May 12, 2015

Consolidated Financial Results (Japanese Accounting Standards) for the FY2014 (Ended March 31, 2015)

Company name:	House Foods Group Inc.
Stock exchange listing:	Tokyo Stock Exchange
Stock code:	2810
URL:	http://housefoods-group.com
Representative:	Hiroshi Urakami, President
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Scheduled date of ordinary shareholders' meeting:	June 25, 2015
Scheduled date of commencement of dividend payment:	June 26, 2015
Scheduled date for filing of annual securities report:	June 25, 2015
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, 2015 (April 1, 2014 – March 31, 2015)

(1) Consolidated Results of Operations (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, 2015	231,448	(0.5)	8,686	(9.4)	10,957	(0.0)	6,971	(20.7)
Year ended March 31, 2014	232,610	10.9	9,589	(16.2)	10,962	(18.5)	8,792	6.5

(Note) Comprehensive income: 21,789 million yen (82.2%) for the fiscal year ended March 31, 2015
11,961 million yen (-17.6%) for the fiscal year ended March 31, 2014

	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, 2015	67.61	–	3.3	3.9	3.8
Year ended March 31, 2014	83.13	–	4.3	4.2	4.1

(Reference) Share of (profit) loss of entities accounted for using equity method:
628 million yen for the fiscal year ended March 31, 2015
458 million yen for the fiscal year ended March 31, 2014

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2015	286,149	221,456	76.9	2,140.27
Year ended March 31, 2014	273,368	210,097	76.4	1,974.31

(Reference) Shareholders' equity: As of March 31, 2015: 219,927 million yen
As of March 31, 2014: 208,801 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, 2015	8,428	(4,679)	(10,588)	43,832
Year ended March 31, 2014	8,818	(7,471)	(68)	49,586

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, 2014	–	15.00	–	20.00	35.00	3,702	42.1	1.8
Year ended March 31, 2015	–	15.00	–	15.00	30.00	3,083	44.4	1.5
Year ending March 31, 2016 (forecasts)	–	15.00	–	15.00	30.00		34.6	

The annual dividend for the year ended March 31, 2014 comprises an ordinary dividend of 30.00 yen and a commemorative dividend of 5.00 yen (commemorate dividend for 100th anniversary of foundation).

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(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, 2015	117,800	3.0	4,200	5.5	4,900	5.8	3,300	18.2	32.11
Year ending March 31, 2016	246,000	6.3	11,500	32.4	12,900	17.7	8,900	27.7	86.61

* Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(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)" on page 28 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, 2015: 102,758,690 shares
  - As of March 31, 2014: 105,761,763 shares
- (ii) Number of treasury shares at end of period
  - As of March 31, 2015: 2,237 shares
  - As of March 31, 2014: 2,711 shares
- (iii) Average number of shares outstanding during the term
  - Year ended March 31, 2015: 103,107,976 shares
  - Year ended March 31, 2014: 105,759,770 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(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, 2015	13,603	(81.9)	4,427	9.4	6,488	(1.0)	6,364	(161.7)
Year ended March 31, 2014	75,067	(48.1)	4,046	(59.3)	6,555	(50.1)	(10,320)	–

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Year ended March 31, 2015	61.72	–
Year ended March 31, 2014	(97.58)	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2015	194,212	155,038	79.8	1,508.79
Year ended March 31, 2014	186,904	149,176	79.8	1,410.53

(Reference) Shareholders' equity: As of March 31, 2015: 155,038 million yen
As of March 31, 2014: 149,176 million yen

(Note) The Company changed to a holding company on October 1, 2013. As a result, non-consolidated results for the fiscal year ended March 31, 2015 have changed compared with those for the fiscal year ended March 31, 2014.

* 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 stage a moderate recovery, as implied by rising share prices and improvement in the income situation. In the food industry, unpredictable circumstances persisted as uncertainties remained in consumption trends, partly as a result of the consumption tax hike, while pressure for cost increases continued due to the depreciation of the yen and rising demand in emerging countries.

In this operating environment, entering the final year of its Fourth Medium-Term Business Plan covering the three years from the fiscal year ended March 2013, the House Foods Group took steps to complete the implementation of the action plan. The House Foods Group also made preparations for the Fifth Medium-Term Business Plan, and endeavored to enhance its enterprise value.

Consolidated net sales in the fiscal year under review declined 0.5% year on year, to 231,448 million yen due to a decline in sales in the two domestic core business segments of the Spice / Seasoning / Processed Food Business and the Health Food Business, even though the size of the International Business, which the Group ranks as a growing business, increased in each area of business development.

Consolidated operating income fell 9.4% year on year, to 8,686 million yen. This mainly reflected a sharp rise in logistics costs in the transport and warehouse business and an increase in marketing costs in the Health Food Business, even though profits increased in the Spice / Seasoning / Processed Food Business and the International Business. Consolidated ordinary income fell 0.0% (5 million yen), to 10,957 million yen, and consolidated net income decreased 20.7%, to 6,971 million yen, reflecting a sharp decline in extraordinary income.

The following is an overview of results by segment.

	Consolidated net sales		Consolidated operating income Segment profit (loss)	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	122,121	97.3	7,536	108.6
Health Food Business	36,641	92.7	933	58.9
International Business	24,689	125.1	1,088	176.4
Other Food Related Business	47,997	100.4	(870)	–
Reportable segments total	231,448	99.5	8,687	90.6

* Figures in the consolidated operating income (segment profit or loss) column are figures before adjustment for impact of inter-segment transactions of negative 0 million yen.

Spice / Seasoning / Processed Food Business

The Group focused on reviewing the use of promotion expenses for curry roux and stew products to maintain and enhance their brand value. It also worked to invigorate the market by proposing menus from a fresh dimension. As a result, there was a slight improvement in profitability, although sales declined. Sales of packaged noodles products such as *Umakacchan*, which celebrated the 35th anniversary of its release, also remained brisk.

On the other hand, sales of retort pouched products remained weak, reflecting the effect of the consumption tax hike and intensified competition, despite the promotion of measures to develop mid-priced products.

As a result, sales in the Spice / Seasoning / Proceed Food Business stood at 122,121 million yen, down 2.7% from a year earlier. Despite the significant impact of rising raw materials and energy costs, operating income rose 8.6% year on year, to 7,536 million yen, thanks to the effective use of marketing costs and the Group's efforts to strengthen its cost competitiveness.

Health Food Business

Sales of the *Ukon No Chikara* series remained weak because the objective of widening support from heavy users through the launch of high-performance variety products failed to achieve the expected results amid intensified competition with other companies' products.

In the *C1000* series, the Group made efforts to improve their profitability by working to improve the earnings structure of PET products, while focusing on bottled products. The Group also launched *SAMURIDE*, a new product, and actively injected marketing costs. However, this product has yet to take root in the market.

As a result, sales in the Health Food Business declined 7.3% year on year, to 36,641 million yen. Operating income decreased 41.1%, to 933 million yen, reflecting an increase in marketing costs for new products and variety products.

International Business

In the tofu business in the United States, sales and profits rose from the previous year, reflecting the effect of the price revision introduced in October 2013 and the contribution of stable soybean prices, in addition to successful efforts to increase the number of stores that handle tofu products and enhance soybean-related products.

In the curry business in China, although profits declined, sales increased significantly as the Group promoted upfront investments for business expansion, including the active injection of marketing costs and the enhancement of the sales system, in addition to the operation of a second production base.

In the curry restaurant business, the Group enhanced the business base in each area and developed operations to increase the number of restaurants. Consequently, overall sales rose. However, profits declined, reflecting intensifying competition among restaurants in the urban areas of China and increasing costs for opening restaurants.

In Southeast Asia, the vitamin functional drink business in Thailand made a great start, moving into the black for the first time in the third year since the commencement of business, thanks to successful sales planning in the CVS channel and the expansion of handling in traditional channels.

As a result, sales in the International Business rose 25.1% year on year, to 24,689 million yen, and operating income increased 76.4%, to 1,088 million yen.

Other Food Related Business

House Logistics Service Corporation, a Group company engaged in the transport and warehouse business, posted an operating loss in the full year because the generation of temporary costs required to undertake new logistics operations commissioned by companies outside the Group, along with a rise in energy costs and subcontracting costs, reduced profits significantly.

However, as a result of its efforts to concentrate logistics bases and activities for fundamental cost reduction, the loss was on track to shrink.

Delica Chef Corporation, a Group company that produces prepared foods for convenience stores, began operating a new plant in February, and strived to strengthen its business development capabilities and profitability in the growing home meal replacements market.

Vox Trading Co., Ltd., a company mainly engaged in the import and sale of foodstuffs, changed its fiscal year-end to December in the fiscal year under review. As a result, its operating results for the fiscal year under review consisted of an irregular settlement of accounts for 10 months.

As a result, sales in the Other Food Related Business climbed 0.4% year on year, to 47,997 million yen, and the operating loss amounted to 870 million yen (operating income of 451 million yen in the previous fiscal year), mainly as a result of higher costs in the transport and warehouse business and the generation of temporary costs due to the startup of a new plant for prepared foods

(ii) Outlook for the Next Fiscal Year

The business environment that surrounds the House Foods Group is expected to remain uncertain, with changes in consumption in the mature domestic market and a rise in raw material costs.

In the Fifth Medium-Term Business Plan, launched in April 2015, the Group will formulate and implement specific measures under its basic concepts of business strategies, capital policies, and initiatives to strengthen functions, etc., setting “innovative changes to a quality company that offers health through its foods” as a theme, with the aim of realizing the Group philosophy.

For the next fiscal year, the Group will enhance the brand value and cost competitiveness of existing products in the Spice / Seasoning / Processed Food Business, the Group’s core business in Japan, by striving to firmly establish the price revision of some products implemented in February 2015 in the market and create new value by working to swiftly respond to changes in customers’ eating habits. In the Health Food Business, another core business, the Group will rebuild its business foundation by enhancing the brand value of *Ukon No Chikara* and *C1000*, and promote efforts to make them the next mainstay businesses.

In the International Business, which is ranked as a “Growing business,” the Group will implement two themes for accelerating the speed of business expansion and strengthening its profitability in growing markets. In the Other Food Related Business, which had a significant impact on consolidated results in the fiscal year ended March 31, 2015, the Group will increase its profitability by stabilizing the foundation of each business and pursuing inter-Group synergy.

With these initiatives, for the next fiscal year the Group expects consolidated net sales of 246,000 million yen (a year-on-year increase of 6.3%), consolidated operating income of 11,500 million yen (a year-on-year increase of 32.4%), consolidated ordinary income of 12,900 million yen (a year-on-year increase of 17.7%), and profit attributable to owners of parent of 8,900 million yen (a year-on-year increase of 27.7%).

(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 12,781 million yen from the end of the previous consolidated fiscal year, to 286,149 million yen.

Current assets stood at 123,134 million yen, an increase of 5,582 million yen compared to the end of the previous consolidated fiscal year. Non-current assets were 163,016 million yen, a year-on-year rise of 7,198 million yen.

The primary factors for the increase in current assets include a 4,947 million yen increase in securities.

The main factors for the increase in non-current assets include increases in buildings and structures, machinery, equipment and vehicles, and net defined benefit asset as a result of the application of the accounting standard for retirement benefits, etc., offsetting decreases in construction in progress and investment securities.

Total liabilities at the end of the consolidated fiscal year under review were 64,693 million yen, an increase of 1,421 million yen compared to the end of the previous consolidated fiscal year. Current liabilities were down 2,927 million yen from the end of the previous consolidated fiscal year, to 46,303 million yen, and non-current liabilities were 18,390 million yen, a year-on-year increase of 4,349 million yen.

The primary factors for the decline in current liabilities include decreases in income taxes payable, short-term loans payable, notes and accounts payable-trade, and accounts payable-other.

The primary factors in the increase in non-current liabilities included an increase in deferred tax liabilities due to a rise in the market value of investment securities held.

Net assets at the end of the consolidated fiscal year under review stood at 221,456 million yen, an increase of 11,359 million yen from the end of the previous consolidated fiscal year, primarily reflecting an increase in retained earnings as a result of net income, an increase in the valuation difference on available-for-sale securities due to a rise in the market value of investment securities held, and an increase in remeasurements of defined benefit plans, as well as a decline in retained earnings mainly attributable to the application of the accounting standard for retirement benefits, etc. and the retirement of treasury shares.

As a result, the equity ratio at the end of the consolidated fiscal year under review stood at 76.9%, compared with 76.4% at the end of the previous consolidated fiscal year, and net assets per share were 2,140.27 yen, compared with 1,974.31 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 operating activities amounted to 8,428 million yen, net cash provided by (used in) investing activities, including the purchase of property, plant and equipment and the purchase of investment securities, amounted to 4,679 million yen, and net cash provided by (used in) financing activities, including a decrease in short-term loans payable, an increase in short-term loans payable, and cash dividends paid, was 10,588 million yen. As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 43,832 million yen, a decrease of 5,754 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 8,428 million yen, a decrease of 390 million yen from the previous consolidated fiscal year. Key factors included 11,893 million yen in income before income taxes.

The decrease in comparison to the previous consolidated fiscal year is mainly attributable to a decrease in income before income taxes (a year-on-year decrease of 1,531 million yen), an increase in gain on sales of investment securities (a year-on-year decrease of 1,203 million yen), a decrease in notes and accounts receivable - trade (a year-on-year decrease of 969 million yen), and an increase in income taxes paid (a year-on-year decrease of 968 million yen), an increase in inventories (a year-on-year decrease of 537 million yen) and an increase in notes and accounts payable - trade (a year-on-year increase of 4,683 million yen).

(Cash flows from investing activities)

Cash used by investing activities during the consolidated fiscal year under review was 4,679 million yen, which was 2,792 million yen less than cash used in the previous consolidated fiscal year.

Key factors included the purchase of property, plant and equipment of 8,710 million yen, the purchase of investment securities of 4,920 million yen, and the purchase of securities of 4,577 million yen, payments into time deposits of 4,030 million yen, proceeds from sales of securities of 7,630 million yen, proceeds from the withdrawal of time deposits of 6,523 million yen, and proceeds from sales of investment securities of 3,883 million yen.

The primary factors for the increase compared with the previous consolidated fiscal year were a decline in payments into time deposits (a year-on-year increase of 8,010 million yen), an increase in proceeds from sales of investment securities (a year-on-year increase of 3,564 million yen), a decline in the purchase of investment securities (a year-on-year increase of 2,612 million yen), an increase in proceeds from sales of securities (a year-on-year increase of 1,130 million yen), a decline in proceeds from withdrawal of time deposits (a year-on-year decrease of 8,618 million yen), a decline in proceeds from sales of property, plant and equipment (a year-on-year decrease of 3,060 million yen), and an increase in the purchase of securities (a year-on-year decrease of 2,077 million yen).

(Cash flows from financing activities)

Cash used by financing activities during the consolidated fiscal year under review was 10,588 million yen, which was 10,519 million yen more than cash used in the previous consolidated fiscal year.

Key factors included the purchase of treasury shares of 5,494 million yen and cash dividends paid of 3,658 million yen. The primary factors for the decrease compared with the previous consolidated fiscal year were an increase in the decrease in short-term loans payable (a year-on-year decrease of 20,811 million yen), an increase in the purchase of treasury shares (a year-on-year decrease of 5,491 million yen) and an increase in the increase in short-term loans payable (a year-on-year increase of 16,358 million yen).

(Million yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Year-on-year change
Cash flows from operating activities	8,818	8,428	(390)
Cash flows from investing activities	(7,471)	(4,679)	2,792
Cash flows from financing activities	(68)	(10,588)	(10,519)
Effect of exchange rate changes on cash and cash equivalents	593	1,085	492
Net increase (decrease) in cash and cash equivalents	1,871	(5,754)	(7,625)
Cash and cash equivalents at beginning of period	47,715	49,586	1,871
Cash and cash equivalents at end of period	49,586	43,832	(5,754)

Cash flow indicators for the Group are as follows:

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Equity ratio (%)	79.1	78.6	79.2	76.4	76.9
Equity ratio (market value basis) (%)	63.5	62.9	69.1	66.3	90.5
Cash flow/interest bearing liabilities ratio (%)	30.1	32.4	41.2	148.8	143.5
Interest coverage ratio (times)	517.3	444.3	287.2	40.3	63.6

(Notes) 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

1. Each indicator is calculated based on consolidated financial figures.
2. 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.
3. Operating cash flow uses net cash provided by operating activities on the consolidated cash flow statements.
4. 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 considers the return of earnings to shareholders to be a top management priority. Our basic policy is to improve profitability and strengthen the Group's financial condition while continuing to provide stable dividends in consideration of overall business performance and strategy.

With respect to dividends, the Group intends to pay stable dividends under this policy with a standard dividend payout ratio of at least 30% on a consolidated basis.

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 year-end dividends of 15 yen per share. As a result, with the interim dividend of 15 yen per share, it expects to pay an annual dividend of 30 yen per share, down 5 yen from the previous fiscal year (a commemorative dividend of 5 yen per share for its centenary was paid at the end of the previous fiscal year).

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

Based on the resolution at the Board of Directors meeting held on May 8, 2014, the Company acquired 3,000,000 shares of its own shares during the fiscal year under review, and retired 3,003,073 treasury shares on July 7, 2014.

As a result, the total number of shares outstanding came to 102,758,690. The Company will continue to acquire its own shares in a mobile manner, taking into consideration the business environment, demand for funds, the share price, and the market trends.

(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, 28 consolidated subsidiaries, and 5 affiliates. The Group engages primarily in the production and sale of food products, as well as related logistics and other services.

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.

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, packs and processes 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 Business

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

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

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

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, operates restaurants, and imports and sells House Foods Corporation's products in the United States.

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

House Foods China Inc. oversees 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. The segment to which Dalian Horie Yamatoya Food Co., Ltd. belongs has been changed from the Other Food Related Business to the International Business.

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.

House Restaurant Management (Shanghai) Co., Ltd., House Restaurant Management (Beijing) Co., Ltd. and House Restaurant Management (Guangzhou) Co., Ltd. run restaurants in China, and Taiwan Curry House Restaurant, Inc. and Curry House Korea Corporation run restaurants in Taiwan and South Korea, respectively. Shanghai House Curry Coco Ichibanya Restaurant, Inc. changed its name to House Restaurant Management (Shanghai) Co., Ltd.

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.

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.

Horie Yamatoya Co., Ltd. imports, exports and sells agricultural and processed products.

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 USA, Inc. and Ichibanya Hong Kong Limited operate restaurants in the United States and China, respectively.

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.

Ichibanya Co., Ltd. operates restaurants.

Flow Chart of Business Activities

Customers

↑ ↑ ↑ ↑

Spice / Seasoning / Processed Food Business

Production & sales of spices, seasonings and processed foods and business incidental thereto

- House Foods Corporation
- Sun House Foods Corporation
- Sun Supply Corporation
- House Ai-Factory Corporation
- Asaoka Spice K.K.

Health Food Business

Production & sales mainly of health foods and business incidental thereto

- House Wellness Foods Corporation

International Business

Production & sales of foods, operation of restaurants, and business incidental thereto overseas

- House Foods Corporation
- House Wellness Foods Corporation
- 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.
- Taiwan Curry House Restaurant, Inc.
- Curry House Korea Corporation

Other Food Related Business

Imports, exports and sales of foodstuffs, agricultural processed products, etc.

- Vox Trading Co., Ltd.
- Horie Yamatoya Co., Ltd.

Production & sales of prepared foods

- Delica Chef Corporation

Transport and warehouse operations

- House Logistics Service Corporation
- High Net Corporation

Analysis of food safety and sanitation

- House Food Analytical Laboratory Inc.

Production & sales of vegetables and other agricultural products

- Tim Food Co., Ltd.
- PT. Java Agritech

Support for indirect operations among Group companies

- House Business Partners Corporation

Equity-method affiliate

- Ichibanya USA, Inc.
- Vox Trading (Thailand) Co., Ltd.
- Ichibanya Co., Ltd.
- Ichibanya Hong Kong Limited
- Sanyo Can Corporation

House Foods Group Inc.

(Double-bordered box): Consolidated subsidiaries

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.

In April 2015, the Group launched the Fifth Medium-Term Business Plan, which will run for three years. In the Fifth Medium-Term Business Plan, the Group will formulate and implement 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.

The Group aims to achieve consolidated net sales of 274,000 million yen and consolidated operating income of 15,000 million yen (ROS 5.5%) by the final fiscal year (which ends March 31, 2018) of the Fifth Medium-Term Business Plan.

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

(i) Business Strategies

In its domestic Spice / Seasoning / Processed Food Business and Health Food Business, which continue to be ranked as core businesses, 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 the International Business, which is ranked as a "Growing business," the Group intends to strengthen its respective revenue bases in the United States, China, and ASEAN in its food service business, and expand business in growing markets with a focus on speed.

(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

Considering the return of earnings to shareholders as a top management priority, the Group aims for stable dividends, with a dividend payout rate of at least 30% on a consolidated basis as standard, and will acquire its own shares in a flexible manner, taking into account the business environment, demand for funds, and the share price, etc. 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 believes that a system of internal controls is a mechanism for strengthening its corporate governance system, embodying its corporate philosophy and achieving its management goals. We plan to step up construction and operation of governance systems for risk management, compliance and other areas from a Group management perspective, to improve our corporate value and achieve sustainable development. In terms of corporate bodies, the Company appointed an outside director 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 recognize that a sincere approach to corporate social responsibility is a necessary condition for earning the trust and goodwill of customers, we are redoubling our commitment to legal compliance and corporate ethics.

In our environmental activities, we have adopted the ISO14001 environmental management system to constantly undertaking activities designed to protect the environment, based on a declaration of environmental responsibility and environmental policies. We have also completed certification throughout the Group. In doing so, we aim to encourage all sections of the Group to share a commitment to activities that are compatible with the environment.

In addition, we seek to contribute to our community, for instance through our work in dietary education, which helps promote healthy eating. We aim to step up our activities to interact with and benefit our community.

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, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	26,649	26,906
Notes and accounts receivable - trade	40,846	40,695
Securities	29,631	34,577
Merchandise and finished goods	9,382	9,708
Work in process	1,200	1,535
Raw materials and supplies	3,162	3,590
Deferred tax assets	2,757	2,070
Other	3,929	4,132
Allowance for doubtful accounts	(4)	(79)
Total current assets	117,551	123,134
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,571	24,176
Machinery, equipment and vehicles, net	9,195	10,801
Land	26,001	25,842
Lease assets, net	4,128	3,775
Construction in progress	2,449	556
Other, net	1,190	1,465
Total property, plant and equipment	62,534	66,616
Intangible assets		
Goodwill	619	476
Software	971	1,960
Software in progress	1,044	75
Other	848	967
Total intangible assets	3,482	3,478
Investments and other assets		
Investment securities	81,451	80,240
Long-term loans receivable	334	369
Deferred tax assets	428	636
Long-term time deposits	2,500	2,000
Net defined benefit asset	2,657	7,103
Claims provable in bankruptcy, claims provable in rehabilitation and other	448	512
Other	2,670	2,764
Allowance for doubtful accounts	(687)	(702)
Total investments and other assets	89,802	92,922
Total non-current assets	155,817	163,016
Total assets	273,368	286,149

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,005	17,592
Electronically recorded obligations - operating	1,258	1,447
Short-term loans payable	7,284	6,770
Lease obligations	545	483
Accounts payable - other	12,878	12,432
Income taxes payable	2,640	1,557
Provision for directors’ bonuses	93	65
Other	6,528	5,957
Total current liabilities	49,230	46,303
Non-current liabilities		
Long-term loans payable	978	810
Lease obligations	3,795	3,393
Long-term accounts payable - other	682	661
Deferred tax liabilities	6,680	11,383
Net defined benefit liability	871	960
Asset retirement obligations	282	285
Other	753	898
Total non-current liabilities	14,041	18,390
Total liabilities	63,272	64,693
Net assets		
Shareholders’ equity		
Capital stock	9,948	9,948
Capital surplus	23,868	23,868
Retained earnings	160,767	157,338
Treasury shares	(4)	(5)
Total shareholders’ equity	194,579	191,150
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	11,665	20,402
Deferred gains or losses on hedges	(5)	47
Foreign currency translation adjustment	1,053	2,878
Remeasurements of defined benefit plans	1,509	5,450
Total other accumulated comprehensive income	14,222	28,777
Minority interests	1,296	1,530
Total net assets	210,097	221,456
Total liabilities and net assets	273,368	286,149

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
Net sales	232,610	231,448
Cost of sales	135,080	137,557
Gross profit	97,530	93,891
Selling, general and administrative expenses		
Advertising expenses	11,411	10,326
Transportation and warehousing expenses	6,744	6,812
Sales commission	3,314	2,441
Promotion expenses	31,868	30,871
Salaries, allowances and bonuses	13,424	13,822
Provision for directors' bonuses	128	72
Depreciation	846	1,046
Amortization of goodwill	170	167
Rent expenses	1,611	1,547
Experiment and research expenses	3,482	3,582
Other	14,945	14,519
Total selling, general and administrative expenses	87,942	85,204
Operating income	9,589	8,686
Non-operating income		
Interest income	549	530
Dividend income	599	603
Share of profit of entities accounted for using equity method	458	628
Foreign exchange gains	305	820
Other	376	356
Total non-operating income	2,287	2,937
Non-operating expenses		
Interest expenses	221	129
Commission fee	141	–
Compensation expenses	287	–
Other	265	538
Total non-operating expenses	913	667
Ordinary income	10,962	10,957

(Million yen)

	Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
Extraordinary income		
Gain on sales of non-current assets	3,110	195
Gain on sales of investment securities	108	1,311
Gain on sale of invested money	–	18
Gain on change in equity	–	3
Compensation income	–	13
Other	22	2
Total extraordinary income	3,240	1,543
Extraordinary losses		
Loss on sales of non-current assets	124	121
Loss on retirement of non-current assets	240	141
Loss on valuation of investment securities	1	4
Loss on valuation of membership	24	1
Impairment loss	129	323
Provision for loss on guarantees	152	–
Loss on step acquisitions	69	–
Loss on disaster	33	–
Other	7	18
Total extraordinary losses	778	607
Income before income taxes	13,424	11,893
Income taxes - current	4,705	3,999
Income taxes - deferred	(147)	876
Total income taxes	4,559	4,875
Income before minority interests	8,866	7,018
Minority interests in income	74	47
Net income	8,792	6,971
Minority interests in income	74	47
Income before minority interests	8,866	7,018
Other comprehensive income		
Valuation difference on available-for-sale securities	844	8,725
Deferred gains or losses on hedges	(13)	132
Foreign currency translation adjustment	2,180	1,898
Remeasurements of defined benefit plans, net of tax	–	3,947
Share of other comprehensive income of entities accounted for using equity method	84	69
Total other comprehensive income	3,095	14,771
Comprehensive income	11,961	21,789
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,736	21,526
Comprehensive income attributable to minority interests	224	263

(3) Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

(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	155,148	(1)	188,963
Cumulative effects of changes in accounting policies					–
Restated balance	9,948	23,868	155,148	(1)	188,963
Changes of items during the period					
Dividends of surplus			(3,173)		(3,173)
Net income			8,792		8,792
Purchase of treasury shares				(3)	(3)
Retirement of treasury shares					–
Net changes of items other than shareholders' equity					–
Total changes of items during the period	–	–	5,619	(3)	5,616
Balance at the end of the period	9,948	23,868	160,767	(4)	194,579

	Other accumulated comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of the period	10,840	–	(1,072)	–	9,768	596	199,328
Cumulative effects of changes in accounting policies					–		–
Restated balance	10,840	–	(1,072)	–	9,768	596	199,328
Changes of items during the period							
Dividends of surplus					–		(3,173)
Net income					–		8,792
Purchase of treasury shares					–		(3)
Retirement of treasury shares					–		–
Net changes of items other than shareholders' equity	825	(5)	2,125	1,509	4,454	699	5,153
Total changes of items during the period	825	(5)	2,125	1,509	4,454	699	10,769
Balance at the end of the period	11,665	(5)	1,053	1,509	14,222	1,296	210,097

Consolidated fiscal year under review (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)
Net income			6,971		6,971
Purchase of treasury shares				(5,494)	(5,494)
Retirement of treasury shares			(5,493)	5,493	–
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					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments 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)
Net income					–		6,971
Purchase of treasury shares					–		(5,494)
Retirement 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

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
Cash flows from operating activities		
Income before income taxes	13,424	11,893
Depreciation	5,056	5,789
Amortization of goodwill	170	167
Impairment loss	129	323
Share of (profit) loss of entities accounted for using equity method	(458)	(628)
Loss (gain) on step acquisitions	69	–
Loss (gain) on valuation of investment securities	1	4
Loss on valuation of membership	24	1
Increase (decrease) in allowance for doubtful accounts	(1,206)	91
Increase (decrease) in provision for directors' bonuses	25	(28)
Increase (decrease) in provision for retirement benefits	(1,468)	–
Increase (decrease) in net defined benefit liability	871	86
Interest and dividends income	(1,147)	(1,133)
Interest expenses	221	129
Foreign exchange losses (gains)	(231)	(408)
Loss (gain) on sales of investment securities	(108)	(1,311)
Loss (gain) on sales of investments in capital	–	(18)
Loss (gain) on sales of non-current assets	(2,986)	(75)
Loss on retirement of non-current assets	240	141
Decrease (increase) in notes and accounts receivable - trade	1,374	405
Decrease (increase) in inventories	(384)	(920)
Increase (decrease) in notes and accounts payable - trade	(4,607)	76
Increase (decrease) in accounts payable - bonuses	27	9
Decrease (increase) in other assets	871	(939)
Increase (decrease) in other liabilities	1,749	(1,464)
Subtotal	11,655	12,187
Interest and dividends income received	1,438	1,398
Interest expenses paid	(219)	(133)
Income taxes paid	(4,057)	(5,025)
Net cash provided by (used in) operating activities	8,818	8,428

		(Million yen)
	Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	15,141	6,523
Payments into time deposits	(12,040)	(4,030)
Purchase of securities	(2,500)	(4,577)
Proceeds from sales of securities	6,500	7,630
Purchase of property, plant and equipment	(9,620)	(8,710)
Proceeds from sales of property, plant and equipment	3,417	357
Purchase of intangible assets	(1,434)	(807)
Purchase of investment securities	(7,533)	(4,920)
Proceeds from sales of investment securities	319	3,883
Payments for investments in capital	(0)	(5)
Collection of investments in capital	8	36
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	380	–
Payments of loans receivable	(109)	(58)
Net cash provided by (used in) investing activities	(7,471)	(4,679)
Cash flows from financing activities		
Increase in short-term loans payable	42,532	58,890
Decrease in short-term loans payable	(38,744)	(59,555)
Repayments of lease obligations	(540)	(550)
Proceeds from long-term loans payable	1,026	–
Repayments of long-term loans payable	(1,125)	(188)
Purchase of treasury shares	(3)	(5,494)
Cash dividends paid	(3,171)	(3,658)
Cash dividends paid to minority shareholders	(45)	(33)
Net cash provided by (used in) financing activities	(68)	(10,588)
Effect of exchange rate change on cash and cash equivalents	593	1,085
Net increase (decrease) in cash and cash equivalents	1,871	(5,754)
Cash and cash equivalents at beginning of period	47,715	49,586
Cash and cash equivalents at end of period	49,586	43,832

(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 28 companies are consolidated subsidiaries:

House Foods Corporation, House Wellness Foods Corporation, 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, 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. Java Agritech, Taiwan Curry House Restaurant Inc., and Curry House Korea Corporation.

Shanghai House Curry Coco Ichibanya Restaurant, Inc. has changed its corporate name to House Restaurant Management (Shanghai) Co., Ltd.

(2) Names of major unconsolidated subsidiaries

PT. Vox Trading Indonesia

Dalian Vox Foods Co., Ltd.

Reason for the exclusion from consolidation

The reason for the exclusion is that all the six 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 five affiliates are subject to equity method accounting:

Ichibanya USA, Inc., Ichibanya Hong Kong Limited, Vox Trading (Thailand) Co., Ltd., Sanyo Can Corporation, Ichibanya Co., Ltd.

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

PT. Vox Trading Indonesia
Dalian Vox Foods Co., Ltd.
Lanna Products Co., Ltd.
Dalian Tianke Foods Co., Ltd.

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 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., Tim Food Co., Ltd., PT. Java Agritech, Taiwan Curry House Restaurant, Inc., and Curry House Korea Corporation 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. 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, Vox Trading Co., Ltd. changed its account settlement date to the last day of December. Its accounting period for the consolidated fiscal year under review is 10 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

However, software is amortized on a straight-line basis over the expected usable period, up to five 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. 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.

(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 minority 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

With respect to the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012, which will be hereinafter referred to as the “Retirement Benefit Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015, which will be hereinafter referred to as the “Retirement Benefit Application Guidance”), the provisions shown in the text of paragraph 35 of the Retirement Benefit Accounting Standard and the text of paragraph 67 of the Retirement Benefit Application Guidance have been applied from the consolidated fiscal year under review. Consequently, the method of calculating retirement benefit liabilities and service costs was revised. In addition, the period attribution method for estimated retirement benefits was changed from the straight-line attribution standard to the benefit formula standard. The method of determining the discount rate was changed from the method of determining the period of bonds, which is a basis for deciding on the discount rate, based on the number of years, which is approximate to the average remaining years of service of employees, to the method of using a single weighted average discount rate, which reflects the expected period of the retirement benefit payment and the amount of money for each expected period of payment.

As to the application of the Retirement Benefit Accounting Standard, the amount of the impact of a change in the method of calculating retirement benefit liabilities and service costs was added to, or deducted from, retained earnings at the beginning of the consolidated fiscal year under review in accordance with the transitional treatment provided in paragraph 37 of the Retirement Benefit Accounting Standard.

As a result, net defined benefit liability as of the beginning of the consolidated fiscal year under review increased by 145 million yen. Net defined benefit asset decreased by 1,935 million yen, and retained earnings declined by 1,251 million yen. In addition, operating income, ordinary income, and income before income taxes increased 74 million yen, respectively.

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

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, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Investment securities	589	631
Land	32	36
Buildings and structures	179	29
Time of deposit	17	15
Machinery, equipment and vehicles	112	0

Secured liabilities are as follows:

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Long-term loans payable	950	800
Of which current portion of long-term loans payable	200	200
Short-term loans payable	176	106

2. Accumulated depreciation of property, plant and equipment

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Accumulated depreciation of property, plant and equipment	112,981	116,084

3. Guarantee obligations

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Borrowings by Lanna Products Co., Ltd. from financial institutions	98	59
Borrowings by PT. Vox Trading Indonesia from financial institutions	41	24
Guarantee obligation to the monetary debt of Myoko Garden K.K.	3	4
Guarantee obligation to the housing loans of the Company employees	3	2
Borrowings by Shizuoka Mist Farm Limited from financial institutions	3	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:

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

Location	Use	Category	Impairment loss (million yen)
House Foods Group Inc. Training Center in Ikoma	Training center	Buildings, others	85
House Foods Corporation Kanto Plant, etc.	Production facility	Machinery, equipment, etc.	44

Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

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

(Note) 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. Business assets such as head offices are grouped as common assets.

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.

Notes to Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

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	–	–	105,762

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	1	2	–	3

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase due to purchases of fractional shares: 2 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, 2013	Common shares	1,586	15	March 31, 2013	June 27, 2013
Meeting of the Board, October 30, 2013	Common shares	1,586	15	September 30, 2013	December 6, 2013

(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 26, 2014	Common shares	Retained earnings	2,115	20	March 31, 2014	June 27, 2014

Consolidated fiscal year under review (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

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, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
Cash and deposits	26,649	26,906
Securities	29,631	34,577
Total	56,280	61,483
Time deposit account with maturity over three months	(2,563)	(573)
Securities other than negotiable certificates of deposit and the like	(4,131)	(17,077)
Cash and cash equivalents	49,586	43,832

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, 2014)		
	Equivalent to acquisition costs	Equivalent to accumulated depreciation	Equivalent to ending net book value
Buildings	517	327	190
Total	517	327	190

(Million yen)

	Consolidated fiscal year under review (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

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

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Due within one year	22	15
Due after one year	168	153
Total	190	168

(iii) Lease payment and equivalent to depreciation

(Million yen)

	Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
Lease payment	43	22
Equivalent to depreciation	43	22

(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

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

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Due within one year	432	795
Due after one year	1,315	2,538
Total	1,747	3,333

Matters Relating to Securities

1. Bonds to be held to maturity

Previous consolidated fiscal year (as of March 31, 2014) (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	2,030	30
	(3) Others	25,918	26,561	643
	Subtotal	27,918	28,591	673
Securities with market value not exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	8,336	8,216	(120)
	Subtotal	8,336	8,216	(120)
Total		36,254	36,807	553

Consolidated fiscal year under review (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

2. Other marketable securities

Previous consolidated fiscal year (as of March 31, 2014)

(Million yen)

Type		Consolidated balance sheet value	Acquisition cost	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Stocks	37,590	19,457	18,133
	(2) Bonds	2,645	2,617	28
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	1,638	1,615	23
	Others	1,007	1,001	6
	(3) Others	–	–	–
	Subtotal	40,235	22,073	18,162
Securities with market value not exceeding consolidated balance sheet value	(1) Stocks	1,583	1,829	(245)
	(2) Bonds	1,407	1,433	(25)
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	1,407	1,433	(25)
	Others	–	–	–
	(3) Others	–	–	–
	Subtotal	2,991	3,261	(271)
Total		43,226	25,335	17,891

(Note) Unlisted shares (consolidated balance sheet value: 1,481 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: 25,500 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, 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.

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

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014) (Million yen)

Classification	Value of proceeds from sale	Total gain from sale	Total loss from sale
Shares	316	108	–
Bonds			
Corporate bonds	–	–	–
Total	316	108	–

Consolidated fiscal year under review (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	–

4. Marketable securities impaired

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

The Company recognized impairment charges of 1 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, 2014 – March 31, 2015)

The Company did not recognize impairment charges 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

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

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 seven 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)
Retirement benefit obligations at the beginning of the period	52,495
Service cost	1,914
Interest cost	758
Actuarial differences incurred	(3,083)
Retirement benefits paid	(2,087)
Prior service costs incurred	–
Increase from the changes in the scope of consolidation	266
Other	13
Retirement benefit obligations at the end of the period	50,276

(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)
Pension assets at the beginning of the period	47,691
Expected return on pension assets	933
Actuarial differences incurred	3,440
Employer's contributions	1,874
Retirement benefits paid	(1,888)
Other	13
Pension assets at the end of the period	52,062

(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)
Retirement benefit obligations of the saving plan	49,903
Pension assets	(52,062)
	(2,160)
Retirement benefit obligations of the non-saving plan	373
Net liabilities and assets recorded on the consolidated balance sheets	(1,786)
Net defined benefit liability	871
Net defined benefit asset	(2,657)
Net liabilities and assets recorded on the consolidated balance sheets	(1,786)

(4) Retirement benefit costs and their breakdown

	(Million yen)
Service cost	1,914
Interest cost	758
Expected return on pension assets	(933)
Recognized actuarial gain or loss	513
Amortization of prior service cost	–
Other	–
Retirement benefit costs related to the defined benefit plan	2,251

(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

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

	(Million yen)
Unrecognized prior service cost	–
Unrecognized actuarial differences	2,240
Total	2,240

(6) 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:

Bonds	55%
Shares	32%
Insurance assets (General account)	12%
Cash and deposits	0%
Other	1%
Total	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.

(7) Matters relating to the basis of actuarial calculation

Basis of main actuarial calculation as of the end of the consolidated fiscal year under review

Discount rates	Primarily 1.5%
Long-term expected return on assets	Primarily 2.0%

Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

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 seven 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)
Retirement benefit obligations at the beginning of the period	50,276
Cumulative effects of changes in accounting policies	2,080
Restated balance	52,356
Service cost	1,590
Interest cost	777
Actuarial differences incurred	(1,308)
Retirement benefits paid	(2,437)
Prior service costs incurred	–
Increase from the changes in the scope of consolidation	–
Other	17
Retirement benefit obligations at the end of the period	50,995

(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)
Pension assets at the beginning of the period	52,062
Expected return on pension assets	1,018
Actuarial differences incurred	4,665
Employer's contributions	1,527
Retirement benefits paid	(2,152)
Other	17
Pension assets at the end of the period	57,137

(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)
Retirement benefit obligations of the saving plan	50,574
Pension assets	(57,137)
	(6,563)
Retirement benefit obligations of the non-saving plan	421
Net liabilities and assets recorded on the consolidated balance sheets	(6,143)
Net defined benefit liability	960
Net defined benefit asset	(7,103)
Net liabilities and assets recorded on the consolidated balance sheets	(6,143)

(4) Retirement benefit costs and their breakdown

	(Million yen)
Service cost	1,590
Interest cost	777
Expected return on pension assets	(1,018)
Recognized actuarial gain or loss	(164)
Amortization of prior service cost	–
Other	–
Retirement benefit costs related to the defined benefit plan	1,185

(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)
Prior service cost	–
Actuarial differences	5,809
Total	5,809

(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)
Unrecognized prior service cost	–
Unrecognized actuarial differences	8,049
Total	8,049

(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:

Bonds	53%
Shares	35%
Insurance assets (General account)	11%
Cash and deposits	0%
Other	1%
Total	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

Basis of main actuarial calculation as of the end of the consolidated fiscal year under review

Discount rates	Primarily 1.5%
Long-term expected return on assets	Primarily 2.0%

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, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Deferred tax assets		
Loss on valuation of investment securities	6,101	5,361
Loss carried forward	4,695	3,499
Accrued sales commission	1,232	836
Accrued bonuses	583	663
Impairment loss on non-current assets	742	627
Net defined benefit liability	281	296
Long-term accounts payable-other	217	206
Enterprise tax payable	236	162
Loss on valuation of inventories	72	95
Others	736	776
Subtotal	14,894	12,520
Valuation allowance	(10,632)	(8,910)
Total deferred tax assets	4,263	3,610
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(6,374)	(9,582)
Net defined benefit asset	(947)	(2,333)
Reserve for advanced depreciation of non-current assets	(327)	(278)
Others	(146)	(164)
Total deferred tax liabilities	(7,793)	(12,357)
Net total deferred tax assets (liabilities)	(3,530)	(8,747)

(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, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Current assets	- Deferred tax assets	2,757	2,070
Non-current assets	- Deferred tax assets	428	636
Current liabilities	- Other	(35)	(70)
Non-current liabilities	- Deferred tax liabilities	(6,680)	(11,383)

(Million yen)

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, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
Statutory effective tax rate	38.01%	35.64%
(Adjustment)		
Non-deductible items such as entertainment expenses	2.60%	2.48%
Non-taxable items such as dividends received	(0.44%)	(0.60%)
Per capita inhabitant tax, etc.	0.68%	0.75%
Tax credit for testing and research expenses	(1.63%)	(3.16%)
Valuation allowance for deferred tax assets	39.94%	0.22%
Amortization of goodwill	0.48%	0.50%
Downward adjustment of deferred tax assets at end of year due to tax rate change	1.37%	–%
Downward adjustment of deferred tax liabilities at end of year due to tax rate change	–%	2.28%
Consolidation adjustments such as equity in earnings of affiliates	(47.02%)	0.17%
Others	(0.03%)	2.71%
Actual effective tax rate	33.96%	40.99%

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

As a result of the promulgation of the Act for Partial Amendment of the Income Tax Act, Etc. and the Act for Partial Amendment of the Local Tax Act, Etc. on March 31, 2015, the effective statutory tax rate that was used to calculate deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review (but limited to those which will be reversed on or after April 1, 2015) has been changed from 35.64% in the previous consolidated fiscal year to 33.06% for those for which taxes are expected to be returned or paid from April 1, 2015 to March 31, 2016, and to 32.26% for those for which taxes are expected to be returned or paid on or after April 1, 2016.

As a result, deferred tax liabilities (the amount after deferred tax assets are deducted) declined 1,009 million yen, and income taxes–deferred, valuation difference on available-for-sale securities, and the re-measuments of defined benefit plans that were recorded for the consolidated fiscal year under review increased 271 million yen, 1,006 million yen, and 273 million yen, respectively.

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, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
Obligations at beginning of fiscal year	278	282
Adjustment with the passing of time	3	3
Obligations at end of fiscal year	282	285

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 growth and profitability by strengthening existing business and proposing new value.

In International Business, ranked as a “Growing business,” the Company is consolidating and building its processed food business base in the United States, China and Southeast Asia. Meanwhile, in the Curry Restaurant Business, the Company aims to become the leading curry restaurant chain in each of the countries in which it operates.

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 four units—Spice / Seasoning / Processed Food Business, Health Food Business, International 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 categorize reported segments)

Dalian Horie Yamatoya Food Co., Ltd., which in the past was included in the Other Food Related Business, is included in the International Business from the consolidated fiscal year under review due to a change in the management category.

This change had a limited impact on the segment information for the consolidated fiscal year under review.

(Application of the Accounting Standard for Retirement Benefits, etc.)

As stated in Changes in Accounting Policies, the method for calculating retirement benefit liabilities and service costs was revised in the consolidated fiscal year under review. Thus, the method for calculating retirement benefit liabilities and the service costs of business segments was revised similarly.

Compared with the previous method, as a result of the above revisions, segment profit increased 69 million yen for the Spice / Seasoning / Processed Food Business and 5 million yen for the Health Food Business in the consolidated fiscal year under review.

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.

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

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

(Million yen)

	Reported segments					Other	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Other Food Related Business	Total		
Net sales							
Sales – outside customers	125,518	39,532	19,733	47,827	232,610	–	232,610
Sales and transfer – inter-segment	129	74	43	11,495	11,741	–	11,741
Total	125,647	39,607	19,775	59,323	244,351	–	244,351
Segment profit	6,936	1,585	617	451	9,589	–	9,589
Segment assets	65,771	22,230	18,361	28,563	134,924	–	134,924
Other items							
Depreciation	2,484	628	1,077	867	5,056	–	5,056
Amortization of goodwill	–	–	34	136	170	–	170
Increase in property, plant and equipment, and intangible assets	4,951	510	995	4,851	11,308	–	11,308

Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

(Million yen)

	Reported segments					Other	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Other Food Related Business	Total		
Net sales							
Sales – outside customers	122,121	36,641	24,689	47,997	231,448	–	231,448
Sales and transfer – inter-segment	163	139	197	10,659	11,158	–	11,158
Total	122,284	36,780	24,886	58,655	242,605	–	242,605
Segment profit (loss)	7,536	933	1,088	(870)	8,687	–	8,687
Segment assets	64,152	21,180	23,537	32,137	141,005	–	141,005
Other items							
Depreciation	2,936	569	1,271	1,013	5,789	–	5,789
Amortization of goodwill	–	–	32	134	167	–	167
Increase in property, plant and equipment, and intangible assets	3,276	515	1,738	4,125	9,654	–	9,654

4. Difference between Reportable Segments Total and Sales on Consolidated Financial Statements, and Main Factors in the Difference (Related to Difference Adjustment)

(Million yen)

Net sales	Previous consolidated fiscal year	Consolidated fiscal year under review
Reportable segments total	244,351	242,605
Sales in the “Other” segment	–	–
Elimination of inter-segment transactions	(11,741)	(11,158)
Sales on consolidated financial statements	232,610	231,448

(Million yen)

Profit	Previous consolidated fiscal year	Consolidated fiscal year under review
Reportable segments total	9,589	8,687
Profit in the “Other” segment	–	–
Elimination of inter-segment transactions	(0)	(0)
Operating income on consolidated financial statements	9,589	8,686

(Million yen)

Assets	Previous consolidated fiscal year	Consolidated fiscal year under review
Reportable segments total	134,924	141,005
Assets in the “Other” segment	–	–
Intersegment eliminations	(854)	(976)
Company-wide assets (Note)	139,298	146,120
Total assets on consolidated financial statements	273,368	286,149

(Note) Company-wide assets are primarily financial assets that do not belong to any reportable segment.

(Million yen)

Other items	Reportable segments total		Other		Adjustment		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review
Depreciation	5,056	5,789	–	–	–	–	5,056	5,789
Amortization of goodwill	170	167	–	–	–	–	170	167
Increase in property, plant and equipment, and intangible assets	11,308	9,654	–	–	–	–	11,308	9,654

[Related information]

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

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
212,731	8,174	1,607	9,738	360	232,610

(2) Property, plant and equipment (Million yen)

Japan	East Asia	Southeast Asia	United States	Total
54,300	2,493	1,052	4,689	62,534

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	32,643	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	26,326	Spice / Seasoning / Processed Food Business Health Food Business

Consolidated fiscal year under review (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. Although overseas sales did not exceed 10% of the net sales on the consolidated statements of income and comprehensive income in the previous fiscal year, the information is disclosed for the purposes of comparison.

(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

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

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

(Million yen)

	Reported segments					Other	Eliminations and corporate	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Other Food Related Business	Total			
Impairment loss	108	21	–	0	129	–	–	129

Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

(Million yen)

	Reported segments					Other	Eliminations and corporate	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Other Food Related Business	Total			
Impairment loss	323	–	–	–	323	–	–	323

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

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

(Million yen)

	Reported segments					Other	Eliminations and corporate	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Other Food Related Business	Total			
Amortization in fiscal year under review	–	–	34	136	170	–	–	170
Balance at end of fiscal year under review	–	–	101	517	619	–	–	619

Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

(Million yen)

	Reported segments					Other	Eliminations and corporate	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International 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

[Information on gain on bargain purchase by reported segment]

Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

Not applicable.

Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

Not applicable.

Per Share Information

(Yen)

	Previous consolidated fiscal year (April 1, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
Net assets per share	1,974.31	2,140.27
Net income per share	83.13	67.61

(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, 2013 – March 31, 2014)	Consolidated fiscal year under review (April 1, 2014 – March 31, 2015)
	Million yen	Million yen
Net income	8,792	6,971
Amount not allocable to common shareholders	–	–
Net income available for common stock	8,792	6,971
	Thousand shares	Thousand shares
Weighted average number of shares of common stock outstanding during each period	105,760	103,108

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

	Previous consolidated fiscal year (As of March 31, 2014)	Consolidated fiscal year under review (As of March 31, 2015)
	Million yen	Million yen
Total net assets	210,097	221,456
Amount deducted from total net assets	1,296	1,530
(Of which are minority interests)	(1,296)	(1,530)
Net assets at end of year available for common stock	208,801	219,927
	Thousand shares	Thousand shares
Number of shares of common stock at end of year used for calculating net assets per share	105,759	102,756

4. As stated in “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Change in accounting policies), the Company adopted the Accounting Standard for Retirement Benefits, etc. and implemented transitional handling as provided in paragraph 37 of the Accounting Standard for Retirement Benefits.
As a result, net assets per share for the consolidated fiscal year under review declined 11.45 yen, and net income per share rose 0.71 yen.

Important Subsequent Events

Not applicable.

6. Other Information

(1) Senior Management Changes

1. Newly Appointed Director Candidate (as of June 25, 2015)
   Non-standing Audit & Supervisory Board Member Hiroyuki Kamano (representative lawyer of Kamano Sogo Law Offices)
   * Mr. Hiroyuki Kamano is a candidate for an outside audit & supervisory board member.

2. Retiring Director (as of June 25, 2015)
   Director & Senior Advisor Akira Oze (expected to become the Company's Chairman)

3. Retiring Audit & Supervisory Board Member (as of June 25, 2015)
   Non-standing Audit & Supervisory Board Member Yasumasa Yumoto
   * Mr. Yasumasa Yumoto is an outside audit & supervisory board member.