おいしさと健康

Annual Report 2014

(Year ended 31st March, 2014)

Contents

Five-Year Summary

Consolidated

	Millions of yen					Thousands of U.S. dollars
	2014	2013	2012	2011	2010	2014
Net sales	**315,399**	293,003	289,980	284,048	284,537	**3,064,508**
Income before income taxes and minority interests	**17,370**	5,028	4,678	5,964	11,721	**168,722**
Net income	**11,034**	3,287	242	3,786	7,031	**107,209**
	Yen					
Per share of common stock:						
Net income						
Primary	**89.09**	28.91	2.13	33.36	61.93	**0.87**
Cash dividends	**15.00**	15.00	15.00	15.00	15.00	**0.15**
	Millions of yen					
Balance sheet data:						
Shareholders' equity	**132,701**	109,212	107,473	108,824	106,779	**1,289,358**
Total assets	**243,244**	219,363	207,293	194,055	200,989	**2,363,431**

Message from the President

In the consolidated fiscal year under review, the Japanese economy showed ongoing signs of mild recovery, reflecting the positive effects of government-led economic packages and an improvement in export conditions. On the negative side, the circumstances affecting China and other emerging economies, as well as a projected slowdown in personal expenditures resulting from the consumption tax hike, caused concerns of a downturn in the Japanese economy. This in turn led to continued uncertainty about the future. The food industry continued to face challenges, with the weaker yen causing soaring costs of raw materials.

In light of this situation, our corporate group has proactively implemented various measures. These include expanding sales of our mainstay products and launching new products and products of affiliates. We have also aggressively implemented sales promotion strategies tailored to each channel, as well as in-store bargain sale campaigns. Moreover, proactive efforts have been concentrated on business development outside Japan, centered on Vietnam, Indonesia and other Southeast Asian countries. These efforts, based on Glico Group Action Guidelines, reflect our commitment to business operations that continuously earn the trust and respect of stakeholders.

Although our food products segment posted decreased sales from the previous fiscal year, our confectioneries, ice cream, milk and dairy products, food ingredients and other segments recorded increased sales. Consequently, consolidated net sales amounted to ¥315,399 million, an increase of 7.6% from the ¥293,003 million total of the previous fiscal year.

Regarding earnings, despite the rising prices of raw materials caused by the depreciation of the yen, changes in the product portfolio and our Thai subsidiary's full recovery from flood damage contributed to a decrease in the cost-to-sales ratio. As for selling, general and administrative (SG&A) expenses, several factors pushed up sales promotion expenses, although efforts were focused on making more efficient use of general expenses. These included implementation of aggressive promotion strategies at general merchandise stores and convenience stores. As a result, operating income totaled ¥11,645 million, or a ¥7,104 million increase from the previous fiscal year (¥4,541 million). Ordinary income was ¥13,539 million, or a ¥7,087 million increase from the previous fiscal year (¥6,453 million).

During the consolidated fiscal year under review, gains on insurance claims for flood damage incurred by the Thai subsidiary, as well as gains on the sale of investment securities, were posted as extraordinary income. As a result, net income was ¥11,034 million, or an increase of ¥7,747 million from the previous fiscal year (¥3,287 million).

In addition to an interim dividend of ¥5 per share, we will pay a year-end dividend of ¥10 per share for the consolidated fiscal year under review. Although our Group's business environment is becoming increasingly difficult, we will unite the efforts of all Group companies to improve performance and meet the expectations of our shareholders.

Your continuing support will be deeply appreciated.

June 2014

江崎勝久

Katsuhisa Ezaki, President and CEO

Operating Results and Financial Status

(1) Operating Results

Results by segment

(Unit: millions of yen, %)

Segment	Net Sales			Operating Income		
	FY2014	vs. FY2013	YoY (%)	FY2014	vs. FY2013	YoY (%)
Confectioneries	101,077	17,965	121.6	5,538	4,463	515.2
Ice Cream	70,306	5,494	108.5	3,203	(14)	99.6
Food Products	22,465	(1,813)	92.5	1	418	−
Milk and Dairy Products	91,688	4,939	105.7	2,000	1,555	449.7
Meat Products	15,328	(5,413)	73.9	564	1,059	−
Food Ingredients	9,060	740	108.9	217	(234)	48.1
Other	5,475	485	109.7	240	233	−
Adjustment	−	−	−	(118)	(376)	−
Total	315,399	22,397	107.6	11,645	7,104	256.5

[Confectioneries Division]

Although sales of snacks such as ‘Cheeza’ and ‘Cratz’ as well as ‘Kissmint Gum’ declined from the previous fiscal year, sales increased for the ‘Pocky’ Group and ‘Almond Peak.’ The new products ‘Kobe Roasted Chocolat’ and ‘Bâton d’or ’ enjoyed steady sales growth. Outside Japan, sales grew significantly in Southeast Asia and China, while ‘Pocky’ was launched in Korea. As a result, divisional sales amounted to ¥101,077 million, a 21.6% increase over the previous fiscal year (¥83,112 million).

[Ice Cream Division]

Although sales of ‘Palitte’ decreased from the previous fiscal year, ‘Giant Cone,’ ‘Papico’ and ‘Seventeen Ice’ achieved sales growth. The wholesale subsidiary in the Kansai region also recorded an increase in sales revenue. As a result, divisional sales totaled ¥70,306 million, an 8.5% increase from the previous fiscal year (¥64,812 million).

[Food Products Division]

‘Curry Shokunin,’ ‘ZEPPIN’ and ‘Takikomi Gozen’ recorded sales increases over the previous fiscal year, while ‘2-dan Juku Curry’ sales declined. As a result, divisional sales totaled ¥22,465 million, a 7.5% decrease from the previous fiscal year (¥24,278million).

[Milk and Dairy Products Division]

Sales of ‘Breakfast BifiX Yogurt,’ ‘Dororich’ and ‘Breakfast Yogurt One Hand’ increased from the previous fiscal year. Sales revenue from subcontracted operations from Kirin Beverage Co., Ltd. remained nearly the same as that of the previous fiscal year. As a result, divisional sales totaled ¥91,688 million, a 5.7% increase from the previous fiscal year (¥86,749 million).

[Meat Products Division]

On January 14, 2014,Ezaki Glico Co., Ltd. sold all of its shares of Glico Ham Co., Ltd., which handled meat products. Consequently, sales figures cover the period up to the third quarter of the fiscal year under review. As a result, divisional sales amounted to ¥15,328 million, a 26.1% decrease from the same period of the previous fiscal year (¥20,740 million).

[Food Ingredients Division]

Sales of ‘A-glu’ and rice powder increased over the previous fiscal year. As a result, divisional sales were ¥9,060 million, an 8.9% increase from the previous fiscal year (¥8,320 million).

[Other]

Office Glico and Sports Foods businesses enjoyed sales growth over the previous fiscal year. As a result, sales in this segment totaled ¥5,475 million, a 9.7% increase over the previous fiscal year (¥4,991 million).

General consolidated performance forecasts including production, sales, profits and losses for the next fiscal year

As for the outlook for the next consolidated fiscal year, positive effects are expected from the economic packages and monetary policies led by the government. However, the reverse effect of the last-minute surge in demand prior to the consumption tax hike is expected to continue making the future of the economy unclear. The downturn of the Chinese economy and other emerging economies are risk factors that may drag down the Japanese economy. The food industry is expected to experience challenges such as raw material prices staying at high levels and rising prices of import items caused by the depreciation of the yen. These will have a significant negative impact on cost of sales, while a budget-minded attitude among consumers will also add to the continuously difficult environment surrounding the food industry.

To cope with these difficulties, our corporate group will stay abreast of consumer trends as we strive to nurture current mainstay products and develop new higher value-added products. Furthermore, effective sales strategies will be implemented to suit individual distribution methods, along with aggressive promotion of international businesses.

By adopting these measures, we aim to achieve net sales of ¥320,000 million in the next fiscal year, or a 1.5% increase from the fiscal year under review. Our profit targets are: an operating income of ¥12,500 million (up 7.3% from the fiscal year under review), ordinary income of ¥13,200 million (down 2.5%) and a net income of ¥8,600 million.

Divisional consolidated sales forecasts for the next fiscal year

Divisional sales projections are as follows: Confectioneries Division sales of ¥109,300 million (up 8.1% from the fiscal year under review), Ice Cream Division sales of ¥76,000 million (up 8.1%), Food Products Division sales of ¥23,000 million (up 2.4%), Milk and Dairy Products Division sales of ¥97,000 million (up 5.8%), Food Ingredients Division sales of ¥9,200 million (up 1.5%), and other division sales of ¥5,500 million (up 0.5%).

(2) Financial Conditions

Assets, liabilities and net assets

As of March 31, 2014, total assets were ¥243,244 million, an increase of ¥23,881 million compared to the end of the previous fiscal year. Current assets were ¥114,869 million, an increase of ¥19,120 million from the end of the previous fiscal year. The main components of this increase included increases in cash and cash equivalents, and marketable securities. Fixed assets were ¥128,374 million, an increase of ¥4,761 million. Main contributors to this increase included increases in assets related to retirement benefits and investment securities.

Total liabilities were ¥97,740 million, a decrease of ¥5,275 million compared to the end of the previous fiscal year. The main components of this decrease were decreases in notes and accounts payable, and short-term debt.

Net assets were ¥145,504 million, an increase of ¥29,157 million compared to the end of the previous fiscal year. Main contributors to this increase included disposal of treasury stock and public offering of the Company's shares, as well as an increase in net income. Consequently, net worth ratio was 58.1%, up 6.0 % from the end of the previous fiscal year.

Cash flows for the fiscal year under review

(Unit: millions of yen)

	Previous fiscal year (consolidated)	Fiscal year under review (consolidated)	Increase (Decrease)
Cash flow – operating activities	14,551	22,500	7,949
Cash flow – investing activities	(11,417)	(14,935)	(3,518)
Cash flow – financing activities	(1,071)	8,944	10,015
Balance of cash and cash equivalents at beginning of term	32,410	35,378	2,968
Balance of cash and cash equivalents at end of term	35,378	54,225	18,847

Free cash flow during the fiscal year under review, calculated by subtracting net cash used for investing activities from net cash provided by operating activities, totaled ¥7,564 million, an increase of ¥4,430 million from the free cash flow of ¥3,134 million posted during the previous fiscal year. This increase was mainly due to the increase in income before income taxes and minority interests.

Net cash provided by financing activities was ¥8,944 million, an increase of ¥10,015 million from the previous fiscal year, due to the sale of treasury stock.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review totaled ¥54,225 million, an increase of ¥18,847 million from the ¥35,378 million at the end of the previous fiscal year.

Cash flow indicator trends

	Mar. 2012	Mar. 2013	Mar. 2014
Net worth ratio (%)	50.7	52.1	58.1
Net worth ratio on market value basis (%)	54.4	50.5	73.7
Debt coverage ratio (years)	2.4	1.8	1.0
Interest coverage ratio (times)	44.3	54.4	76.7

Notes:
Net worth ratio: Net worth / Total assets
Net worth ratio on market value basis: Market capitalization / Total assets
Debt coverage ratio: Interest-bearing liabilities / Amount of cash provided by operating activities
Interest coverage ratio: Amount of cash provided by operating activities / Interest paid

* All indicator values shown above were calculated from financial results on a consolidated basis.
* Market capitalization was calculated by multiplying the closing stock price at the end of the fiscal year by the total number of shares issued and outstanding at the end of the fiscal year (after deducting treasury stock).
* Cash flow—operating activities in the consolidated cash flow statements are used for the above equation. Interest-bearing liabilities refer to all liabilities for which the Company pays interest from among those recorded in the consolidated balance sheet. The amount of interest paid recorded in the consolidated cash flow statement is also included.

(3) Basic Policy for the Distribution of Profits, and Dividends for the Current and Next Fiscal Years

Considering returns of earnings to our shareholders as one of our most important management objectives, our corporate group's basic policy prioritizes achieving a stable dividend level while at the same time making sure to secure internal capital resources necessary for strengthening the corporate structure and assuring aggressive business development. In the future, from a medium to long-term perspective we intend to continue with our efforts to maintain sustained growth, improve corporate value and augment shareholder value through the proactive investment of management resources into business fields with high growth potential.

A year-end dividend of ¥10 per share is planned. In addition to an interim dividend of ¥5 per share already paid out on December 10, 2013, this will add up to a full-year dividend of ¥15 per share.

As of today, our plan is to also pay ¥15 per share for the next fiscal year.

Management Policies

(1) Group Management Basic Policy

Our corporate philosophy is to offer “a wholesome life in the best of taste.” Our mission is to provide food products that will help improve the physical and mental health of consumers worldwide through our commitment to creative and innovative production and marketing. By so doing, we aim to contribute to the creation and development of a rich food culture. It is our hope that this policy will lead to stable growth and will meet shareholder expectations. We will also continue to share prosperity with all our stakeholders, including customers, business partners, employees and local communities.

(2)Medium- and Long-term Corporate Strategies and Future Challenges

As the social situations and economic environment surrounding our business change at an amazing pace on a global scale, and a further rise is predicted for energy resource and raw material costs, our corporate group is determined to boost our corporate value, while flexibly responding to these environmental changes.
The key requirements for attaining our medium/long-term goals are: 1) creation of powerful product categories and development of new health-related business; 2) promotion of global business, with focus on Asia; and 3) enhancement of competitive strength through concentration of management resources. As we specify these three main objectives, we will implement specific action plans.

1) Creation of powerful product categories and development of new health-related business

We will concentrate our corporate resources on product categories to be strengthened, in order to build a strong brand that is highly competitive in the global market. At the same time, we will seek to lay the foundation for our health-related business, while cultivating new businesses. Our unified group efforts will also be geared toward strengthening our product development and sales capabilities, aiming to become the leader in each category. We will also work to maintain a level of quality assurance that conforms to global standards.

2) Promotion of global business, with focus on Asia

Our investment of corporate resources will be focused in Vietnam, Indonesia and other Asian regions in addition to China and Thailand, our current mainstay markets. We will also seek to expand our confectionery business globally with ‘Pocky’ as the core product line. At the same time, we will work on building a foundation for the global development of new non-confectionery business areas, such as sales of ice cream products.

3) Enhancement of competitive strength through concentration of management resources

We will strive to enhance governance functions through unified group operations, while also reinforcing our competitive strength by concentrating our total group resources. Specifically, we will work to address compliance and environmental issues, promote development and proper deployment of human resources, and facilitate interactions among the research, development, production and sales departments, in order to put our group’s unified comprehensive strengths to full use.

4. Others

(1) Changes of Executives (as of June 27, 2014)

1) Changes of representative directors

None applicable.

2) Changes of other directors

A. Retiring director

Senior Managing Director Munekazu Nakagawa (scheduled to be appointed corporate advisor)

B. A candidate for new corporate auditor

Standing Corporate Auditor Toshiaki Yoshida (currently corporate advisor)

Consolidated Financial Statements

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Years ended 31st March, 2014 and 2013

Consolidated Balance Sheets

31st March, 2014 and 2013

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Assets			
Current assets:			
Cash and deposits *(Note 4,6)*	**¥ 28,721**	¥ 17,890	**$ 279,059**
Marketable securities *(Note6,7)*	**27,857**	18,658	**270,671**
Notes and accounts receivable *(Note 5,6)*	**30,686**	33,921	**298,158**
Less allowance for doubtful accounts	**(99)**	(304)	**(959)**
Inventories *(Note 8)*	**20,385**	19,825	**198,065**
Deferred income taxes *(Note 17)*	**1,286**	2,186	**12,491**
Other current assets	**6,033**	3,573	**58,619**
Total current assets	**114,869**	95,749	**1,116,104**
Property, plant and equipment *(Note 9)*:			
Land	**14,799**	15,578	**143,787**
Buildings and structures	**67,869**	76,886	**659,437**
Machinery and vehicles	**124,574**	125,533	**1,210,394**
Tools, furniture and fixtures	**21,993**	21,143	**213,692**
Lease	**1,125**	971	**10,936**
Construction in progress	**2,164**	3,078	**21,024**
	232,524	243,189	**2,259,270**
Less accumulated depreciation	**(161,853)**	(170,983)	**(1,572,609)**
Property, plant and equipment, net	**70,671**	72,206	**686,661**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	**1,657**	578	**16,100**
Investments in securities *(Note6,7)*	**40,699**	38,970	**395,446**
Long-term loans receivable	**348**	447	**3,386**
Deferred income taxes *(Note 17)*	**2,505**	2,516	**24,341**
Asset for retirement benefits *(Note 11)*	**1,884**	-	**18,301**
Software	**2,251**	3,007	**21,868**
Software in progress	**551**	113	**5,356**
Other assets*(Notes9)*	**7,971**	5,993	**77,446**
Less allowance for doubtful accounts	**(162)**	(216)	**(1,578)**
Total investments and other assets	**57,704**	51,408	**560,666**
Total assets	**¥ 243,244**	¥ 219,363	**$ 2,363,431**

See accompanying notes to the consolidated financial statements.

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Liabilities and Net Assets			
Current liabilities:			
Notes and accounts payable *(Note 5,6)*	**¥ 25,749**	¥ 30,976	**$ 250,185**
Short-term loans *(Note 6,10)*	**8,025**	9,951	**77,975**
Current portion of long-term debts *(Note 6,10)*	**10,000**	556	**97,163**
Accrued expenses *(Note 5)*	**20,483**	20,126	**199,020**
Accrued income taxes *(Note 17)*	**1,960**	1,040	**19,045**
Accrued bonuses for directors and corporate auditors	**44**	44	**430**
Accrued expense for sales promotion	**1,584**	1,544	**15,391**
Provision for business structure improvement	**-**	449	**-**
Other current liabilities	**6,456**	7,452	**62,724**
Total current liabilities	**74,301**	72,138	**721,933**
Long-term liabilities:			
Long-term debts *(Note 10)*	**5,332**	15,368	**51,804**
Accrued retirement benefits for employees *(Note 11)*	**-**	9,758	**-**
Liability for retirement benefits	**11,064**	-	**107,500**
Provision for business structure improvement	**105**	105	**1,020**
Other long-term liabilities	**6,938**	5,647	**67,415**
Total long-term liabilities	**23,439**	30,878	**227,739**
Net assets:			
Shareholders' equity *(Note 12)*:			
Common stock:			
Authorized – 470,000,000 shares			
Issued – 144,860,138 shares in 2014 and 2013	**7,774**	7,774	**75,531**
Capital surplus	**7,414**	7,443	**72,034**
Retained earnings *(Notes 12 and 21)*	**124,124**	120,469	**1,206,023**
Treasury stock, at cost – 7,750,303 shares in 2014, and 31,093,973 shares in 2013	**(6,611)**	(26,474)	**(64,230)**
Total shareholders' equity	**132,701**	109,212	**1,289,358**
Other comprehensive income:			
Net unrealized holding gain on securities	**7,478**	6,046	**72,660**
Loss on deferred hedges	**-**	(42)	**-**
Translation adjustments	**2,088**	(919)	**20,283**
Retirement benefits liability adjustments	**(825)**	-	**(8,015)**
Total other comprehensive income	**8,741**	5,085	**84,928**
Minority interests	**4,062**	2,050	**39,473**
Total net assets	**145,504**	116,347	**1,413,759**
Total liabilities and net assets	**¥ 243,244**	¥ 219,363	**$ 2,363,431**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income and Comprehensive Income

Years ended 31st March, 2014 and 2013

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Net sales	**¥ 315,399**	¥ 293,003	**$ 3,064,508**
Cost of sales *(Note 16)*	**178,796**	168,151	**1,737,232**
Gross profit	**136,603**	124,852	**1,327,276**
Selling, general and administrative expenses *(Note 16)*	**124,958**	120,311	**1,214,126**
Operating income	**11,645**	4,541	**113,150**
Other income (expenses):			
Interest and dividend income	**1,117**	1,020	**10,854**
Interest expense	**(288)**	(264)	**(2,800)**
Gain on sales of marketable securities	**2**	1	**16**
Loss on disposal of property, plant and equipment	**(198)**	(330)	**(1,922)**
Loss on impairment of fixed assets *(Note 9)*	**(204)**	(1,078)	**(1,986)**
Gain on sales of investment in securities	**1,331**	22	**12,928**
Loss on devaluation of investments in securities	**-**	(2)	**-**
Gain on redemption of investment securities	**611**	67	**5,939**
Gain from foreign exchange	**324**	1,124	**3,148**
Provision for doubtful accounts	**-**	(104)	**-**
Provision for business structure improvement	**-**	(323)	**-**
Business structure improvement expenses	**-**	(215)	**-**
Settlement received	**-**	225	**-**
Gain on insurance adjustment	**2,142**	218	**20,809**
Other, net	**888**	126	**8,636**
Income before income taxes and minority interests	**17,370**	5,028	**168,772**
Income taxes *(Note 17)*:			
Current	**3,550**	2,288	**34,490**
Deferred	**1,742**	(215)	**16,926**
	5,292	2,073	**51,416**
Income before minority interests	**12,078**	2,955	**117,356**
Minority interests	**1,044**	(332)	**10,147**
Net income	**11,034**	3,287	**107,209**
Minority interests	**1,044**	(332)	**10,147**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Income before minority interests	**12,078**	2,955	**117,356**
Other comprehensive Income			
Net unrealized holding gain on securities	**1,432**	6,295	**13,916**
Loss on deferred hedges	**42**	163	**404**
Translation adjustments	**3,633**	1,143	**35,296**
Total other comprehensive income	**5,107**	7,601	**49,616**
Comprehensive Income	**¥ 17,185**	¥ 10,556	**$ 166,972**
Total comprehensive income attributable to:			
Shareholders of Ezaki Glico Co., Ltd.	**¥ 15,515**	¥ 10,782	**$ 150,744**
Minority interests	**¥ 1,670**	¥ (226)	**$ 16,228**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

Years ended 31st March, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Shareholders' equity:			
Common stock			
Balance at beginning of year	**¥ 7,774**	¥ 7,774	**$ 75,531**
Balance at end of year	**¥ 7,774**	¥ 7,774	**$ 75,531**
Capital surplus			
Balance at beginning of year	**¥ 7,443**	¥ 7,434	**$ 72,315**
Disposition of treasury stock	**(405)**	9	**(3,934)**
Disposal of treasury stock	**(5,110)**	-	**(49,650)**
Transfer to capital surplus from retained earnings	**5,486**	-	**53,303**
Balance at end of year	**¥ 7,414**	¥ 7,443	**$ 72,034**
Retained earnings			
Balance at beginning of year	**¥ 120,469**	¥ 118,886	**$ 1,170,514**
Cash dividends	**(1,138)**	(1,136)	**(11,054)**
Interim cash dividends	**(655)**	(568)	**(6,368)**
Net income	**11,034**	3,287	**107,209**
Transfer to capital surplus from retained earnings	**(5,486)**	-	**(53,303)**
Change in scope of consolidation	**(100)**	- -	**(975)**
Balance at end of year	**¥ 124,124**	¥ 120,469	**$ 1,206,023**
Treasury stock			
Balance at beginning of year	**¥ (26,474)**	¥ (26,621)	**$ (257,230)**
Acquisition of treasury stock	**(57)**	(18)	**(553)**
Disposition of treasury stock	**14,810**	165	**143,903**
Retirement of treasury stock	**5,110**	-	**49,650**
Balance at end of year	**¥ (6,611)**	¥ (26,474)	**$ (64,230)**
Other comprehensive income:			
Net unrealized holding gains on securities			
Balance at beginning of year	**¥ 6,046**	¥ (250)	**$ 58,744**
Net changes during the year	**1,432**	6,296	**13,916**
Balance at end of year	**¥ 7,478**	¥ 6,046	**$ 72,660**
Loss on deferred hedges			
Balance at beginning of year	**¥ (42)**	¥ (204)	**$ (404)**
Net changes during the year	**42**	162	**404**
Balance at end of year	**¥ -**	¥ (42)	**$ -**
Translation adjustments			
Balance at beginning of year	**¥ (919)**	¥ (1,956)	**$ (8,931)**
Net changes during the year	**3,007**	1,037	**29,214**
Balance at end of year	**¥ 2,088**	¥ (919)	**$ 20,283**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Retirement benefits liability adjustments			
Balance at beginning of year	¥ **-**	¥ -	$ **-**
Net changes during the year	**(825)**	-	**(8,015)**
Balance at end of year	¥ **(825)**	¥ -	$ **(8,015)**
Minority interests:			
Balance at beginning of year	¥ **2,050**	¥ 2,291	$ **19,922**
Net changes during the year	**2,012**	(241)	**19,551**
Balance at end of year	¥ **4,062**	¥ 2,050	$ **39,473**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Years ended 31st March, 2014 and 2013

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 17,370**	¥ 5,028	**$ 168,772**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**11,209**	11,398	**108,909**
Loss on impairment of fixed assets	**204**	1,078	**1,986**
Decrease in provision for business structure improvement	**(449)**	(443)	**(4,358)**
Decrease in accrued retirement benefits for employees	**(8,479)**	(814)	**(82,382)**
Increase in net defined benefit asset and liability	**9,180**	-	**89,199**
Increase (decrease) in accrued bonuses for directors and corporate auditors	**0**	(7)	1
Increase in accrued expense for sales promotion	**40**	7	**389**
Increase(decrease) in provision for doubtful accounts	**(250)**	118	**(2,427)**
Interest and dividend income	**(1,117)**	(1,020)	**(10,854)**
Interest expense	**288**	264	**2,800**
Exchange gain	**(349)**	(721)	**(3,389)**
Loss on disposal of property, plant and equipment	**198**	330	**1,922**
Settlement package	-	(225)	**-**
Business structure improvement expenses	-	215	**-**
Loss on devaluation of investment in securities	-	2	**-**
Gain on sales of investment securities	**(1,331)**	(22)	**(12,928)**
Gain on redemption of investment securities	**(611)**	(67)	**(5,939)**
Decrease in notes and accounts receivable	**1,773**	740	**17,230**
Increase in inventories	**(1,336)**	(286)	**(12,979)**
Increase (decrease) in notes and accounts payable	**(3,229)**	710	**(31,377)**
Other	**2,063**	262	**20,021**
Subtotal	**25,174**	16,547	**244,596**
Settlement package received	**-**	225	**-**
Income taxes paid	**(2,674)**	(2,221)	**(25,983)**
Net cash provided by operating activities	**22,500**	14,551	**218,613**
Cash flows from investing activities:			
Increase in time deposits	**(6,132)**	(1,395)	**(59,582)**
Decrease in time deposits	**5,387**	1,382	**52,344**
Purchases of marketable securities	**(1,601)**	(601)	**(15,557)**
Proceeds from sales of marketable securities	**1,223**	1,101	**11,880**
Purchase of trust beneficiary right	**(500)**	-	**(4,858)**
Purchases of investments in securities	**(6,426)**	(436)	**(62,440)**
Proceeds from sales and redemption of investments in securities	**6,887**	2,740	**66,918**
Purchases of property, plant and equipment	**(15,014)**	(14,493)	**(145,880)**
Proceeds from sales of property, plant and equipment	**513**	30	**4,982**
Purchases of intangible assets	**(1,486)**	(622)	**(14,440)**
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	**890**	-	**8,649**
Increase in loans receivable	**(68)**	(131)	**(656)**
Collection of loans receivable	**150**	249	**1,456**
Interest and dividends received	**1,144**	1,011	**11,111**
Other	**98**	(252)	**964**
Net cash used in investing activities	**(14,935)**	(11,417)	**(145,109)**
Cash flows from financing activities:			
Increase (decrease) in short-term loans, net	**(2,296)**	564	**(22,305)**
Increase in long-term loans	**-**	686	**-**
Repayment of long-term loans payable	**(845)**	(337)	**(8,207)**
Interest and dividends paid	**(2,086)**	(1,971)	**(20,272)**
Cash dividends paid to minority shareholders	**(12)**	(14)	**(119)**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Acquisition of treasury stock	**(57)**	(18)	**(553)**
Proceeds from stock issuance to minority shareholders	**51**	-	**493**
Proceeds from sales of treasury stock	**14,406**	174	**139,968**
Other	**(217)**	(155)	**(2,104)**
Net cash provided (used in) by financing activities	**8,944**	(1,071)	**86,901**
Effect of exchange rate changes on cash and cash equivalents	**1,686**	905	**16,379**
Net increase in cash and cash equivalents	**18,195**	2,968	**176,784**
Cash and cash equivalents at beginning of the year	**35,378**	32,410	**343,745**
Increase in cash and cash equivalents from newly consolidated subsidiaries	**652**	-	**6,339**
Cash and cash equivalents at end of the year *(Note 4)*	**¥ 54,225**	¥ 35,378	**$526,868**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

31st March, 2014

1. Basis of Presentation

Ezaki Glico Co., Ltd. (the "Company") and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile.

The accompanying consolidated financial statements are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial instruments and Exchange Law of Japan.

Certain reclassifications of previously reported amounts have been made to the consolidated financial statements for the year ended 31st March, 2013 to conform them to the 2014 presentation. Such reclassifications had no effect on consolidated net income or net assets.

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥102.92 = U.S. $1.00, the approximate rate of exchange in effect prevailing on 31st March, 2014, has been utilized. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and any significant companies which it controls directly or indirectly. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost.

Differences between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries have been amortized principally by the straight-line method over 5 years. Minor differences are charged or credited to income in the year of acquisition.

The balance sheet date of the overseas consolidated subsidiaries is 31st December. Any significant differences in intercompany accounts and transactions arising from intervening intercompany transactions during the period from 1st January through 31st March have been adjusted, if necessary.

(b) Foreign currency translation

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates in effect at the respective transaction dates. Gain or loss on foreign exchange is credited or charged to income in the period in which the gain or loss is recognized for financial reporting purposes.

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and gain or loss on each translation is credited or charged to income.

The financial statements of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except that the components of shareholders’ equity are translated at their historical exchange rates. Translation adjustments are presented as a component of net assets in the accompanying consolidated balance sheets.

2. Summary of Significant Accounting Policies (continued)

(c) Cash and cash equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any changes in value and which were purchased with an original maturity of three months or less.

(d) Allowance for doubtful accounts

The allowance for doubtful accounts is calculated based on the actual historical ratio of bad debts and an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.

(e) Marketable securities and investments in securities

The accounting standard applicable to financial instruments requires that securities be classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities are carried at fair value, and gain or loss, both realized and unrealized, is credited or charged to income. Held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is principally determined by the moving average method. Compound financial instruments inclusive of derivative components are in aggregate carried at fair value.

(f) Inventories

Inventories are stated at the lower of cost, determined principally by the weighted-average method, or market. Inventories with lower profitability are written down to the amount of its net selling value and differential would be charged to income.

(g) Property, plant and equipment (except for leases)

Property, plant and equipment are stated at cost. Depreciation is principally determined by the declining-balance method at rates based on the estimated useful lives of the respective assets, except for buildings (excluding structures attached to the buildings) acquired on or after 1st April, 1998 to which the straight-line method is applied.

(h) Computer software (except for leases)

Expenditures relating to the cost of computer software intended for internal use are charged to income as incurred, except if these are deemed to contribute to the generation of future income or cost savings. Such expenditures are capitalized and amortized by the straight-line method over an estimated useful life of 5 years.

2. Summary of Significant Accounting Policies (continued)

(i) Leases

Leases are depreciated by the straight-line method over serviceable life with residual value zero.
Among finance leases other than those which transfer the ownership of the leased property to the Company and its domestic consolidated subsidiaries, those contracted before 31st March, 2008 are accounted for according to normal rental business contracts.

(j) Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are provided at the estimated amount of bonuses to be paid.

(k) Accrued retirement benefits

Accrued retirement benefits for employees have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

Prior service cost is amortized in the year in which the gain or loss is recognized primarily by the straight-line method over a period of 5 years, which is within the estimated average remaining years of service of the eligible employees.

Net unrecognized actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period of 5 years, which is within the estimated average remaining years of service of the eligible employees.

(l) Accrued expense for sales promotion

Accrued sales promotion costs are provided at the estimated amount of sales promotion costs to be paid.

(m) Provision for business structure improvement

Provision for business structure improvement is reasonably provided at possible losses by the subsidiaries rearrangement for the business structure improvement after the next fiscal year.

2. Summary of Significant Accounting Policies (continued)

(n) Derivative financial instruments and hedging activities

All derivatives are stated at fair value with any changes in fair value included in net income or loss for the period in which they arise, except for derivatives which meet the criteria for deferral hedge accounting under which realized gain or loss is deferred as a component of net assets. Receivables and payables hedged by forward exchange contracts which meet certain conditions are translated at their contracted rates. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt and investment assets.

(o) Appropriation of retained earnings

Under the Corporation Law of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period and the accounts for the period, therefore, do not reflect such appropriations. (See Note 21.)

3. Additional Information

（**Application of the Accounting Standard for Retirement Benefits** ）

Effective from 31st March, 2014, the Company and its domestic consolidated subsidiaries applied Accounting Standards Board of Japan (ASBJ) Statement No.26 Accounting Standard for Retirement Benefits (17th May, 2012) and ASBJ Guidance No.25 Guidance on Accounting Standard for Retirement Benefits (17th May, 2012, hereinafter “Guidance on Retirement Benefits”), except for the main clause of Article 35 of the Accounting Standard for Retirement Benefits and the main clause of Article 67 of the Guidance on Retirement Benefits. In accord with this, accounting treatments for retirement benefits have been changed to record “net defined benefit liability” in the amount of retirement benefit obligations less the value of plan assets. Unrecognized actuarial gain/loss and unrecognized prior service cost are also included in “net defined benefit liability.”
The Accounting Standard for Retirement Benefits and its guidance are applied with transitional treatments stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits. As of 31st March, 2014, impact of this change was reflected in “Remeasurements of defined benefit plans ” under accumulated other comprehensive income.
As a result, as of 31st March, 2014, the Company and its consolidated subsidiaries (the “Group”) recorded a net benefit liability of ¥11,064 million yen. In addition, accumulated other comprehensive income was ¥825 million lower and Minority interests was ¥3 million lower.

（**Application of the consolidated taxation system**）

The Company and certain domestic consolidated subsidiaries have applied the

3. Additional Information(continued)

consolidated taxation system from the fiscal year ended 31st March, 2014.

4. Cash and Cash Equivalents

The balances of cash and deposits reflected in the consolidated balance sheets at 31st March, 2014 and 2013 are reconciled to the balances of cash and cash equivalents as presented in the consolidated statements of cash flows for the years then ended as follows:

	2014	**2013**	**2014**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and deposits	**¥ 28,721**	¥ 17,890	**$279,059**
Time deposits with original maturities in excess of three months included in cash and deposits	**(1,815)**	(1,070)	**(17,627)**
Short-term investments which mature within three months of the dates of acquisition included in marketable securities	**27,319**	18,558	**265,436**
Short-term investments which mature within three months of the dates of acquisition included in other current assets	—	—	—
Cash and cash equivalents	**¥ 54,225**	¥ 35,378	**$526,868**

5. Notes / Account receivables/Account payable/Accrued expense

The balance sheet date for the year ended 31st March, 2013 fell on a bank holiday. Consequently, Notes / Account receivables/Account payable/Accrued expense with a maturity date of 31st March, 2013 were included in the account balance and were settled on the next business day.

	2014	**2013**	**2014**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Notes and Account receivable	**¥ -**	¥ 2,612	**$ -**
Notes and Account payable	-	2,869	-
Accrued expenses	-	935	-

6. Financial Instruments

For the year ended 31st March, 2014 and 2013

・Overview

a) Action policy for financial instruments

The Group raise funds mainly through bank borrowings and bond issue according to capital investments plan and other long-term capital needs. The Group raises the short-term operating funds through bank borrowings. The Group manages cash surpluses through liquid, highly stable financial instruments and stocks of other companies with which the Group has business relationships. Derivative financial instruments are utilized to reduce risk and the Group does not hold or issue derivative financial instruments for speculative trading purposes.

b) Contents of financial instruments and related risk

Operating receivables such as notes and accounts receivable are exposed to credit risk of customers. Marketable securities and investments in securities are bonds except held-to-maturity debt securities and the stocks; and those securities are exposed to credit risk, market fluctuation risk and interest rate risk.

Business liabilities such as notes and accounts payable are, mostly due within six months. Among debt payable, short-term loans are related with business, and the long-term debts are taken out mainly for the purpose of making capital investments. Among these, the floating rate loan is exposed to interest rate risk.

As for derivative financial instruments, forward exchange contracts and currency swap transactions are used for the purpose of reducing exchange rate risk of foreign currency bond and debt, and interest rate swap transactions are utilized for the purpose of reducing interest rate risk in a future market of investment in securities.

c) Risk management for financial instruments

(1) Monitoring of credit risk (the risk that customers or counterparties may default)

The Group manages, according to the credit management official rules of each company, the due date and the balance of operating receivables from business partners, and regularly monitors the status of major counterparties to quickly identify and reduce concerns of repayment resulting from the weakening of the counterparties' financial situation. In addition, the Group utilizes business credit insurance for some operating receivables.

Because the securities and investment in securities are limited to the financial institutions with high credit ratings, the Group assumes that the credit risk is insignificant.

The Group deals with only highly rated financial institutions to reduce counterparty risk in conducting derivative transactions.

6. Financial Instruments (continued)

(2) Monitoring of market risk (the risks arising from fluctuations in foreign exchange rates or interest rates)
For securities and investments in securities, the Group periodically reviews the fair values of such financial instruments and the financial position or the ratings of the issuers. In addition, the Group regularly evaluates whether securities should be maintained taking into account their fair values and relationships with the issuers.
In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies, which set forth delegation of authority. Reports including actual transaction data are submitted to top management for their review.

(3) Monitoring of liquidity risk (the risk that the Company cannot meet its obligations on scheduled due dates)
The Company introduces a cash management system for the main domestic companies in the Group. Based on the business plan of the Group companies, accounting department makes a fund raising plan and updates the plan timely while taking the results into consideration. In addition, the Group manages liquidity risk by means of maintaining sufficient liquidity on hand, using a loan commitment contract.

d) Supplementary explanation of the estimated fair value of financial instruments
The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note.14 Derivatives are not necessarily indicative of the actual market risk involved in derivative transactions.

・Estimated fair value of financial instruments
Carrying value of financial instruments on the consolidated balance sheet as of 31st March, 2014, 2013 and estimated fair value are as follows. Financial instruments for which it is extremely difficult to determine the fair value are not included (please refer to Note.2 below).

6. Financial Instruments (continued)

	2014			2013		
	Carrying Value	**Estimated fair value**	**Difference**	**Carrying Value**	**Estimated fair value**	**Difference**
	(Millions of yen)			*(Millions of yen)*		
Assets:						
Cash and deposits	**¥28,721**	**¥28,721**	—	¥17,890	¥ 17,890	—
Notes and accounts receivable	**30,686**	**30,686**	—	33,921	33,921	—
Marketable securities and investments in securities	**67,408**	**67,408**	—	56,335	56,335	—
Total assets	**126,815**	**126,815**	—	108,146	108,146	—
Liabilities:						
Notes and accounts payable	**¥25,749**	**¥25,749**	—	¥30,976	¥30,976	—
Short-term loans and current portion of long-term debt	**18,025**	**18,025**	—	10,507	10,507	—
Long-term debt	**5,331**	**5,331**	—	15,368	15,380	12
Total liabilities	**49,105**	**49,105**	—	56,851	56,863	12
Derivatives*	—	—	—	—	—	—

	2014		
	Carrying Value	**Estimated fair value**	**Difference**
	(Thousands of U.S. dollars)		
Assets:			
Cash and deposits	**$ 279,059**	**$ 279,059**	—
Notes and accounts receivable	**298,158**	**298,158**	—
Marketable securities and investments in securities	**654,959**	**654,959**	—
Total assets	**1,232,176**	**1,232,176**	—
Liabilities:			
Notes and accounts payable	**$250,185**	**$250,185**	—
Short-term loans and current portion of long-term debt	**175,138**	**175,138**	—
Long-term debt	**51,804**	**51,804**	—
Total liabilities	**477,127**	**477,127**	—
Derivatives*	—	—	—

*The value of assets and liabilities arising from derivative transactions is shown at net value, and with the amount in parentheses representing net liability portion.

6. Financial Instruments (continued)

notes:

1. The methods to determine the estimated fair value of financial instruments and the matters about securities and derivative financial instruments

Assets

Cash and deposits, Notes and accounts receivable

Because these items are settled in a short term, their carrying value approximates the fair value.

Marketable securities and investments in securities

The fair value of stocks is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities. In addition, please refer to Note.7 "Marketable Securities and Investments in Securities" for the matter about the possession purpose of securities.

Liabilities

Notes and accounts payable, Short-term loans and current portion of long-term debt

Because these items are settled in a short term, their carrying value approximates the fair value.

Long-term debt

The fair value of long-term debt is determined by discounting the sum of principal and interest by the rate which is expected to be applied if same debt were newly financed.

Derivatives

Please refer to Note.14 “Derivatives”

2. Financial instruments for which it is extremely difficult to determine the fair value

	2014	**2013**	**2014**
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Unlisted stocks	**¥2,805**	¥1,871	**$27,258**

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the above table.

6. Financial Instruments (continued)

3. The redemption schedule at 31st March, 2014 for receivables and marketable securities with maturity dates is summarized as follows:

	(Millions of yen)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥ 28,630	—	—	—
Notes and accounts receivable	30,686	—	—	—
Bonds	500	3,300	—	2,600
Other securities	1,150	300	40	—

	(Thousands of U.S. dollars)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	$ 278,172	—	—	—
Notes and accounts receivable	298,158	—	—	—
Bonds	4,858	32,064	—	25,262
Other securities	11,174	2,915	389	—

7. Marketable Securities and Investments in Securities

a) Marketable securities classified as held-to-maturity debt securities and other securities at 31st March, 2014 and 2013 are summarized as follows:

Held-to-maturity debt securities:

The Company and consolidated subsidiaries had no marketable securities classified as held-to-maturity debt securities at 31st March, 2014 and 2013.

7. Marketable Securities and Investments in Securities (continued)

Other securities:

	2014			2013		
	Acquisition cost	**Carrying value**	**Unrealized holding gain (loss)**	**Acquisition cost**	**Carrying value**	**Unrealized holding gain (loss)**
			(Millions of yen)			
Securities whose carrying value exceeds their acquisition cost:						
Stocks	**¥ 19,922**	**¥30,226**	**¥10,304**	¥ 18,169	¥26,700	¥ 8,531
Bonds	**4,084**	**4,951**	**867**	3,072	3,902	830
Other	**1,073**	**1,079**	**6**	98	99	1
Subtotal	**25,079**	**36,256**	**11,177**	21,339	30,701	9,362
Securities whose acquisition cost exceeds their carrying value:						
Stocks	**3,012**	**2,669**	**(343)**	6,381	5,809	(572)
Bonds	**1,000**	**998**	**(2)**	1,200	1,102	(98)
Other	**27,520**	**27,485**	**(35)**	18,781	18,723	(58)
Subtotal	**31,532**	**31,152**	**(380)**	26,362	25,634	(728)
Total	**¥56,611**	**¥ 67,408**	**¥ 10,797**	¥ 47,701	¥ 56,335	¥ 8,634

	2014		
	Acquisition cost	**Carrying value**	**Unrealized holding gain (loss)**
	(Thousands of U.S. dollars)		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	**$ 193,566**	**$ 293,680**	**$ 100,114**
Bonds	**39,685**	**48,113**	**8,428**
Other	**10,426**	**10,484**	**58**
Subtotal	**243,677**	**352,277**	**108,600**
Securities whose acquisition cost exceeds their carrying value:			
Stocks	**29,265**	**25,931**	**(3,334)**
Bonds	**9,717**	**9,694**	**(23)**
Other	**267,394**	**267,057**	**(337)**
Subtotal	**306,376**	**302,682**	**(3,694)**
Total	**$ 550,053**	**$654,959**	**$104,906**

7. Marketable Securities and Investments in Securities (continued)

b) Sales of securities classified as other securities for the years ended 31st March, 2014 and 2013 are summarized as follows:

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars)*
Proceeds from sales	**¥ 4,763**	¥ 191	**$ 46,278**
Gain on sales	**1,333**	23	**12,944**
Loss on sales	—	0	—

c) The carrying value of investments in non-marketable securities at 31st March, 2014 and 2013 was as follows:

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars)*
Other securities:			
Free financial funds	**¥ —**	¥ —	**$ —**
Commercial paper	—	—	—
Bonds	—	—	—
Unlisted equity securities (except for shares traded on the over-the-counter market)	**2,805**	1,871	**27,258**
Convertible bonds	—	—	—
Other	—	—	—

d) The securities which was impaired

Loss on devaluation of investment in securities have not been recorded for the year ended 31st March, 2014.
In case the fair value in the end of the term falls more than 50% in comparison with historical cost, the asset would be impaired, and in case that falls around 30-50% the asset would be impaired with considering recovery possibility.

8. Inventories

Inventories at 31st March, 2014 and 2013 consisted of the following:

	2014	2013	2014
	(Millions of yen)		*(Thousands of U.S. dollars)*
Finished goods and Commercial goods	**¥ 9,504**	¥ 9,058	**$ 92,340**
Work in process	**816**	947	**7,933**
Raw materials and Supplies	**10,065**	9,820	**97,792**
	¥20,385	¥19,825	**$198,065**

The amount of inventory at the end of period is the amount which has been written down to the amount of its net selling value on inventories with lower profitability. The amount of loss from evaluation is ¥37 million ($357 thousand).

9. Loss on Impairment of Fixed Assets

Fixed assets of the Company and its domestic consolidated subsidiaries are grouped at each unit which has decision-making authority for investing activities. Idle assets of the Company and its domestic consolidated subsidiaries are also grouped by asset. Consequently, concerning business assets with continuing decreased profitability and facilities with no prospects for use, the Company and its domestic consolidated subsidiaries have written them down to their respective net recoverable value. The related loss on impairment of fixed assets of ¥204 million ($1,986 thousand) has been recorded in the consolidated statement of income for the year ended 31st March, 2014. The details of the loss on impairment are as follows:

	2014	2014
	(Millions of yen)	*(Thousands of U.S. dollars)*
Facilities held in Nishiku-Kobe City, Hyogo Prefecture and other locations:		
Buildings and structures	**¥ 70**	**$ 681**
Land	**1**	**15**
Machinery	**128**	**1,246**
Other assets	**5**	**44**
Total	**¥ 204**	**$ 1,986**

Logistics Center in Nishiku-Kobe City have been written down to the recoverable amount as the Company decided to tear it down. The estimated amounts included above are as follows:

Buildings and other structures: ¥69million ($673thousand)
Machinery: ¥25million ($247thousand)
Other assets: ¥4million ($40thousand)

10. Short-Term Loans and Long-Term Debts

Short-term loans principally represent notes issued by the domestic consolidated subsidiaries. The average interest rates on these borrowings were 1.50% and 0.99% at 31st March, 2014 and 2013, respectively.

Long-term debts at 31st March, 2014 and 2013 consisted of the following:

	2014	2013	**2014**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Secured:			
Loans from banks or other	**¥ –**	¥ –	**$ –**
Unsecured:			
Loans from banks	**15,332**	15,924	**148,967**
Lease Obligation	**694**	572	**6,744**
	16,026	16,496	**155,711**
Less current portion:			
Loans from banks	**(10,000)**	(556)	**(97,163)**
Lease Obligation	**(223)**	(204)	**(2,162)**
	(10,223)	(760)	**(99,325)**
	¥ 5,803	¥15,736	**$56,386**

The aggregate annual maturities of long-term debts and lease obligation subsequent to 31st March, 2014 are summarized below:

	long-term debts		*lease obligation*	
	(Millions of yen)	*(Thousands of U.S. dollars)*	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Year ending 31st March,				
2015	¥10,000	$97,163	¥ 223	$ 2,162
2016	4,200	40,808	197	1,916
2017	652	6,332	149	1,447
2018	480	4,664	87	849
2019	–	–	31	298
2020 and thereafter	–	–	7	72
	¥ 15,332	$148,967	¥ 694	$6,744

11. Accrued Retirement Benefits for Employees

For the the year ended March 31st, 2014

(a) The Company and certain of its domestic consolidated subsidiaries (Glico Dairy Products Co., Ltd. , Glico Ham Co., Ltd., Glico Nutrition Co., Ltd., and Glico Information System Co., Ltd.) have defined benefit plans, i.e., corporate pension fund plans in addition to lump-sum payment plans. Other domestic consolidated subsidiaries have lump-sum payment plans.

(b) The adjustments of defined benefit plans are as follows:

	2014	**2014**
	(Millions of yen)	*(Thousands of U.S. dollars)*
Retirement benefit obligation at the beginning of the period	**¥ 28,021**	**$ 272,259**
Service cost	**1,208**	**11,745**
Interest cost	**349**	**3,395**
Actuarial loss	**129**	**1,255**
Benefits paid	**(3,414)**	**(33,172)**
Others	**(1,297)**	**(12,608)**
Retirement benefit obligation at the end of the period	**¥ 24,996**	**$ 242,874**

(c) The adjustments of Plan assets at fair value are as follows:

	2014	**2014**
	(Millions of yen)	*(Thousands of U.S. dollars)*
Plan assets at fair value at the beginning of the period	**¥ 15,541**	**$ 151,000**
Expected return on plan assets	**386**	**3,753**
Actuarial gain	**604**	**5,868**
Contributions by the employer	**1,454**	**14,125**
Retirement benefits paid	**(1,913)**	**(18,586)**
Others	**(256)**	**(2,485)**
Plan assets at fair value at the end of the period	**¥ 15,816**	**$ 153,675**

11. Accrued Retirement Benefits for Employees(continued)

(d) The adjustments of related to Retirement benefit obligation and Plan assets at fair value at the end of the period and defined benefit liability and defined asset recorded on the consolidated balance sheets are as follows:

	2014	2014
	(Millions of yen)	*(Thousands of U.S. dollars)*
Retirement benefit obligations of the saving plan	**¥ 15,339**	**$ 149,036**
Plan assets at fair value	**(15,816)**	**(153,675)**
	(477)	**(4,639)**
Retirement benefit obligations of the non-saving plan	**9,657**	**93,838**
Net amount of liabilities and assets recognized in the consolidated balance sheets	**9,180**	**89,199**
Liability for retirement benefits	**11,064**	**107,500**
Asset for retirement benefits	**(1,884)**	**(18,301)**
Net amount of liabilities and assets recognized in the consolidated balance sheets	**¥ 9,180**	**$ 89,199**

(e) Retirement benefit expenses and their breakdown

	2014	2014
	(Millions of yen)	*(Thousands of U.S. dollars)*
Service cost	**¥ 1,214**	**$ 11,793**
Interest cost	**349**	**3,395**
Expected return on plan assets	**(386)**	**(3,753)**
Amortization:		
Actuarial loss	**780**	**7,578**
Prior service cost	**18**	**179**
Others	**64**	**622**
Retirement benefit expenses	**¥ 2,039**	**$ 19,814**

11. Accrued Retirement Benefits for Employees(continued)

(f) The breakdown of prior service cost and actuarial loss recognized in accumulated other comprehensive income before deduction of tax benefit is as follows:

	2014	2014
	(Millions of yen)	*(Thousands of U.S. dollars)*
Unrecognized prior service cost	**¥ 46**	**$ 446**
Unrecognized actuarial loss	**1,238**	**12,034**
Total	**¥ 1,284**	**$ 12,480**

(g) The breakdown of plan assets by major category is as follows:

	2014
	(%)
Bonds	**52**
Equities	**27**
General accounts at life insurance companies	**7**
Other	**14**
Total	**100**

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and in the future, and long-term rate expected to earn the profit from multiple plan assets at present and in the future.

(h) he assumptions used in accounting for the above plans are as follows:

	2014
Discount rate	**1.3%～1.6%**
Expected rates of return on plan assets	**2.5%**

For the year ended March 31st, 2013

(a) The Company and certain of its domestic consolidated subsidiaries (Glico Dairy Products Co., Ltd. ,Glico Ham Co., Ltd., and Glico Nutrition Co., Ltd.) have defined benefit plans, i.e., corporate pension fund plans in addition to lump-sum payment plans. Other domestic consolidated subsidiaries have lump-sum payment plans.

11. Accrued Retirement Benefits for Employees(continued)

(b) The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets for the defined benefit plans of the Company and the consolidated subsidiaries:

	2013
	(Millions of yen)
Retirement benefit obligation	¥ (28,021)
Plan assets at fair value	15,541
Unfunded retirement benefit obligation	(12,480)
Unrecognized actuarial loss	2,658
Unrecognized prior service cost	64
Accrued retirement benefits for employees	¥ (9,758)

(c) The components of retirement benefit expenses are outlined as follows:

	2013
	(Millions of yen)
Service cost	¥1,152
Interest cost	579
Expected return on plan assets	(414)
Amortization:	
Actuarial loss	780
Prior service cost	(53)
Retirement benefit expenses	¥2,044

The retirement benefit expenses of the domestic consolidated subsidiaries which are calculated by simplified methods have been included in service cost in the above table.

(d) The assumptions used in accounting for the above plans are as follows:

	2013
Discount rate	1.3%～2.5%
Expected rates of return on plan assets	3.0%

12. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of stated capital. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The legal reserve of the Company, which is included in retained earnings, amounted to ¥1,943 million ($18,883 thousand) at 31st March, 2014 and 2013.

Treasury stock

Movements in treasury stock during the year ended 31st March, 2014 and 2013 are summarized as follows:

	Number of Shares			
	2014			
	31st March, 2013	Increase	Decrease	31st March, 2014
Treasury Stock	31,093,973	49,508	23,393,178	7,750,303

Decrease in the number of treasury stock includes the sale of 15,000,000 shares through public offering on 4th September, 2013, the sale of 2,250,000 shares through private placement with subscription on 27th September, 2013, and the retirement of 6,000,000 shares on 11th December, 2013.

13. Leases

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation, loss on impairment and net book value of the leased assets at 31st March, 2014 and 2013, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	2014		
	Acquisition costs	**Accumulated depreciation**	**Net book value**
		(Millions of yen)	
Buildings and structures	**¥ –**	**¥ –**	**¥ –**
Machinery and vehicles	**1**	**1**	—
Tools, furniture and fixtures	—	—	—
Total	**¥ 1**	**¥ 1**	**¥ –**

	2013		
	Acquisition costs	**Accumulated depreciation**	**Net book value**
		(Millions of yen)	
Buildings and structures	¥ –	¥ –	¥ –
Machinery and vehicles	129	129	0
Tools, furniture and fixtures	30	30	—
Total	¥ 159	¥ 159	¥ 0

13. Leases (continued)

	2014		
	Acquisition costs	**Accumulated depreciation**	**Net book value**
	(Thousands of U.S. dollars)		
Buildings and structures	$ –	$ –	$ –
Machinery and vehicles	11	11	–
Tools, furniture and fixtures	–	–	–
Total	$ 11	$ 11	$ –

Lease payments relating to finance leases in the accompanying consolidated financial statements (which is included loss on impairment) amounted to ¥0 million ($1 thousand) which were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms, assuming a nil residual value, for the years ended 31st March, 2013.

Future minimum lease payments (including the interest portion thereon) subsequent to 31st March, 2014 for finance leases are not remained:

Future minimum lease payments subsequent to 31st March, 2014 for operating leases are summarized as follows:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Year ending 31st March,		
2015	¥ 201	$ 1,952
2016 and thereafter	98	956
Total	¥ 299	$ 2,908

14. Derivatives

Derivative financial instruments are utilized by the Group principally to reduce interest-rate and foreign exchange rate risk related to their accounts payable and financial investments, and consist of currency and interest-rate swaps. The Group also invests in compound instruments which incorporate derivatives to utilize surplus funds for higher yield. The Group does not hold or issue derivative financial instruments for speculative trading purposes.

The Group is exposed to certain market risk arising from its currency and interest-rate swap agreements and its forward exchange contracts. The Group utilizes currency swaps in order to prevent exchange rate fluctuation from impairing its financial investments denominated in foreign currencies. The Group utilizes interest-rate swaps up to the limit of the underlying financial investments and within certain established risk limits. The Group utilizes forward exchange contracts in order to prevent exchange rate fluctuation from impairing its trade receivables denominated in foreign currencies.

The Group is also exposed to the risk of credit loss in the event of nonperformance by the counterparties with respect to currency and interest-rate swap agreements. However, the Group does not anticipate nonperformance by any of these counterparties all of whom are financial institutions with high credit ratings.

Derivative transactions of the Group are carried out pursuant to its internal rules, approved by the Board of Directors, which stipulate the Group's management policies for derivative transactions, the main department for risk control, the intended purposes, the limits of usage, the criteria for the selection of counterparties, and the reporting system. No derivative transactions are entered into for purposes not prescribed in the internal rules. In addition, the Group carries out mutual supervision and monitoring of its derivative transactions.

15. Contingent Liabilities

The Company have no contingently liabilities at 31st March, 2014.

16. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs for the years ended 31st March, 2014 and 2013 totaled ¥4,354 million ($42,305 thousand) and ¥4,413 million, respectively.

17. Income Taxes

The Company and its domestic consolidated subsidiaries are subjected to several types of taxes: corporate taxes, local inhabitants taxes and enterprise taxes, which in aggregate resulted in a statutory tax rate of approximately 38.0% for the fiscal years ended 31st March, 2014 and 2013. Overseas subsidiaries are subject to the income and other taxes of the respective countries in which they operate.

The reasons of the difference between effective tax rates and the statutory tax rates for the years ended 31st March, 2014 and 2013 are as follows:

	2014	**2013**
Statutory tax rate	**38.0%**	38.0%
Permanent non-deductible expenses	**1.3**	3.3
Permanent non-taxable dividend income	**(1.8)**	(2.7)
Inhabitants' per capita taxes	**0.7**	1.1
Valuation allowance	**(3.6)**	3.2
Tax deduction	**(1.6)**	(5.2)
Effects of changes in Income tax rate	**0.9**	5.1
Other	**(3.4)**	(1.6)
Effective tax rates	**30.5%**	41.2%

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014.

In line with these revisions, the Company changed the statutory tax rate to calculate deferred tax assets and liabilities from 38.0% to 35.6% for temporary differences expected to be realized after April 1, 2014.

As a result of this change, net deferred tax assets (after netting deferred tax liabilities) decreased by ¥196 million ($1,907 thousand), and income taxes – deferred increased by ¥196 million ($1,904 thousand) as of and for the year ended March 31, 2014, respectively.

17. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at 31st March, 2014 and 2013 are summarized as follows:

	2014	2013	**2014**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Current portion			
Deferred tax assets:			
Accrued expenses	**¥ 812**	¥ 952	**$ 7,891**
Accrued bonuses	**860**	974	**8,357**
Deferred hedge	**-**	25	**-**
Other	**560**	956	**5,442**
Gross deferred tax assets	**2,232**	2,907	**21,690**
Less valuation allowance	**(8)**	(99)	**(86)**
Total deferred tax assets – current	**¥ 2,224**	¥ 2,808	**$ 21,604**
Deferred tax liabilities:			
Gain on interest-rate swaps	**-**	(622)	**-**
Other	**(938)**	0	**(9113)**
Total deferred tax liabilities	**(938)**	(622)	**(9,113)**
Net deferred tax assets	**¥ 1,286**	¥ 2,186	**$ 12,491**
Net deferred tax liabilities	**-**	(0)	**-**
Non-current portion			
Deferred tax assets:			
Accrued retirement benefits for employees	**-**	¥ 3,670	**-**
Net defined benefit liability	**¥ 3,478**	-	**$ 33,791**
Loss on impairment of fixed assets	**2,194**	2,670	**21,320**
Amortization of deferred assets	**19**	19	**181**
Depreciation	**465**	626	**4,519**
Other	**4,157**	6,066	**40,390**
Gross deferred tax assets	**10,313**	13,051	**100,201**
Less valuation allowance	**(6,290)**	(8,503)	**(61,108)**
Total deferred tax assets – non-current	**4,023**	4,548	**39,093**
Deferred tax liabilities:			
Net unrealized holding gain on securities	**(3,325)**	(2,589)	**(32,303)**
Reserve for special depreciation included in retained earnings	**(26)**	(33)	**(249)**
Reserve for deferred gain on property included in retained earnings	**(203)**	(250)	**(1,976)**
Total deferred tax liabilities	**(3,554)**	(2,872)	**(34,528)**
Net deferred tax assets	**¥ 2,505**	¥ 2,516	**$ 24,341**
Net deferred tax liabilities	**(2,036)**	**(840)**	**(19,776)**

18. Other Comprehensive Income

Each component of other comprehensive income for the year ended 31st March, 2014 was the following:

	2014	2013	**2014**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Net unrealized holding gain on securities			
Gain arising during the year	**3,792**	9,073	**36,847**
Reclassification adjustments to profit or loss	**(1,630)**	(40)	**(15,836)**
Amount before income tax effect	**2,162**	9,033	**21,011**
Income tax effect	**(730)**	(2,737)	**(7,095)**
Total	**1,432**	6,296	**13,916**
Loss on deferred hedges			
Gain arising during the year	-	-	-
Reclassification adjustments to profit or loss	**67**	263	**651**
Amount before income tax effect	**67**	263	**651**
Income tax effect	**(25)**	(100)	**(247)**
Total	**42**	163	**404**
Translation adjustments			
Adjustments arising during the year	**3,633**	1,142	**35,296**
Total other comprehensive income	**5,107**	7,601	**49,616**

19. Segment information

1. Summary of report segment

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resource allocation and to assess performance.

The Group divides the businesses into six segments: Confectioneries Division / Ice Cream Division / Food Products Division / Milk and Dairy Products Division / Meat Products Division / Food Ingredients Division

Confectioneries Division mainly includes production and sale of chocolate, gum, cookie and snack etc.

Ice Cream Division mainly includes production and sale of ice cream.

Food Products Division mainly includes production and sale of roux curry and retort-packed food etc.

Milk and Dairy Products Division mainly includes production and sale of milk and dairy product etc.

Meat Products Division mainly includes production and sale of ham, sausage.

Food Ingredients Division mainly includes production and sale of starch and food colors etc.

2. Calculating methods of amounts of sales, profit (loss) and assets etc of each reportable segment

The accounting policies of the segments are substantially the same as those described in the "Summary of Significant Accounting Policies (Note 2)" except for the evaluation standard of the inventory and the depreciation methods of fixed assets. Segment performance is evaluated based on operating income or loss.

19. Segment information (continued)

3. Information of the amount of sales, profit (loss) and assets etc of each reportable segment

2014 *(Millions of yen)*

	Reportable segments						
	Confectioneries Division	Ice Cream Division	Food Products Division	Milk and Dairy Products Division	Meat Products Division	Food Ingredients Division	Subtotal
Sales Sales to third parties	**101,077**	**70,306**	**22,465**	**91,688**	**15,328**	**9,060**	**309,924**
Inter-segment sales and transfers	**490**	**-**	**-**	**197**	**168**	**231**	**1,086**
Net Sales	**101,567**	**70,306**	**22,465**	**91,885**	**15,496**	**9,291**	**311,010**
Segment income(loss)	**5,538**	**3,203**	**1**	**2,000**	**564**	**217**	**11,523**
Segment assets	**52,866**	**16,599**	**6,496**	**28,040**	**-**	**4,541**	**108,542**
Depreciation	**4,134**	**2,068**	**264**	**2,313**	**340**	**84**	**9,203**
Increase in property, plants and equipment/ intangible fixed assets	**7,582**	**2,451**	**362**	**2,573**	**334**	**107**	**13,409**

	Other	Total	Adjustments and eliminations	Consolidated
Sales Sales to third parties	**5,475**	**315,399**		**315,399**
Inter-segment sales and transfers	**3,771**	**4,857**	**(4,857)**	**-**
Net Sales	**9,246**	**320,256**	**(4,857)**	**315,399**
Segment income(loss)	**240**	**11,763**	**(118)**	**11,645**
Segment assets	**1,022**	**109,564**	**133,680**	**243,244**
Depreciation	**164**	**9,367**	**1,842**	**11,209**
Increase in property, Plants and equipment/ intangible fixed assets	**267**	**13,676**	**925**	**14,601**

19. Segment information (continued)

	2013 *(Millions of yen)*						
	Reportable segments						
	Confectioneries Division	Ice Cream Division	Food Products Division	Milk and Dairy Products Division	Meat Products Division	Food Ingredients Division	Subtotal
Sales Sales to third parties	83,112	64,812	24,278	86,749	20,741	8,320	288,012
Inter-segment sales and transfers	205	-	-	179	259	230	873
Net Sales	83,317	64,812	24,278	86,928	21,000	8,550	288,885
Segment income(loss)	1,075	3,217	(417)	445	(495)	451	4,276
Segment assets	50,593	16,259	5,511	29,858	6,695	3,980	112,896
Depreciation	3,657	2,094	281	2,647	546	68	9,293
Increase in property, plants and equipment/ intangible fixed assets	10,152	2,462	110	1,573	472	110	14,879

	Others	Total	Adjustments and eliminations	Consolidated
Sales Sales to third parties	4,991	293,003	-	293,003
Inter-segment sales and transfers	3,431	4,304	(4,304)	-
Net Sales	8,422	297,307	(4,304)	293,003
Segment income(loss)	6	4,282	259	4,541
Segment assets	821	113,717	105,646	219,363
Depreciation	7	9,300	2,098	11,398
Increase in property, plants and equipment/ intangible fixed assets	249	15,128	1,071	16,199

Others are the following business segments that are not included in the reportable segments.
Sports Foods Division, Office Glico (Sales of confectionery in the box placed in office) Division, System Maintenance and Development Division, Warehousing business Division

The Company sold all shares of Glico Ham company on 14th January, 2014.
As a result, the reporting segments of Meat products in the fiscal year ended 31st March, 2014 have been recorded form 1st April, 2013 to 31st December, 2013 and there are no segment assets at 31st March, 2014.

19. Segment information (continued)

	2014 *(Thousands of U.S. dollars)*						
	Reportable segments						
	Confectioneries Division	Ice Cream Division	Food Products Division	Milk and Dairy Products Division	Meat Products Division	Food Ingredients Division	Subtotal
Sales Sales to third parties	**982,089**	**683,110**	**218,276**	**890,866**	**148,933**	**88,031**	**3,011,305**
Inter-segment sales and transfers	**4,764**	**-**	**-**	**1,911**	**1,633**	**2,246**	**10,554**
Net Sales	**986,853**	**683,110**	**218,276**	**892,777**	**150,566**	**90,277**	**3,021,859**
Segment income(loss)	**53,813**	**31,118**	**11**	**19,431**	**5,484**	**2,107**	**111,964**
Segment assets	**513,657**	**161,281**	**63,116**	**272,449**	**-**	**44,119**	**1,054,622**
Depreciation	**40,172**	**20,089**	**2,566**	**22,470**	**3,301**	**817**	**89,415**
Increase in property, plants and equipment/ intangible fixed assets	**73,664**	**23,818**	**3,521**	**24,998**	**3,244**	**1,043**	**130,288**

	Other	Total	Adjustments and eliminations	Consolidated
Sales Sales to third parties	**53,203**	**3,064,508**	**-**	**3,064,508**
Inter-segment sales and transfers	**36,640**	**47,194**	**(47,194)**	**-**
Net Sales	**89,843**	**3,111,702**	**(47,194)**	**3,064,508**
Segment income(loss)	**2,327**	**114,291**	**(1,141)**	**113,150**
Segment assets	**9,929**	**1,064,551**	**1,298,880**	**2,363,431**
Depreciation	**1,597**	**91,012**	**17,897**	**108,909**
Increase in property, plants and equipment/ intangible fixed assets	**2,590**	**132,878**	**8,992**	**141,870**

20. Amounts per Share

Amounts per share at 31st March, 2014 and 2013 and for the years then ended were as follows:

	2014	2013	2014
	(Yen)		*(U.S. dollars)*
Net income	**¥ 89.09**	¥ 28.91	**$ 0.87**
Cash dividends	**15.00**	15.00	**0.15**
Net assets	**1,078.80**	1,004.66	**10.48**

Net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each respective year. Amounts per share of net assets have been computed based on the net assets available for distribution to the shareholders of common stock and the number of shares of common stock outstanding at the year end.

Diluted net income per share for the years ended 31st March, 2014 and 2013 has not been disclosed because no potential for dilution existed at 31st March, 2014 and 2013.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

21. Subsequent Event

The following appropriation of retained earnings, which has not been reflected in the accompanying consolidated financial statements for the year ended 31st March, 2014, was approved at a shareholders' meeting held on 27th June, 2014:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Cash dividends (¥10.00 = U.S.$0.10 per share)	**¥1,311**	**$12,739**

Corporate Information

Board of Directors and Statutory Auditors (as of 31st March, 2014)

President & CEO
Katsuhisa Ezaki

Directors
Etsuro Ezaki
Masahiro Azumi
Takashi Kuriki
Nobuhiko Umezaki
Tetsuo Masuda
Takatoshi Kato

Standing Corporate Auditor
Masaaki Shibaike
Toshiaki Yoshida

Corporate Auditors
Haruo Kuramochi
Shintaro Iwai
Matao Miyamoto

Corporate Data (as of 31st March, 2014)

Head Office
6-5, Utajima, 4-chome,
Nishiyodogawa-ku, Osaka 555-8502, Japan
Tel : (06)6477-8352
Fax : (06)6477-8250

Tokyo Branch
10-18, Takanawa, 4-chome, Minato-ku,
Tokyo 108-0074, Japan

Capital Paid
¥7,774 Million
(U.S. $75,531 Thousand)

Number of Employee
1,082

Stock Exchanges Listed
Tokyo, Osaka

Transfer Agents
Mitsui Sumitomo Trust & Banking Co.,Ltd.
5-33, Kitahama, 4-chome, Chuo-ku,
Osaka 541-0041, Japan

Established
1922