	17,013
Extraordinary losses		
Loss on sales of non-current assets	121	0
Loss on retirement of non-current assets	141	273
Loss on valuation of investment securities	4	16
Loss on sales of membership	–	2
Loss on valuation of membership	1	3
Impairment loss	323	718
Other	18	51
Total extraordinary losses	607	1,062
Income before income taxes	11,893	28,102
Income taxes - current	3,999	4,875
Income taxes - deferred	876	36
Total income taxes	4,875	4,911
Net income	7,018	23,191
Profit attributable to		
Profit attributable to owners of parent	6,971	22,632
Profit attributable to non-controlling interests	47	559
Other comprehensive income		
Valuation difference on available-for-sale securities	8,725	(2,071)
Deferred gains or losses on hedges	132	(157)
Foreign currency translation adjustment	1,898	(493)
Remeasurements of defined benefit plans, net of tax	3,947	(7,584)
Share of other comprehensive income of entities accounted for using equity method	69	(98)
Total other comprehensive income	14,771	(10,404)
Comprehensive income	21,789	12,787
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	21,526	12,411
Comprehensive income attributable to non-controlling interests	263	376

(3) Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,948	23,868	160,767	(4)	194,579
Cumulative effects of changes in accounting policies			(1,251)		(1,251)
Restated balance	9,948	23,868	159,516	(4)	193,329
Changes of items during the period					
Dividends of surplus			(3,657)		(3,657)
Profit attributable to owners of parent			6,971		6,971
Change in treasury shares of parent arising from transactions with non-controlling shareholders					–
Purchase of treasury shares				(5,494)	(5,494)
Retirement of treasury shares			(5,493)	5,493	–
Disposal of treasury shares					–
Net changes of items other than shareholders' equity					–
Total changes of items during the period	–	–	(2,178)	(1)	(2,179)
Balance at the end of the period	9,948	23,868	157,338	(5)	191,150

	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of the period	11,665	(5)	1,053	1,509	14,222	1,296	210,097
Cumulative effects of changes in accounting policies					–		(1,251)
Restated balance	11,665	(5)	1,053	1,509	14,222	1,296	208,846
Changes of items during the period							
Dividends of surplus					–		(3,657)
Profit attributable to owners of parent					–		6,971
Change in treasury shares of parent arising from transactions with non-controlling shareholders					–		–
Purchase of treasury shares					–		(5,494)
Retirement of treasury shares					–		–
Disposal of treasury shares					–		–
Net changes of items other than shareholders' equity	8,737	53	1,824	3,941	14,555	234	14,789
Total changes of items during the period	8,737	53	1,824	3,941	14,555	234	12,610
Balance at the end of the period	20,402	47	2,878	5,450	28,777	1,530	221,456

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,948	23,868	157,338	(5)	191,150
Cumulative effects of changes in accounting policies					–
Restated balance	9,948	23,868	157,338	(5)	191,150
Changes of items during the period					
Dividends of surplus			(3,073)		(3,073)
Profit attributable to owners of parent			22,632		22,632
Change in treasury shares of parent arising from transactions with non-controlling shareholders		54			54
Purchase of treasury shares				(745)	(745)
Retirement of treasury shares					–
Disposal of treasury shares		4		234	238
Net changes of items other than shareholders' equity					–
Total changes of items during the period	–	58	19,559	(511)	19,107
Balance at the end of the period	9,948	23,927	176,898	(516)	210,257

	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of the period	20,402	47	2,878	5,450	28,777	1,530	221,456
Cumulative effects of changes in accounting policies					–		–
Restated balance	20,402	47	2,878	5,450	28,777	1,530	221,456
Changes of items during the period							
Dividends of surplus					–		(3,073)
Profit attributable to owners of parent					–		22,632
Change in treasury shares of parent arising from transactions with non-controlling shareholders					–		54
Purchase of treasury shares					–		(745)
Retirement of treasury shares					–		–
Disposal of treasury shares					–		238
Net changes of items other than shareholders' equity	(2,108)	(67)	(468)	(7,579)	(10,221)	29,988	19,766
Total changes of items during the period	(2,108)	(67)	(468)	(7,579)	(10,221)	29,988	38,873
Balance at the end of the period	18,294	(19)	2,410	(2,128)	18,555	31,517	260,329

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Cash flows from operating activities		
Income before income taxes	11,893	28,102
Depreciation	5,789	6,908
Amortization of goodwill	167	1,016
Impairment loss	323	718
Share of (profit) loss of entities accounted for using equity method	(628)	(584)
Loss (gain) on step acquisitions	–	(13,851)
Loss (gain) on valuation of investment securities	4	16
Loss on valuation of membership	1	3
Increase (decrease) in allowance for doubtful accounts	91	211
Increase (decrease) in provision for directors' bonuses	(28)	3
Increase (decrease) in provision for shareholder benefit program	–	(21)
Increase (decrease) in provision for loss on guarantees	–	(1)
Increase (decrease) in net defined benefit liability	86	(1,072)
Interest and dividend income	(1,133)	(1,088)
Interest expenses	129	93
Foreign exchange losses (gains)	(408)	296
Loss (gain) on sales of investment securities	(1,311)	(3,133)
Loss (gain) on sales of investments in capital	(18)	–
Loss (gain) on sales of non-current assets	(75)	(6)
Loss on retirement of non-current assets	141	273
Decrease (increase) in notes and accounts receivable - trade	405	76
Decrease (increase) in inventories	(920)	758
Increase (decrease) in notes and accounts payable - trade	76	(1,409)
Increase (decrease) in accounts payable - bonuses	9	(120)
Decrease (increase) in other assets	(939)	(1,857)
Increase (decrease) in other liabilities	(1,464)	573
Subtotal	12,187	15,903
Interest and dividend income received	1,398	1,365
Interest expenses paid	(133)	(102)
Income taxes paid	(5,025)	(4,648)
Net cash provided by (used in) operating activities	8,428	12,518

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	6,523	803
Payments into time deposits	(4,030)	(929)
Purchase of securities	(4,577)	(3,424)
Proceeds from sales of securities	7,630	18,498
Purchase of property, plant and equipment	(8,710)	(5,501)
Proceeds from sales of property, plant and equipment	357	36
Purchase of intangible assets	(807)	(522)
Purchase of investment securities	(4,920)	(6,501)
Proceeds from sales of investment securities	3,883	5,788
Payments for investments in capital	(5)	(30)
Collection of investments in capital	36	11
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(16,556)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	21
Payments of loans receivable	(58)	(1)
Net cash provided by (used in) investing activities	(4,679)	(8,308)
Cash flows from financing activities		
Increase in short-term loans payable	58,890	75,360
Decrease in short-term loans payable	(59,555)	(75,269)
Repayments of lease obligations	(550)	(592)
Proceeds from long-term loans payable	–	284
Repayments of long-term loans payable	(188)	(235)
Purchase of treasury shares	(5,494)	(4)
Proceeds from sales of shares of parent held by subsidiaries	–	471
Cash dividends paid	(3,658)	(3,076)
Dividends paid to non-controlling interests	(33)	(662)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(20)
Net cash provided by (used in) financing activities	(10,588)	(3,743)
Effect of exchange rate change on cash and cash equivalents	1,085	(144)
Net increase (decrease) in cash and cash equivalents	(5,754)	323
Cash and cash equivalents at beginning of period	49,586	43,832
Cash and cash equivalents at end of period	43,832	44,156

(5) Notes to Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

Basic Important Matters for the Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) The following 34 companies are consolidated subsidiaries:

House Foods Corporation, House Wellness Foods Corporation, Ichibanya Co., Ltd., Sun House Foods Corporation, Sun Supply Corporation, House Ai-Factory Corporation, Asaoka Spice K.K., Vox Trading Co., Ltd., Delica Chef Corporation, House Logistics Service Corporation, High Net Corporation, House Food Analytical Laboratory Inc., Horie Yamatoya Co., Ltd., House Business Partners Corporation, House Foods Holding USA Inc., House Foods America Corporation, El Burrito Mexican Food Products Corporation, Ichibanya USA, Inc., House Foods China Inc., Shanghai House Foods Co., Ltd., Dalian Horie Yamatoya Food Co., Ltd., House Restaurant Management (Shanghai) Co., Ltd., House Restaurant Management (Beijing) Co., Ltd., House Restaurant Management (Guangzhou) Co., Ltd., House Foods Vietnam Co., Ltd., House Osotspa Foods Co., Ltd., Tim Food Co., Ltd., PT. Vox Trading Indonesia, PT. Java Agritech, Taiwan House Foods Co., Ltd., Taiwan Curry House Restaurant Inc., Curry House Korea Corporation, Ichibanya International Hong Kong Limited, and Ichibanya Hong Kong Limited.

Dalian Horie Yamatoya Food Co., Ltd. changed its trade name to Dalian House Foods Co., Ltd. in April 2016 and PT. Vox Trading Indonesia changed its trade name to PT House And Vox Indonesia in May 2016. Also, Horie Yamatoya Co., Ltd. ceased to exist as a result of the implementation of an absorption-type merger in April 2016 in which Vox Trading Co., Ltd. was the surviving company and Horie Yamaoya Co., Ltd. was the non-surviving company.

(2) Names of major unconsolidated subsidiaries

Dalian Vox Foods Co., Ltd.

The liquidation of Dalian Vox Foods Co., Ltd. was completed in February 2016.

Reason for the exclusion from consolidation

The reason for the exclusion is that all the five unconsolidated subsidiaries are small-scale companies and factors such as total assets, net sales, net income (the amount in proportion to the equity share) and retained earnings (the amount in proportion to the equity share) do not have a material impact on the consolidated financial statements.

2. Matters Concerning Application of Equity Method

(1) The following three affiliates are subject to equity method accounting:

Ichibanya Midwest Asia Co., Ltd., Vox Trading (Thailand) Co., Ltd., Sanyo Can Corporation

(2) Names of major companies, etc. out of unconsolidated subsidiaries and affiliates that are not subject to equity method accounting

Dalian Vox Foods Co., Ltd.

Lanna Products Co., Ltd.

Dalian Tianke Foods Co., Ltd.

The liquidation of Dalian Tianke Foods Co., Ltd. was completed in August 2015.

Reason for not applying to equity method accounting

The companies that are not subject to equity method accounting have been excluded from the scope of the application of equity method accounting because those that are not subject to equity method accounting have a limited impact on consolidated financial statements in light of the scale of net income (the amount in proportion to the equity share), retained earnings (the amount in proportion to the equity share) and other factors, even if they are excluded from the scope of equity method accounting, and overall are not significant.

3. Account Settlement Dates for Consolidated Subsidiaries

Among the consolidated subsidiaries, the account settlement date for Ichibanya Co., Ltd. is the last day of May and the results of this subsidiary are, therefore, consolidated using financial statements based on a provisional settlement as of the last day of February. However, adjustments necessary for consolidation are made when any significant events take place between the account settlement date and the consolidated account settlement date. Among the consolidated subsidiaries, the account settlement date for Vox Trading Co., Ltd., House Foods Holding USA Inc., House Foods America Corporation, El Burrito Mexican Food Products Corporation, House Foods China Inc., Shanghai House Foods Co., Ltd., Dalian Horie Yamatoya Food Co., Ltd., House Restaurant Management (Shanghai) Co., Ltd., House Restaurant Management (Beijing) Co., Ltd., House Restaurant Management (Guangzhou) Co., Ltd., House Foods Vietnam Co., Ltd., House Osotspa Foods Co., Ltd., Tim Food Co., Ltd., PT. Vox Trading Indonesia, PT. Java Agritech, Taiwan House Foods Co., Ltd., Taiwan Curry House Restaurant, Inc., Curry House Korea Corporation, and Ichibanya International Hong Kong Limited is the last day of December. The results of subsidiaries are consolidated based on their financial statements as of this account settlement date. However, adjustments necessary for consolidation are made when any significant events take place between the account settlement date and the consolidated account settlement date. Furthermore, the account settlement date of Ichibanya USA, Inc. and Ichibanya Hong Kong Limited is the last day of March but the results of these subsidiaries are consolidated using financial statements based on a provisional settlement as of the last day of December. Adjustments necessary for consolidation are made when any significant events take place between the account settlement date and the consolidated account settlement date. The account settlement date for other subsidiaries is the same as the consolidated account settlement date. In addition, in the consolidated fiscal year under review, House Foods Vietnam Co., Ltd. and House Osotspa Foods Co., Ltd. changed their account settlement date from the last day of March to the last day of December. Their accounting period for the consolidated fiscal year under review is 9 months.

4. Matters Concerning Accounting Standards

(1) Valuation standard and method for significant assets

a. Securities

- Bonds held to maturity:

Amortized cost method (Straight-line method)

- Other marketable securities

Securities with fair market value:

Market value method based on the quoted market value as of the fiscal year-end

(Valuation differences are directly charged or credited to shareholders' equity, and the cost of securities sold is calculated using the moving-average method.)

Securities without fair market value:

Cost accounting method using the gross average method

b. Inventories:

Primarily cost accounting method using the gross average method (calculated using the book-value write-down method based on the decline in profitability).

(2) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding lease assets):

The Company

Buildings (excluding building attachments)

Straight-line method

Property, plant and equipment other than buildings

Declining balance method

Domestic consolidated subsidiaries

Declining balance method (straight-line method for buildings acquired on or after April 1, 1998)

Overseas consolidated companies

Straight-line method

The service lives for these major categories are as follows:

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: mostly 10 years

b. Intangible assets (excluding lease assets):

Straight-line method

The service lives for these major categories are as follows:

Trademark right: mostly 42 years

Software Expected useful life (5 years)

Contract-related intangible assets: 30 years

c. Lease assets:

Lease assets concerning finance lease transactions without a transfer of ownership

Computed using the straight-line method over the lease terms as service life, assuming no residual value.

Finance lease transactions without a transfer of ownership that started on or before March 31, 2008 are accounted for in a manner similar to accounting for ordinary lease transactions.

(3) Accounting standards for significant allowances

a. Allowance for doubtful accounts

To provide for a loss on doubtful accounts such as trade receivables and loans, general allowances are provided using a rate determined by past experience with bad debts. Specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing the individual collectibility of certain doubtful accounts.

b. Provision for bonuses

To provide for the payment of bonuses for employees, the Company provides for the amount of estimated future obligations accrued for the consolidated fiscal year under review.

c. Reserve for bonuses for directors and corporate auditors

To provide for the payment of bonuses for directors and corporate auditors, the Company provides accrued bonuses for directors and corporate auditors based on the projected amount for the consolidated fiscal year under review.

d. Provision for shareholder benefit program

To cover the cost of usage of shareholder benefits, the Company provides for the estimated amount of future usage of shareholder benefits at the end of the consolidated fiscal year under review based on historical usage of shareholder benefits.

e. Provision for loss on guarantees

To provide for loss on guarantees, the Company provides for the amount of loss expected to be borne, taking the financial condition of the guaranteed parties into consideration.

(4) Accounting method for retirement benefits

a. Period corresponding method for the estimated amount of retirement benefits

In calculating retirement benefits obligations, the method to match the estimated amount of retirement benefits to a period until the end of the consolidated fiscal year under review is based on the benefit formula standard.

b. Accounting methods for actuarial differences and prior service cost

Prior service cost is accounted for according to the straight-line method as they are incurred for a certain number of years within the average remaining years of service of employees at the time of incurring.

Actuarial differences are charged to expenses from the next fiscal year using a straight-line method mainly based on determined years (principally ten years) within the average remaining years of service of employees when incurred.

(5) Significant hedge accounting methods

a. Hedge accounting methods

Deferral hedge accounting is adopted.

As to the forward exchange contracts eligible for allocation treatment, allocation treatment is adopted.

b. Hedging instruments and hedged items

Hedging instruments --- Forward exchange contracts

Hedged items --- Foreign currency denominated liabilities, foreign currency denominated forecasted transactions and foreign currency time deposits

c. Hedging policies

Derivatives transactions are carried to hedge risks of fluctuations of foreign exchange rates associated with foreign currency denominated transactions in accordance with internal rules related to derivatives transactions, and a policy has been adopted that derivatives transactions whose purpose is not risk hedging are never carried out.

d. Methods to evaluate the effectiveness of hedging

Because, in accordance with internal rules related to derivatives transactions, it is confirmed at the time of entering transactions that the material conditions are identical, an evaluation of the effectiveness is omitted.

(6) Translation standard for important foreign currency-denominated assets and liabilities into the Japanese yen
Foreign currency amounts are translated into the Japanese yen on the basis of the spot exchange rate in effect on the consolidated balance sheet date for monetary assets and liabilities. The resulting gains and losses are included in net profit or loss for the period. The assets, liabilities, income, and expenses of overseas subsidiaries and affiliates have been converted into Japanese currency at the spot exchange rate on the consolidated settlement date. Translation differences are shown as foreign currency translation adjustments and non-controlling interests in the net assets section.

(7) Method and period of goodwill amortization

Amortization of goodwill is computed by using the straight-line method over five years.

(8) Scope of funds in consolidated cash flow statements

Cash and cash equivalents in consolidated cash flow statements consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less at the date of acquisition that can easily be converted into cash and that have only minor risks of changes in value.

(9) Accounting method for consumption taxes

The tax-exclusion method is used for the calculation of consumption tax and local consumption tax.

Changes in Accounting Policies

Standards such as the Accounting Standard for Business Combinations (ASBJ Statement No.21 of September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No.7 of September 13, 2013) have been applied from the consolidated fiscal year under review. The purpose for applying these standards was to change the method for recording the difference from changes in the Company's equity in its subsidiaries that remain controlled by the Company as capital surplus and as an expense in the consolidated fiscal year in which expenses related to acquisition are incurred. For business combinations implemented after the beginning of the consolidated fiscal year under review, the method will be changed to one that reflects the revision of distributed amounts of acquisition costs by determining provisional accounting treatment in the consolidated financial statements for the consolidated accounting period to which the date of business combination belongs. In addition, the Company has changed the presentation of net profit and other items and the presentation of minority interests to non-controlling interests. To reflect this change, the Company reclassified its consolidated financial statements for the previous fiscal year.

The application of the Accounting Standard for Business Combinations and the other standards follows the transitional treatment specified in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statement, and Article 57-4 (4) of the Accounting Standard for Business Divestiture. The application of these standards has been under way since the beginning of the consolidated fiscal year under review, and will continue to be applied going forward.

As a result, operating income and ordinary income for the consolidated fiscal year under review declined 174 million yen each, and income before income taxes decreased 268 million yen. Capital surplus at the end of the consolidated fiscal year under review increased 54 million yen.

In the Consolidated Statements of Cash Flows for the consolidated fiscal year under review, cash flows relating to acquisition or sale of shares of subsidiaries that do not result in a change in the scope of consolidation are recorded under "cash flows from financing activities." Cash flows related to acquisition-related costs relating to acquisition of shares of subsidiaries that result in a change in the scope of consolidation and cash flows related to the costs arising from acquisition or sale of shares of subsidiaries that do not result in a change in the scope of consolidation are recorded under "cash flows from operating activities."

The balance at the end of the fiscal year for capital surplus in the Consolidated Statements of Changes in Equity for the consolidated fiscal year under review increased 54 million yen.

The effects on per share information are stated in the relevant places.

Changes in Presentation Methods

(Consolidated Balance Sheet)

"Trademark right" that was included in "Other" under "Intangible assets" in the previous consolidated fiscal year is presented as a separate item from the consolidated fiscal year under review, as the amount has become more material. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated balance sheet for the previous fiscal year.

As a result, 967 million yen that was presented in "Other" under "Intangible assets" in the Consolidated Balance Sheet for the previous consolidated fiscal year is reclassified as "Trademark right" of 220 million yen and "Other" of 747 million yen.

(Change in presentation relating to restaurant management)

Restaurant costs related to restaurant management at certain consolidated subsidiaries that were previously recorded in cost of sales are recorded in selling, general and administrative expenses from the consolidated fiscal year under review.

This change was made following the inclusion of the Ichibanya Group in the scope of consolidation and the establishment of a Restaurant Business segment to manage the Ichibanya Group's performance in a unified manner and present the results of its operating activities more appropriately. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated balance sheet for the previous fiscal year.

As a result, cost of sales in the Consolidated Statements of Income and Comprehensive Income for the previous consolidated fiscal year decreased by 4,264 million yen and gross profit and selling, general and administrative expenses increased by the same amount. However, this change did not affect operating income, ordinary income and income before income taxes.

(Consolidated Statements of Income and Comprehensive Income)

"Rent received" that was included in "Other" under "Non-operating income" in the previous consolidated fiscal year is presented as a separate item from the consolidated fiscal year under review, as the amount has become more material. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated balance sheet for the previous fiscal year.

As a result, 356 million yen that was presented in "Other" under "Non-operating income" in the Consolidated Statements of Income and Comprehensive Income for the previous consolidated fiscal year is reclassified as "Rent received" of 0 million yen and "Other" of 356 million yen.

Notes to Consolidated Balance Sheet

1. Assets supplied to collateral and corresponding debts

Assets pledged as collateral are as follows:

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Investment securities	631	640
Land	36	80
Buildings and structures	29	47
Time of deposit	15	15
Machinery, equipment and vehicles	0	0

Secured liabilities are as follows:

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Long-term loans payable	800	600
Of which current portion of long-term loans payable	200	200
Short-term loans payable	106	86

2. Accumulated depreciation of property, plant and equipment

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Accumulated depreciation of property, plant and equipment	116,084	133,484

3. Guarantee obligations

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Borrowings by Ichibanya Co., Ltd. franchised restaurants from financial institutions	–	703
Borrowings by Lanna Products Co., Ltd. from financial institutions	59	54
Guarantee obligation to the monetary debt of Myoko Garden K.K.	4	3
Guarantee obligation to the housing loans of the Company employees	2	0
Borrowings by PT. Vox Trading Indonesia from financial institutions	24	–
Borrowings by Shizuoka Mist Farm Limited from financial institutions	1	–

Notes to Consolidated Statements of Income and Comprehensive Income

1. Impairment loss

The House Foods Group recognized impairment loss for the following group of assets.

When determining evidence of asset impairment, the House Foods Group accounts for idle property on an individual basis and business assets using group-based management accounting classifications in accordance with the minimum unit that generates cash flow. The business assets of head office, etc. are grouped as common assets.

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

Location	Use	Category	Impairment loss (million yen)
House Foods Corporation Makuhari Dormitory (Note 1)	Company dormitory	Buildings, others	323

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

Location	Use	Category	Impairment loss (million yen)
House Foods Group Inc. Former Ageo Factory (Note 1)	Factory, Office	Buildings, others	508
El Burrito Mexican Food Products Corporation U.S. (Note 2)	Brand	Trademark right	157
House Foods America Corporation U.S. restaurant (Note 1)	Restaurant	Buildings, others	45
Ichibanya Co., Ltd. Restaurant (Note 3, 4)	Restaurant	Buildings, others	8

- (Notes) 1. The Group reduced the values of business assets and idle property whose profitability declined to recoverable amounts. The recoverable amounts were measured based on the use values. Since the future cash flows were negative, the Group did not calculate discounts.
2. The Group reduced the values of business assets whose profitability declined to recoverable amounts. The recoverable amounts were measured based on the use values, and future cash flows were discounted to present value using a rate of 11.0%.
3. When determining recoverable amounts based on net realizable value, the Group mainly used street values. When recoverable amounts were determined based on use values, future cash flows were discounted to present value using a rate of 5.0%.
4. Breakdown by region is as follows: 1 restaurant in Hiroshima Prefecture.

Notes to Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

1. Matters relating to outstanding shares (Thousand shares)

Types of shares	At beginning of consolidated fiscal year under review	Increase	Decrease	At end of consolidated fiscal year under review
Common shares	105,762	–	3,003	102,759

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Decrease due to retirement of treasury shares: 3,003 thousand shares

2. Matters relating to treasury shares (Thousand shares)

Types of shares	At beginning of consolidated fiscal year under review	Increase	Decrease	At end of consolidated fiscal year under review
Common shares	3	3,003	3,003	2

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase due to purchase of treasury shares: 3,000 thousand shares

Increase due to purchases of fractional shares: 3 thousand shares

Decrease due to retirement of treasury shares: 3,003 thousand shares

3. Matters relating to subscription rights to shares, etc.

Not applicable.

4. Matters relating to dividends

(i) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 26, 2014	Common shares	2,115	20	March 31, 2014	June 27, 2014
Meeting of the Board, October 30, 2014	Common shares	1,541	15	September 30, 2014	December 5, 2014

(ii) Dividends with a record date that falls during the fiscal year under review but an effective date that falls in the next fiscal year.

Resolution	Type of shares	Source of dividends	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 25, 2015	Common shares	Retained earnings	1,541	15	March 31, 2015	June 26, 2015

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

1. Matters relating to outstanding shares

(Thousand shares)

Types of shares	At beginning of consolidated fiscal year under review	Increase	Decrease	At end of consolidated fiscal year under review
Common shares	102,759	–	–	102,759

2. Matters relating to treasury shares

(Thousand shares)

Types of shares	At beginning of consolidated fiscal year under review	Increase	Decrease	At end of consolidated fiscal year under review
Common shares	2	343	108	238

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase in treasury shares from

change in scope of consolidation: 342 thousand shares

Increase due to purchases of fractional shares: 2 thousand shares

Decrease due to retirement of treasury shares: 108 thousand shares

3. Matters relating to subscription rights to shares, etc.

Not applicable.

4. Matters relating to dividends

(i) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 25, 2015	Common shares	1,541	15	March 31, 2015	June 26, 2015
Meeting of the Board, October 30, 2015	Common shares	1,541	15	September 30, 2015	December 4, 2015

(ii) Dividends with a record date that falls during the fiscal year under review but an effective date that falls in the next fiscal year.

Resolution	Type of shares	Source of dividends	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 28, 2016	Common shares	Retained earnings	1,541	15	March 31, 2016	June 29, 2016

Notes to Consolidated Statements of Cash Flows

1. Relationship between closing cash and cash equivalents and the amount posted on the balance sheet

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Cash and deposits	26,906	44,128
Securities	34,577	10,009
Total	61,483	54,137
Time deposit account with maturity over three months	(573)	(472)
Securities other than negotiable certificates of deposit and the like	(17,077)	(9,509)
Cash and cash equivalents	43,832	44,156

2. Breakdown of main assets and liabilities of companies that have newly become consolidated subsidiaries as a result of stock acquisition

A breakdown of the assets and liabilities of Ichibanya Co., Ltd. and its subsidiaries Ichibanya USA, Inc. and Ichibanya Hong Kong Limited., which have newly become consolidated subsidiaries as a result of stock acquisition, at their inclusion in the scope of consolidation and the relationship between the acquisition cost of the shares of Ichibanya Co., Ltd. and expenditure for the acquisition of Ichibanya Co., Ltd. is as follows.

(Million yen)

Current assets	18,152
Non-current assets	71,666
Goodwill	17,083
Current liabilities	(5,565)
Non-current liabilities	(21,483)
Non-controlling interests	(30,819)
Subtotal	49,034
Equity-method value prior to gaining control	(5,056)
Gain on step acquisitions	(13,851)
Additional acquisition costs	30,127
Cash and cash equivalents	(13,571)
Difference: Payment for acquisition	16,556

Lease Transactions

1. Finance lease transactions without a transfer of ownership that started on or before March 31, 2008

(i) Equivalent to acquisition costs, accumulated depreciation and ending net book value of leased properties

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)		
	Equivalent to acquisition costs	Equivalent to accumulated depreciation	Equivalent to ending net book value
Buildings	292	124	168
Total	292	124	168

(Million yen)

	Consolidated fiscal year under review (As of March 31, 2016)		
	Equivalent to acquisition costs	Equivalent to accumulated depreciation	Equivalent to ending net book value
Buildings	666	417	249
Total	666	417	249

(ii) Equivalent to future lease payments at end of period

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Due within one year	15	31
Due after one year	153	218
Total	168	249

(iii) Lease payment and equivalent to depreciation

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Lease payment	22	35
Equivalent to depreciation	22	35

(iv) Method of providing for calculation of depreciation

With respect to the method of providing for calculation of depreciation, the depreciation equivalent is computed using the straight-line method over the lease terms as the service life, assuming no residual value.

(v) Method to calculate the amount equivalent to interest

Because the ratio of future lease payments at the end of the period against the outstanding balance of property, plant and equipment and other items is low, the inclusive-of-interest method is used for accounting.

2. Finance lease transactions

Finance lease transactions without a transfer of ownership

(i) Details of lease assets

Leased assets are primarily warehouses that are used in the transportation and warehouse business, as well as production facilities and research equipment for the food business.

(ii) Depreciation method for lease assets

The depreciation equivalent is computed using the straight-line method over the lease terms as service life, assuming no residual value.

3. Operating lease transactions (lessee)

Among operating lease transactions, future lease payments that cannot be cancelled

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Due within one year	795	966
Due after one year	2,538	2,080
Total	3,333	3,046

4. Operating lease transactions (lessor)

Among operating lease transactions, future lease payments that cannot be cancelled

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Due within one year	–	71
Due after one year	–	407
Total	–	478

Matters Relating to Securities

1. Bonds to be held to maturity

Previous consolidated fiscal year (as of March 31, 2015)

(Million yen)

Type		Consolidated balance sheet value	Market value	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	2,000	2,025	25
	(3) Others	28,891	29,532	642
	Subtotal	30,891	31,558	667
Securities with market value not exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	6,336	6,327	(9)
	Subtotal	6,336	6,327	(9)
Total		37,227	37,885	659

Consolidated fiscal year under review (as of March 31, 2016)

(Million yen)

Type		Consolidated balance sheet value	Market value	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	2,000	2,009	9
	(3) Others	21,729	22,196	467
	Subtotal	23,729	24,205	476
Securities with market value not exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	1,000	995	(5)
	Subtotal	1,000	995	(5)
Total		24,729	25,199	470

2. Other marketable securities

Previous consolidated fiscal year (as of March 31, 2015)

(Million yen)

Type		Consolidated balance sheet value	Acquisition cost	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Stocks	48,976	19,009	29,967
	(2) Bonds	2,034	2,012	22
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	2,034	2,012	22
	Others	–	–	–
	(3) Others	–	–	–
Subtotal		51,010	21,020	29,989
Securities with market value not exceeding consolidated balance sheet value	(1) Stocks	1,067	1,198	(131)
	(2) Bonds	1,322	1,334	(13)
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	1,322	1,334	(13)
	Others	–	–	–
	(3) Others	77	77	–
Subtotal		2,466	2,610	(144)
Total		53,476	23,631	29,845

(Note) Unlisted shares (consolidated balance sheet value: 1,482 million yen) do not have any market value, and it is very difficult to estimate their fair value. They are therefore not included in the “other marketable securities” above.

Since negotiable certificates of deposit (consolidated balance sheet value: 17,500 million yen) are cashed in short periods, the fair market value is almost the same as the book value. Their fair value is consequently deemed equal to the book value, and they are not included in “other marketable securities” above.

Consolidated fiscal year under review (as of March 31, 2016)

(Million yen)

Type		Consolidated balance sheet value	Acquisition cost	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Stocks	43,297	16,826	26,472
	(2) Bonds	4,558	4,512	46
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	4,558	4,512	46
	Others	–	–	–
	(3) Others	–	–	–
Subtotal		47,855	21,338	26,518
Securities with market value not exceeding consolidated balance sheet value	(1) Stocks	1,310	1,585	(275)
	(2) Bonds	2,229	2,237	(8)
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	2,229	2,237	(8)
	Others	–	–	–
	(3) Others	–	–	–
Subtotal		3,539	3,822	(283)
Total		51,394	25,160	26,235

(Note) Unlisted shares (consolidated balance sheet value: 1,500 million yen) and preferred equity securities (consolidated balance sheet value: 300 million yen) do not have any market value, and it is very difficult to estimate their fair value. They are therefore not included in the “other marketable securities” above. Since negotiable certificates of deposit (consolidated balance sheet value: 500 million yen) are cashed in short periods, the fair market value is almost the same as the book value. Their fair value is consequently deemed equal to the book value, and they are not included in “other marketable securities” above.

3. Matters concerning other marketable securities sold during the previous consolidated fiscal year

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

(Million yen)

Classification	Value of proceeds from sale	Total gain from sale	Total loss from sale
Shares	2,416	1,311	–
Bonds			
Corporate bonds	–	–	–
Total	2,416	1,311	–

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

(Million yen)

Classification	Value of proceeds from sale	Total gain from sale	Total loss from sale
Shares	5,287	3,129	–
Bonds			
Corporate bonds	–	–	–
Total	5,287	3,129	–

4. Marketable securities impaired

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

The Company recognized impairment charges of 4 million yen on other marketable securities.

When impairing securities with a market value, if the market value at the end of the period has declined to less than 50% of the acquisition cost, the Company impairs the full carrying value, and if the market value has declined by between 30 to 50%, the Company recognizes impairment charges to the extent deemed necessary based on recoverability.

When impairing securities which do not have any market value, if the real price has declined to 50% or less of the acquisition cost, the Company recognizes impairment charges to the extent deemed necessary based on recoverability.

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

The Company recognized impairment charges of 16 million yen on other marketable securities.

When impairing securities with a market value, if the market value at the end of the period has declined to less than 50% of the acquisition cost, the Company impairs the full carrying value, and if the market value has declined by between 30 to 50%, the Company recognizes impairment charges to the extent deemed necessary based on recoverability.

When impairing securities which do not have any market value, if the real price has declined to 50% or less of the acquisition cost, the Company recognizes impairment charges to the extent deemed necessary based on recoverability.

Pension and Severance Cost

1. Outline of retirement and severance benefits plans adopted by the companies

The retirement benefits systems of the Company and certain domestic consolidated subsidiaries consist of defined benefit corporate pension plans (fund-type and contract-type) and a retirement lump-sum grants system.

Among the Company and domestic consolidated subsidiaries at the end of the consolidated fiscal year under review, defined benefit corporate pension plans (fund-type and contract-type) had been adopted by five companies, and retirement lump-sum grants system had been adopted by eight companies.

2. Defined benefit plan (including a plan that adopts the simplified method)

(1) Adjustment table of retirement benefit obligations at the beginning of the period and the end of the period

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Retirement benefit obligations at the beginning of the period	50,276	50,995
Cumulative effects of changes in accounting policies	2,080	–
Restated balance	52,356	50,995
Service cost	1,590	1,590
Interest cost	777	711
Actuarial differences incurred	(1,308)	7,806
Retirement benefits paid	(2,437)	(1,990)
Prior service costs incurred	–	–
Increase from the changes in the scope of consolidation	–	470
Other	17	(10)
Retirement benefit obligations at the end of the period	50,995	59,572

(Note) Net retirement benefit costs of consolidated subsidiaries using the simplified method are accounted for as “Service cost.”

(2) Adjustment table of pension assets at the beginning of the period and the end of the period

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Pension assets at the beginning of the period	52,062	57,137
Expected return on pension assets	1,018	1,118
Actuarial differences incurred	4,665	(2,601)
Employer’s contributions	1,527	1,372
Retirement benefits paid	(2,152)	(1,827)
Other	17	(10)
Pension assets at the end of the period	57,137	55,189

(3) Adjustment table related to retirement benefit obligations and pension assets at the end of the period and liabilities related to retirement benefits and assets related to retirement benefits recorded on the consolidated balance sheets

	(Million yen)	
	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Retirement benefit obligations of the saving plan	50,574	58,705
Pension assets	(57,137)	(55,189)
	(6,563)	3,516
Retirement benefit obligations of the non-saving plan	421	867
Net liabilities and assets recorded on the consolidated balance sheets	(6,143)	4,383
Net defined benefit liability	960	4,668
Net defined benefit asset	(7,103)	(285)
Net liabilities and assets recorded on the consolidated balance sheets	(6,143)	4,383

(4) Retirement benefit costs and their breakdown

	(Million yen)	
	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Service cost	1,590	1,590
Interest cost	777	711
Expected return on pension assets	(1,018)	(1,118)
Recognized actuarial gain or loss	(164)	(716)
Amortization of prior service cost	–	–
Other	–	–
Retirement benefit costs related to the defined benefit plan	1,185	467

(Note) Net retirement benefit costs of consolidated subsidiaries using the simplified method are accounted for as “Service cost.”

(5) Re-measurements of defined benefit plans, net of tax

The breakdown of items included in re-measurements of defined benefit plans, net of tax (before applicable tax effects) is as follows:

	(Million yen)	
	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Prior service cost	–	–
Actuarial differences	5,809	(11,123)
Total	5,809	(11,123)

(6) Re-measurements of defined benefit plans

The breakdown of items included in re-measurements of defined benefit plans (before applicable tax effects) is as follows:

	(Million yen)	
	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Unrecognized prior service cost	-	-
Unrecognized actuarial differences	8,049	(3,074)
Total	8,049	(3,074)

(7) Matters relating to pension assets

(i) Main breakdown of pension assets

The ratio of items by main category against total pension assets is as follows:

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Bonds	53%	54%
Shares	35%	34%
Insurance assets (General account)	11%	11%
Cash and deposits	0%	0%
Other	1%	1%
Total	100%	100%

(ii) Method to establish a long-term expected return on assets

To determine the long-term expected return on assets of pension assets, the present and expected allocation of pension assets and the present and expected future return from a variety of assets that constitute pension assets have been taken into account.

(8) Matters relating to the basis of actuarial calculation

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

Main basis of actuarial calculation

Discount rates	Primarily 1.5%
Long-term expected return on assets	Primarily 2.0%
Salary increase rate	An age-based pay scale calculated by using March 31, 2013 as the base date is used.

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

Main basis of actuarial calculation

Discount rates	Primarily 0.5%
Long-term expected return on assets	Primarily 2.0%
Salary increase rate	An age-based pay scale calculated by using March 31, 2013 as the base date is used.

Tax Effect Accounting

1. Breakdown of principal causes of deferred tax assets and deferred tax liabilities (Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Deferred tax assets		
Loss on valuation of investment securities	5,361	5,266
Loss carried forward	3,499	2,999
Net defined benefit liability	296	1,445
Impairment loss on non-current assets	627	998
Accrued sales commission	836	909
Valuation difference on subsidiaries measured at fair value	–	859
Accrued bonuses	663	691
Enterprise tax payable	162	283
Long-term accounts payable-other	206	84
Loss on valuation of inventories	95	75
Others	776	1,119
Subtotal	12,520	14,726
Valuation allowance	(8,910)	(9,106)
Total deferred tax assets	3,610	5,620
Deferred tax liabilities		
Intangible assets identified in a business combination	–	(17,717)
Valuation difference on available-for-sale securities	(9,582)	(8,076)
Reserve for advanced depreciation of non-current assets	(278)	(249)
Net defined benefit asset	(2,333)	(86)
Others	(164)	(197)
Total deferred tax liabilities	(12,357)	(26,325)
Net total deferred tax assets (liabilities)	(8,747)	(20,706)

(Note) Net total deferred tax assets of the previous consolidated fiscal year and those of the consolidated fiscal year under review are included in the following items of the consolidated balance sheets:

		Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Current assets	- Deferred tax assets	2,070	2,397
Non-current assets	- Deferred tax assets	636	2,247
Current liabilities	- Other	(70)	(20)
Non-current liabilities	- Deferred tax liabilities	(11,383)	(25,330)

2. Breakdown of principal items causing difference between statutory effective tax rate and the rate for corporate and other taxes applicable after tax benefit accounting is used

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
Statutory effective tax rate	35.64%	33.06%
(Adjustment)		
Non-deductible items such as entertainment expenses	2.48%	1.05%
Non-taxable items such as dividends received	(0.60%)	(0.24%)
Per capita inhabitant tax, etc.	0.75%	0.38%
Tax credit for testing and research expenses	(3.16%)	(0.82%)
Valuation allowance for deferred tax assets	0.22%	(0.81%)
Amortization of goodwill	0.50%	1.19%
Downward adjustment of deferred tax liabilities at end of year due to tax rate change	2.28%	0.46%
Consolidation adjustments such as equity in earnings of affiliates	0.17%	(16.73%)
Others	2.71%	(0.07%)
Actual effective tax rate	40.99%	17.47%

3. Amendments to deferred tax assets and deferred tax liabilities as a result of the revision to the rates of income taxes

The Act for Partial Amendment of the Income Tax Act, Etc. and the Act for Partial Amendment of the Local Tax Act, Etc. were promulgated on March 29, 2016. As a result, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review (applies only to temporary differences expected to be eliminated on or after April 1, 2016) was changed from 32.26% in the previous consolidated fiscal year to 30.86% for those expected to be recovered or paid from April 1, 2016 to March 31, 2018 and to 30.62% for those expected to be recovered or paid on or after April 1, 2018.

As a result, the amount of deferred tax liabilities (after deduction of deferred tax assets) decreased by 249 million yen, income taxes-deferred and valuation difference on available-for-sale securities recorded in the consolidated fiscal year under review increased by 129 million yen and 427 million yen respectively, and remeasurements of defined benefit plans decreased by 49 million yen.

Also with respect to consolidated subsidiaries whose account settlement is not the same as the consolidated account settlement date such that the abovementioned Act for Partial Amendment of the Income Tax Act, Etc. and the Act for Partial Amendment of the Local Tax Act, Etc. were promulgated after their account settlement date, amounts of deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review were not revised in accordance with the changes to tax rates.

If amounts for the abovementioned subsidiaries were revised in accordance with the changes to the tax rates, the amount of deferred tax liabilities (after deduction of deferred tax assets) would be 797 million yen lower than the unrevised amount, income taxes-deferred would be 791 million yen lower, and valuation difference on available-for-sale securities would be 5 million yen higher.

Business Combinations, etc.

Business combination by acquisition

(1) Overview of business combination

(i) Name and business of the acquired company

Name Ichibanya Co., Ltd.

Business Store operation and franchise development of CURRY HOUSE CoCo ICHIBANYA, a curry specialty store, and other restaurant businesses, etc.

(ii) Main reason for business combination

To further strengthen its relationship with Ichibanya Co., Ltd., the Company acquired 5,000 of its shares in October 1998 (10,000 shares in May 1999 through a share split), 10,000 shares in February 2000, and 3,100,000 shares in January 2002 (a total of 3,120,000 shares), making Ichibanya Co., Ltd. an equity method affiliate.

While the business environment surrounding the domestic business of the Company continues along a moderate recovery trend, driven mainly by improved employment and income conditions, the situation in the food industry remains difficult, reflecting the ongoing bipolarization in consumption, the continued high prices of raw materials due to the weaker yen and an increase in demand in emerging countries. In regards to the environment for curry dishes, the operating environment surrounding the Group and the Ichibanya Group is also growing increasingly severe because competition is spreading into areas beyond product categories, in addition to competition with the industry peers, in the situation it is difficult to expect the size of this mature market to expand. On the other hand, overseas markets centering on China and the Southeast Asia are growing rapidly, and this growth presents both the Company and Ichibanya Co., Ltd. with the management challenge of how to proceed with business expansion at a high speed.

Under these circumstances, in July 2015 both companies began discussing and considering ways in which to enhance the level of cooperation between them. As a result, they realized that the Group believed there was an urgent need to increase the competitiveness of its existing businesses and efforts for new businesses in Japan, focus more on rapidly expanding the international business, as well as further improve productivity and management efficiency. The Ichibanya Group also felt it was important to increase the attractiveness of its existing stores in Japan, and focus more on efforts to expand the areas for developing its overseas business and cultivate new businesses. Given these needs, both companies reached the common understanding that it would be extremely effective to move beyond the capital relationship as an equity method affiliate and make Ichibanya Co., Ltd. a consolidated subsidiary of the Company, with the aim of enhancing the corporate value of both companies to foster greater business synergy by working together as the same group under a firmer capital relationship.

(iii) Date of business combination

December 8, 2015

(iv) Legal form of business combination

Acquisition of shares with cash as consideration

(v) Name of the acquired company after the combination

No change

(vi) Percentage of voting rights acquired

Percentage of voting rights owned just before acquisition	19.55%
Percentage of voting rights additionally acquired	31.45%
Percentage of voting rights after acquisition	51.00%

(vii) Main reason for deciding the company to acquire

Acquisition of shares of Ichibanya Co., Ltd. by the Company through a tender offer

(2) Period for financial results of the acquired company that are included in consolidated financial statements

Since the account settlement date of the acquired company is May 31, financial result figures based on a provisional settlement wherein February 29, 2016, which is one month before the end of the consolidated fiscal year, was deemed to be the consolidated account settlement date were used.

Since the deemed date of acquisition is November 30, 2015, the financial results of the acquired company from December 1, 2015 to February 29, 2016 are included in the consolidated financial statements.

(3) Breakdown of the acquisition cost of the acquired company and consideration by type	(Million yen)
Market value of shares of Ichibanya Co., Ltd. owned just before the additional acquisition as of the date of business combination	18,720
Market value of shares of Ichibanya Co., Ltd. additionally acquired on the date of business combination	30,127
Acquisition cost	48,847

(4) Details and amount of main acquisition-related costs	(Million yen)
Compensation , fees, etc. paid to Nomura Securities Co., Ltd.	186

(5) Difference between the acquisition cost of the acquired company and the sum total of acquisition costs for each transaction before the acquisition	(Million yen)
Gain on step acquisitions	13,851

(6) Amount, source, amortization method and amortization period of goodwill generated

(i) The amount of goodwill generated

17,083 million yen

(ii) Source of goodwill

The excess earnings power of Ichibanya Co., Ltd. that is expected from its future business operation

(iii) Amortization method and amortization period

Straight-line method over 5 years

(7) Finalization of the provisional accounting treatment for business combination

The business combination with Ichibanya Co., Ltd. implemented on December 8, 2015 was accounted for using provisional amounts for the first three quarters of the consolidated fiscal year under review, but the provisional amounts were finalized for the consolidated fiscal year under review. The revised amount of goodwill as a result of review of the distribution of acquisition costs in the consolidated fiscal year under review is as follows.

(Million yen)	
Revised item	Revised amount of goodwill
Goodwill (before revision)	36,369
Intangible assets	(55,661)
Deferred tax liabilities	17,845
Non-controlling interests	18,530
Total amount of revision	(19,286)
Goodwill (after revision)	17,083

(8) Amounts of assets acquired and liabilities assumed on the date of business combination and breakdown of main items

(Million yen)	
Current assets	18,152
Non-current assets	71,666
Total assets	89,818
Current liabilities	5,565
Non-current liabilities	21,483
Total liabilities	27,048

(9) Estimated impact on Consolidated Statements of Income for the fiscal year under review assuming business combination was completed at the start of the consolidated fiscal year and estimation method

(Million yen)	
Net sales	31,726
Operating income	(282)
Ordinary income	(661)
Income before income taxes	(891)
Profit attributable to owners of parent	(2,460)

(Estimation method)

The difference between sales and income information estimated on the assumption that the business combination was completed at the start of the consolidated fiscal year under review and sales and income information in the Consolidated Statements of Income of the acquired company is considered to be the estimated impact. The above information does not indicate events that are necessarily likely to occur in the future nor does it show the operating results that would have been posted had the business combination actually been implemented at the start of the consolidated fiscal year under review.

(10) Amount allocated to intangible assets other than goodwill and breakdown by major class, as well as weighted average amortization period in total and by major class

Type	Amount (Million yen)	Weighted average amortization period (years)
Trademark right	26,666	42
Contract-related intangible assets	28,995	30
Total	55,661	36

Asset Retirement Obligations

Asset retirement obligations posted on the consolidated balance sheets

(1) Overview of the asset retirement obligations

Expenses related to the obligation of restoration associated with real estate lease agreements for land and buildings, including plants and warehouses, and expenses for removing harmful materials (under the Ordinance on Prevention of Asbestos Hazards) used in buildings

(2) Basis for calculating the asset retirement obligations

Asset retirement obligations are calculated on the assumption of prospective usable years of 15 years to 38 years and discount rates of 0.3% to 2.1%.

(3) Change in the asset retirement obligations

(Million yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Obligations at beginning of fiscal year	282	285
Increase due to newly consolidated subsidiaries	–	420
Increase due to purchase of property, plant and equipment	–	9
Adjustment with the passing of time	3	5
Other increase (decrease)	–	(5)
Obligations at end of fiscal year	285	714

Segment Information

[Segment Information]

1. Overview of Reported Segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

Under its business strategies, the Company has positioned the domestic Spice / Seasoning / Processed Food Business and the domestic Health Food Business as core businesses, and is working to enhance profitability by strengthening existing business.

In International Food Business, the Company is consolidating its revenue base in the United States, China and Southeast Asia, while prioritizing acceleration in growing markets with a view to business expansion.

The Restaurant Business is a new segment added from the third quarter of the consolidated fiscal year under review after Ichibanya Co., Ltd. was made a consolidated subsidiary in December 2015.

In the Other Food Related Business, which includes the transport business and the business engaged in exports, imports and sales of foodstuffs, the Company is strengthening the capabilities of each of the companies included in the segment according to their business roles, with the aim of increasing their contribution to group earnings.

On the basis of these strategic business areas, the Company has decided to make the five units—Spice / Seasoning / Processed Food Business, Health Food Business, International Food Business, Restaurant Business, and Other Food Related Business—its reported segments.

Matters relating to changes in the Company's reported segment and other items are as follows:

(Change in the method to calculate profit or loss or reported segments)

From the first quarter of the consolidated fiscal year which corresponds to the start of the Fifth Medium-term Business Plan, the Company changed to the method of presenting the profit or loss of the Company and House Business Partners Corporation as an adjustment instead of allocating it to each business segment, to clarify the responsibility of business companies for segment profit.

The segment information for the previous consolidated fiscal year, which is presented as comparative information for the consolidated fiscal year under review, is calculated by the new method.

(Change in the method to categorize reported segments)

In the third quarter of the consolidated fiscal year, the Company added the Restaurant Business as a reported segment after additionally acquiring common shares of Ichibanya Co., Ltd. and including Ichibanya Co., Ltd. in the scope of consolidation. As a result, the Restaurant Business of House Foods America Corp., House Restaurant Management (Shanghai) Co., Ltd., House Restaurant Management (Beijing) Co., Ltd., House Restaurant Management (Guangzhou) Co. Ltd., Taiwan Curry House Restaurant Inc. and Curry House Korea Corporation, which were previously included in the International Food Business, were included in the Restaurant Business.

With the establishment of the Restaurant Business segment, the Company changed the name of the International Business to the International Food Business.

The segment information for the previous consolidated fiscal year, which is presented as comparative information for the consolidated fiscal year under review, is categorized by the new method.

2. Basis for Calculating Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

The accounting methods used for reportable segments are generally the same as those described in “Basic Important Matters for the Preparation of Consolidated Financial Statements”.

The income figures stated in the reportable segments are based on operating income. The intersegment sales and transfers are based on actual market prices.

(Application of Accounting Standard on Business Combinations, etc.)

As stated in “Changes in Accounting Policies,” from the fiscal year under review, the differences arising from the changes in the equity portion for the subsidiaries the Company continues to control are recognized in capital surplus, and costs associated with the acquisition are treated as expenses in the fiscal year in which they were incurred.

As a result of these changes, segment profit for the consolidated fiscal year under review increased by 1 million yen for the Restaurant Business and by 2 million yen for the Other Food Related Business, and decreased by 177 million yen for Adjustment.

3. Information on Amounts of Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	122,094	37,049	17,598	6,711	47,954	231,405	–	231,405	42	231,448
Sales and transfer – inter-segment	586	163	199	–	10,659	11,607	–	11,607	(11,607)	–
Total	122,680	37,212	17,797	6,711	58,613	243,012	–	243,012	(11,565)	231,448
Segment profit (loss)	6,660	717	1,000	(72)	(780)	7,526	–	7,526	1,160	8,686
Segment assets	55,544	19,451	19,662	3,567	31,511	129,736	–	129,736	156,413	286,149
Other items										
Depreciation	2,661	476	836	434	982	5,389	–	5,389	400	5,789
Amortization of goodwill	–	–	32	–	134	167	–	167	–	167
Increase in property, plant and equipment, and intangible assets	3,103	459	1,176	561	4,124	9,423	–	9,423	232	9,654

(Notes) 1. Details of adjustments are as follows.

- (1) Sales-outside customers are mainly real estate rental revenues recorded by the Company.
 - (2) Segment profit (loss) includes profit of 1,161 million yen of the Company and House Business Partners Corporation which was not allocated to business segments and elimination of inter-segment transactions of 0 million yen.
 - (3) Segment assets include assets of 159,519 million yen of the Company and House Business Partners Corporation which were not allocated to business segments and elimination of inter-segment transactions of 1,037 million yen.
 - (4) Depreciation includes depreciation of 400 million yen of the Company and House Business Partners Corporation that was not allocated to business segments.
 - (5) Increase in property, plant and equipment and intangible assets includes equipment investment of 232 million yen of the Company and House Business Partners Corporation which was not allocated to business segments.
2. Segment profit was adjusted with operating income on the consolidated financial statements.

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	118,815	34,334	18,405	18,312	51,971	241,838	–	241,838	55	241,893
Sales and transfer – inter-segment	1,203	189	171	0	10,747	12,310	–	12,310	(12,310)	–
Total	120,018	34,523	18,577	18,312	62,718	254,148	–	254,148	(12,256)	241,893
Segment profit (loss)	7,924	1,398	1,381	44	101	10,849	–	10,849	(73)	10,775
Segment assets	55,685	19,594	19,110	107,994	30,925	233,308	–	233,308	116,119	349,427
Other items										
Depreciation	2,772	514	871	1,031	1,321	6,509	–	6,509	400	6,908
Amortization of goodwill	–	–	27	858	131	1,016	–	1,016	–	1,016
Increase in property, plant and equipment, and intangible assets	4,054	454	1,099	657	508	6,772	–	6,772	334	7,107

(Notes) 1. Details of adjustments are as follows.

- (1) Sales-outside customers are mainly real estate rental revenues recorded by the Company.
- (2) Segment profit (loss) includes profit of -73 million yen of the Company and House Business Partners Corporation which was not allocated to business segments and elimination of inter-segment transactions of 0 million yen.
- (3) Segment assets include assets of 117,178 million yen of the Company and House Business Partners Corporation which were not allocated to business segments and elimination of inter-segment transactions of 1,059 million yen.
- (4) Depreciation includes depreciation of 400 million yen of the Company and House Business Partners Corporation that was not allocated to business segments.
- (5) Increase in property, plant and equipment and intangible assets includes equipment investment of 334 million yen of the Company and House Business Partners Corporation which was not allocated to business segments.

2. Segment profit was adjusted with operating income on the consolidated financial statements.

[Related information]

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

1. Information by Product and Service

Since similar information is described in the segment information, this information is omitted.

2. Information by Area

(1) Net sales

(Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
206,759	10,046	2,172	12,061	410	231,448

(Note) Because overseas sales exceeded 10% of the net sales on the consolidated statements of income and comprehensive income in the consolidated fiscal year under review, this information is disclosed.

(2) Property, plant and equipment

(Million yen)

Japan	East Asia	Southeast Asia	United States	Total
56,943	3,507	1,125	5,041	66,616

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	32,332	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	23,454	Spice / Seasoning / Processed Food Business Health Food Business

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

1. Information by Product and Service

Since similar information is described in the segment information, this information is omitted.

2. Information by Area

(1) Net sales

(Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
215,688	11,253	1,896	12,599	457	241,893

(2) Property, plant and equipment

(Million yen)

Japan	East Asia	Southeast Asia	United States	Total
67,654	3,819	969	4,782	77,223

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	31,485	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	21,630	Spice / Seasoning / Processed Food Business Health Food Business

[Information on impairment loss in non-current assets by reported segment]

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Impairment loss	323	–	–	–	–	323	–	–	323

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Impairment loss	–	–	157	53	–	210	–	508	718

[Information on amortization of goodwill and amortized balance by reported segment]

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Amortization in fiscal year under review	–	–	32	–	134	167	–	–	167
Balance at end of fiscal year under review	–	–	90	–	386	476	–	–	476

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Amortization in fiscal year under review	–	–	27	858	131	1,016	–	–	1,016
Balance at end of fiscal year under review	–	–	53	16,234	255	16,542	–	–	16,542

[Information on gain on bargain purchase by reported segment]

Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)

Not applicable.

Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

Not applicable.

Per Share Information

(Yen)

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
Net assets per share	2,140.27	2,231.86
Net income per share	67.61	220.48

(Notes) 1. Since no residual securities exist, per-share net income after residual securities adjustments is omitted.

2. The basis for calculating net income per share is as follows.

	Previous consolidated fiscal year (April 1, 2014 – March 31, 2015)	Consolidated fiscal year under review (April 1, 2015 – March 31, 2016)
	Million yen	Million yen
Profit attributable to owners of parent	6,971	22,632
Amount not allocable to common shareholders	–	–
Profit attributable to owners of parent available for common stock	6,971	22,632
	Thousand shares	Thousand shares
Weighted average number of shares of common stock outstanding during each period	103,108	102,651

3. The basis for calculating net assets per share is as follows.

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of March 31, 2016)
	Million yen	Million yen
Total net assets	221,456	260,329
Amount deducted from total net assets (Of which are non-controlling interests)	1,530 (1,530)	31,517 (31,517)
Net assets at end of year available for common stock	219,927	228,812
	Thousand shares	Thousand shares
Number of shares of common stock at end of year used for calculating net assets per share	102,756	102,521

4. As stated in “5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Change in accounting policies), the Company applied the Accounting Standard on Business Combinations, etc. As a result, net assets per share and net income per share for the consolidated fiscal year under review decreased by 2.9 yen and 2.61 yen respectively.

Important Subsequent Events

Tender offer for Gaban Co., Ltd.

The Company resolved, at the meeting of its Board of Directors held on May 12, 2016, to make a tender offer for the common shares of Gaban Co., Ltd., for the purpose of making Gaban Co. Ltd., which is listed on the Tokyo Stock Exchange's JASDAQ market, a wholly owned subsidiary of the Company. The Company plans to launch the tender offer, setting the period from May 13, 2016 to June 23, 2016 as the tender offer period.

6. Other Information

(1) Senior Management Changes

1. Newly Appointed Director Candidate (as of June 28, 2016)

Director Kazuo Shirai (the current Representative Director and President of House Wellness Foods Corporation)

Director Kyuzo Saito (Present Advisor to Japan Food Industry Center)

* Mr. Kyuzo Saito is a candidate for an outside director.

2. Newly Appointed Audit & Supervisory Board Member Candidate (as of June 28, 2016)

Standing Audit & Supervisory Board Member Hiroshi Kato (Present Executive Officer)

Non-standing Audit & Supervisory Board Member Junsuke Fujii (Present Director and Chairman of the Japan Research Institute, Limited)

* Mr. Junsuke Fujii is a candidate for an outside audit & supervisory board member.

3. Retiring Director (as of June 28, 2016)

Managing Director Hajime Inoue

* Mr. Hajime Inoue has also concurrently served as advisor to House Wellness Foods Corporation since April 1, 2016, and plans to devote himself to this role after his retirement.

4. Retiring Audit & Supervisory Board Member (as of June 28, 2016)

Standing Audit & Supervisory Board Member Toshikazu Kato (Expected to become the Company's part-time advisor)

Non-standing Audit & Supervisory Board Member Shinpei Nihei

* Mr. Shinpei Nihei is an outside audit & supervisory board member.