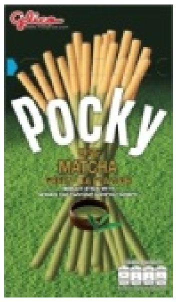
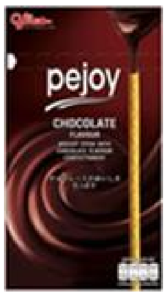
Annual Report 2015

(Fiscal year ended 31st March, 2015)





Contents

Five-Year Summary

Consolidated

	Millions of yen					Thousands of U.S. dollars
	2015	2014	2013	2012	2011	2015
Net sales	**319,394**	315,399	293,003	289,980	284,048	**2,657,848**
Income before income taxes and minority interests	**31,113**	17,370	5,028	4,678	5,964	**258,910**
Net income	**21,068**	11,034	3,287	242	3,786	**175,320**
	Yen					
Per share of common stock:						
Net income *	**321.35**	178.19	28.91	2.13	33.36	**2.67**
Cash dividends	**35.00**	15.00	15.00	15.00	15.00	**0.29**
	Millions of yen					
Balance sheet data:						
Shareholders' equity	**153,199**	132,701	109,212	107,473	108,824	**1,274,846**
Total assets	**275,303**	243,244	219,363	207,293	194,055	**2,290,945**

* Ezaki Glico Corporation implemented a share consolidation on its common stock with a ratio of two shares to one share on October 1, 2014. Net income per share is calculated based on the assumption that consolidation of shares had been carried out at the beginning of the previous fiscal year.

Message from the President

In the consolidated fiscal year under review, the Japanese economy showed signs of recovery in some areas, including improvements in corporate earnings and employment conditions. However, the prolonged adverse effects of the consumption tax hike and a decrease in real income due to the rapid depreciation of the yen caused consumption trends to remain slow. This, combined with concerns for a downturn in economies overseas, led to continued uncertainty over the course of the economy. The food industry continued to face increasing challenges, with the weaker yen leading to soaring prices of raw materials.

In light of this situation, our corporate group has proactively implemented various measures. These include expanding the sales of our mainstay products and launching new products and products of affiliates. In addition, we have implemented sales promotion strategies in collaboration with popular game characters. Efforts were also concentrated on promoting business development outside Japan, centered on China, Thailand and Indonesia. 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 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 ¥319,394 million, an increase of 1.3% from the ¥315,399 million total of the previous fiscal year.

Regarding earnings, despite rising prices of raw materials caused by the depreciation of the yen and exchange rate fluctuations, there was a decrease in the overall cost-to-sales ratio. This is attributable to factors including increased sales, changes in the product portfolio and our Thai subsidiary's recovery from flood damage. As for the selling, general and administrative (SG&A) expenses, there was a rise in expenses for sales promotion and advertising caused by the implementation of aggressive sales strategies. Despite this, there was a decrease in transportation and storage costs and employee welfare expenses. As a result, operating income amounted to ¥14,248 million, an increase of ¥2,602 million from the previous fiscal year (¥11,645 million). Ordinary income was ¥17,610 million, an increase of ¥4,070 million from the previous fiscal year (¥13,539 million).

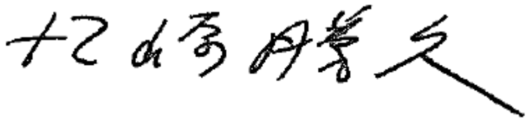
During the consolidated fiscal year under review, a gain on the sale of fixed assets resulting from the transfer of our old factory site in Tokyo was posted as extraordinary income. As a result, net income amounted to ¥21,068 million, an increase of ¥10,034 million from the previous fiscal year (¥11,034 million).

On January 14, 2014, Ezaki Glico Co., Ltd. sold all of its shares of Glico Ham Co., Ltd., which handled meat products. As such, the meat products segment is no longer a part of the results for the consolidated fiscal year under review.

In addition to an interim dividend of ¥5 per share, we will pay a year-end dividend of ¥30 per share for the consolidated fiscal year under review. Although we expect increasing difficulties in our business environment, 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 2015



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		
	FY2015	vs. FY2014	YoY (%)	FY2015	vs. FY2014	YoY (%)
Confectioneries	113,757	12,680	112.5	8,170	2,632	147.5
Ice Cream	73,809	3,503	105.0	3,040	(163)	94.9
Food Products	22,314	(151)	99.3	669	668	−
Milk and Dairy Products	94,390	2,702	102.9	2,301	301	115.0
Meat Products	−	(15,328)	−	−	(564)	−
Food Ingredients	9,464	404	104.5	268	51	123.4
Other	5,660	185	103.4	265	25	110.5
Adjustment	−	−	−	(465)	(347)	−
Total	319,394	3,995	101.3	14,248	2,603	122.3

[Confectioneries Division]

Sales of ‘Kobe Roasted Chocolat’ as well as the ‘Pocky’ and ‘Pretz’ groups increased from the previous fiscal year. Outside Japan, sales grew significantly in Thailand and China. The new Indonesian wholesale subsidiary established in March 2014 also contributed to the growth of sales. As a result, divisional sales amounted to ¥113,757 million, a 12.5% increase over the previous fiscal year (¥101,077 million).

As for divisional profits, operating income was ¥8,170 million, an increase of ¥2,632 million from the previous fiscal year (¥5,538 million). This is attributable to increased sales and the Thai subsidiary’s full recovery from the flood disaster.

[Ice Cream Division]

Although sales of ‘Papico’ decreased from the previous fiscal year, ‘Giant Cone’ and ‘Ice no Mi’ marked sales increases. ‘Choco Fondue Soft” also enjoyed a steady sales rise. Moreover, the two wholesale subsidiaries recorded increases in sales revenue. As a result, divisional sales totaled ¥73,809 million, a 5.0% increase from the previous fiscal year (¥70,306 million).

As for divisional profits, fluctuations in raw material prices resulted in an increased cost-to-sales ratio. Consequently, operating income was ¥3,040 million, a decrease of ¥163 million from the previous fiscal year (¥3,203 million).

[Food Products Division]

While ‘ZEPPIN’ recorded a sales increase over the previous fiscal year, ‘Cup Soup’ sales declined. As a result, divisional sales totaled ¥22,314 million, a 0.7% decrease from the previous fiscal year (¥22,465 million).

As for divisional profits, improvement of the cost-to-sales ratio was more than enough to offset a decrease in profits caused by lower sales revenue. As a result, operating income amounted to ¥669 million, a ¥668 million increase over the previous fiscal year (¥1 million).

[Milk and Dairy Products Division]

‘Dororich’ experienced a sales drop from the previous fiscal year, while ‘Breakfast BifiX Yogurt’ and ‘Powdered Milk’ marked sales increases, as did the new products ‘Almond Koka’ and ‘BifiX1000.’ However, sales revenue from subcontracted operations from Kirin Beverage Co., Ltd. declined from the previous fiscal year. As a result, divisional sales totaled ¥94,390 million, a 2.9% increase from the previous fiscal year (¥91,688 million).

As for divisional profits, the implementation of aggressive sales strategies caused an increase in sales promotion and advertising expenses. However, changes in the product portfolio lowered the cost-to-sales ratio. Consequently, operating income was ¥2,301 million, an increase of ¥301 million from the previous fiscal year (¥2,000 million).

[Food Ingredients Division]

'A-glu' enjoyed a sales increase over the previous fiscal year. As a result, divisional sales were ¥9,464 million, a 4.5% increase from the previous fiscal year (¥9,060 million).

As for divisional profits, a review of sales prices and reductions in general expenses pushed up operating income to ¥268 million, an increase of ¥51 million over the previous fiscal year (¥217 million).

[Other]

Although Sports Foods suffered a decline in sale revenue from the previous fiscal year, Office Glico enjoyed sales growth. As a result, sales in this segment totaled ¥5,660 million, a 3.4% increase over the previous fiscal year (¥5,475 million).

As for profits, increased sales revenue from Office Glico pushed up operating income to ¥265 million, an increase of ¥25 million from the previous fiscal year (¥240 million).

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

The Japanese economy is on track for a mild recovery, with improvements in corporate earnings and employment, spurred by the economic packages and monetary policies led by the government. Even so, the future of the economy is expected to remain unclear. The downturn of economies in the U.S., China and emerging nations are risk factors that may drag down the Japanese economy. The food industry is expected to experience challenges such as raw material prices remaining high and rising prices of import items caused by the depreciation of the yen. These will have a significant negative impact on cost of sales, causing the environment surrounding the food industry to remain increasingly difficult.

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 ¥340,000 million in the next fiscal year, a 6.5% increase from the fiscal year under review. Our profit targets are: an operating income of ¥15,000 million (up 5.3% from the fiscal year under review), ordinary income of ¥16,200 million (down 8.0%) and a net income attributable to the shareholders of the parent company of ¥10,900 million.

Divisional consolidated sales forecasts for the next fiscal year

Divisional sales projections are as follows: Confectioneries Division sales of ¥121,500 million (up 6.8% from the fiscal year under review), Ice Cream Division sales of ¥80,200 million (up 8.7%), Food Products Division sales of ¥23,000 million (up 3.1%), Milk and Dairy Products Division sales of ¥98,500 million (up 4.4%), Food Ingredients Division sales of ¥9,800 million (up 3.6%), and other segment sales of ¥7,000 million (up 23.6%).

(2) Financial Conditions

Assets, liabilities and net assets

As of March 31, 2015, total assets were ¥275,303 million, an increase of ¥32,059 million compared to the end of the previous fiscal year. Current assets were ¥132,323 million, an increase of ¥17,454 million from the end of the previous fiscal year. The main components of this increase were increases in cash and deposits, and raw materials and supplies. Fixed assets were ¥142,980 million, an increase of ¥14,605 million from the end of the previous fiscal year. Main contributors to this increase included increases in investments in real estate and investment in securities.

Total liabilities were ¥100,464 million, an increase of ¥2,724 million compared to the end of the previous fiscal year. The main components of this increase were increases in notes and accounts payable, and accrued income taxes.

Net assets were ¥174,839 million, an increase of ¥29,335 million compared to the end of the previous fiscal year. Main contributors to this increase included increases in retained earnings and net unrealized holding gain on securities. Consequently, net worth ratio was 61.5%, up 3.4 percentage points 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	22,500	24,520	2,020
Cash flow – investing activities	(14,935)	(7,877)	7,058
Cash flow – financing activities	8,944	(13,203)	(22,147)
Balance of cash and cash equivalents at beginning of term	35,378	54,225	18,847
Balance of cash and cash equivalents at end of term	54,225	59,406	5,181

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 ¥16,643 million, an increase of ¥9,078 million from the free cash flow of ¥7,565 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 used in financing activities was ¥13,203 million, an increase of ¥22,147 million from the previous fiscal year, due to the repayment of a long-term debt.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review totaled ¥59,406 million, an increase of ¥5,181 million from the ¥54,225 million at the end of the previous fiscal year.

Cash flow indicator trends

	Mar. 2013	Mar. 2014	Mar. 2015
Net worth ratio (%)	52.1	58.1	61.5
Net worth ratio on market value basis (%)	50.5	73.7	115.8
Debt coverage ratio (years)	1.8	1.0	0.5
Interest coverage ratio (times)	54.4	76.7	90.7

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.

At the meeting of the Company's Board of Directors held on May 15, 2015, we resolved to pay a year-end dividend of ¥30 per share. In addition to an interim dividend of ¥5 per share already paid out on December 10, 2014, this will add up to a full-year dividend of ¥35 per share. As of today, our plan is to pay a full-year dividend of ¥40 per share for the next fiscal year.

Note: On October 1, 2014, Ezaki Glico Co., Ltd. implemented a 1-for-2 reverse stock split in which every two shares of our issued and outstanding common stock are converted into one share. Accordingly, the above-mentioned full-year dividend for the fiscal year under review is the sum of the pre-reverse stock split interim dividend and the post-reverse stock split year-end dividend. As such, the year-end dividend and full-year dividend are equivalent to ¥15 and ¥20 per share, respectively, if converted to the basis prior to the reverse stock split.

Management Policies

(1) Group Management Basic Policy

Our corporate philosophy is to offer “a wholesome life in the best of taste.” Based on this corporate philosophy, we strive to offer high value-added products that meet the needs of our customers in all markets throughout the world. By so doing, we aim to contribute to society through the development of the food business. It is our hope that this policy will lead to stable growth and will meet shareholder expectations. We will also continue to share our 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.

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 strengths by concentrating our total group resources. In Japan, we will seek to improve profitability by streamlining and enhancing the efficiency of management practices through the absorption-type merger of Glico Dairy Products Co., Ltd. scheduled for October 1, 2015. We will also 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.

Basic Policy for Selection of Accounting Standards

Considering comparability of consolidated financial statements among different periods and companies, the Group policy is to produce consolidated financial statements based on Japanese standard for the time being.
Regarding application of IFRS, our policy is to respond to it adequately, considering both domestic and overseas trends.

Others

(1) Changes of Executives (as of June 24, 2015)

1) Changes of representative directors

None applicable.

2) Changes of other directors

A. New external board member

External Board Member Kanoko Oishi

B. Retiring board member

Board Member Nobuhiko Umezaki

C. New corporate auditor

External Corporate Auditor Hiroshi Adachi (currently Standing Corporate Auditor) and Minoru Kudo

D. Retiring auditor

Standing Corporate Auditor Masaaki Shibaike and Haruo Kuramochi

Consolidated Financial Statements

Ezaki Glico Co., Ltd. and
Consolidated Subsidiaries

Fiscal years ended 31st March, 2015 and 2014

Consolidated Balance Sheets

31st March, 2015 and 2014

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Assets			
Current assets:			
Cash and deposits *(Note 4,5)*	**¥ 37,111**	¥ 28,721	**$ 308,819**
Marketable securities *(Note5,6)*	**29,249**	27,857	**243,395**
Notes and accounts receivable *(Note 5)*	**33,078**	30,686	**275,263**
Less allowance for doubtful accounts	**(78)**	(99)	**(652)**
Inventories *(Note 7)*	**25,065**	20,385	**208,583**
Deferred income taxes *(Note 17)*	**2,246**	1,286	**18,694**
Other current assets	**5,652**	6,033	**47,029**
Total current assets	**132,323**	114,869	**1,101,131**
Property, plant and equipment *(Note 9, 19)*:			
Land	**13,933**	14,799	**115,945**
Buildings and structures	**69,043**	67,869	**574,543**
Machinery and vehicles	**128,512**	124,574	**1,069,421**
Tools, furniture and fixtures	**23,732**	21,993	**197,488**
Lease	**1,089**	1,125	**9,063**
Construction in progress	**3,772**	2,164	**31,388**
	240,081	232,524	**1,997,848**
Less accumulated depreciation	**(167,373)**	(161,853)	**(1,392,808)**
Property, plant and equipment, net	**72,708**	70,671	**605,040**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	**3,202**	1,657	**26,646**
Investments in securities *(Note 5,6)*	**44,332**	40,699	**368,913**
Long-term loans receivable	**335**	348	**2,786**
Deferred income taxes *(Note 17)*	**810**	2,505	**6,741**
Asset for retirement benefits *(Note 11)*	**2,747**	1,884	**22,857**
Software	**1,939**	2,251	**16,139**
Software in progress	**398**	551	**3,311**
Real estate for investment *(Notes 19)*	**12,403**	3,287	**103,212**
Other assets *(Notes 9)*	**4,163**	4,684	**34,643**
Less allowance for doubtful accounts	**(57)**	(162)	**(474)**
Total investments and other assets	**70,272**	57,704	**584,774**
Total assets	**¥ 275,303**	¥ 243,244	**$ 2,290,945**

See accompanying notes to the consolidated financial statements.

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Liabilities and Net Assets			
Current liabilities:			
Notes and accounts payable *(Note 5)*	**¥ 29,565**	¥ 25,749	**$ 246,026**
Short-term loans *(Note 5,10)*	**7,621**	8,025	**63,419**
Current portion of long-term debts *(Note 5,10)*	**4,000**	10,000	**33,286**
Accrued expenses	**22,121**	20,483	**184,081**
Accrued income taxes *(Note 17)*	**5,401**	1,960	**44,945**
Accrued bonuses for directors and corporate auditors	**44**	44	**366**
Accrued expense for sales promotion	**1,509**	1,584	**12,557**
Other current liabilities	**8,469**	6,456	**70,472**
Total current liabilities	**78,730**	74,301	**655,152**
Long-term liabilities:			
Long-term debts *(Note 10)*	**1,343**	5,332	**11,178**
Liability for retirement benefits *(Note 11)*	**10,282**	11,064	**85,558**
Provision for business structure improvement	**105**	105	**874**
Deferred tax liabilities *(Note 17)*	**5,176**	2,035	**43,074**
Other long-term liabilities	**4,828**	4,903	**40,180**
Total long-term liabilities	**21,734**	23,439	**180,864**
Net assets:			
Shareholders' equity *(Note 12)*:			
Common stock:			
Authorized – 270,000,000 shares in 2015 and 470,000,000 shares in 2014			
Issued – 69,430,069 shares in 2015 and 138,860,138 shares in 2014	**7,774**	7,774	**64,689**
Capital surplus	**7,484**	7,414	**62,280**
Retained earnings *(Notes 12, 22)*	**144,567**	124,124	**1,203,018**
Treasury stock, at cost – 3,860,644 shares in 2015, and 7,750,303 shares in 2014	**(6,626)**	(6,611)	**(55,141)**
Total shareholders' equity	**153,199**	132,701	**1,274,846**
Other comprehensive income:			
Net unrealized holding gain on securities	**11,875**	7,478	**98,822**
Translation adjustments	**4,282**	2,088	**35,629**
Retirement benefits liability adjustments	**(43)**	(825)	**(356)**
Total other comprehensive income	**16,114**	8,741	**134,095**
Minority interests	**5,526**	4,062	**45,988**
Total net assets	**174,839**	145,504	**1,454,929**
Total liabilities and net assets	**¥ 275,303**	¥ 243,244	**$ 2,290,945**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income and Comprehensive Income

Fiscal years ended 31st March, 2015 and 2014

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Net sales	**¥ 319,394**	¥ 315,399	**$ 2,657,848**
Cost of sales	**177,783**	178,796	**1,479,426**
Gross profit	**141,611**	136,603	**1,178,422**
Selling, general and administrative expenses *(Note 16)*	**127,363**	124,958	**1,059,860**
Operating income	**14,248**	11,645	**118,562**
Other income (expenses):			
Interest and dividend income	**1,054**	1,117	**8,774**
Interest expense	**(240)**	(288)	**(1,998)**
Gain on sales of marketable securities	**-**	2	**-**
Loss on disposal of property, plant and equipment	**(234)**	(198)	**(1,950)**
Gain on sales of property, plant and equipment *(Note 8)*	**11,948**	104	**99,429**
Loss on impairment of fixed assets *(Note 9)*	**(16)**	(204)	**(131)**
Gain on sales of investment in securities	**1,053**	1,331	**8,762**
Gain on redemption of investment securities	**426**	611	**3,545**
Gain from foreign exchange	**1,435**	324	**11,945**
Gain on insurance adjustment	**-**	2,142	**-**
Other, net	**1,439**	784	**11,972**
Income before income taxes and minority interests	**31,113**	17,370	**258,910**
Income taxes *(Note 17)*:			
Current	**7,313**	3,550	**60,851**
Deferred	**1,825**	1,742	**15,190**
	9,138	5,292	**76,041**
Income before minority interests	**21,975**	12,078	**182,869**
Minority interests	**907**	1,044	**7,549**
Net income	**21,068**	11,034	**175,320**
Minority interests	**907**	1,044	**7,549**

See accompanying notes to the consolidated financial statements.

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Income before minority interests	**21,975**	12,078	**182,869**
Other comprehensive Income			
Net unrealized holding gain on securities	**4,398**	1,432	**36,592**
Loss on deferred hedges	**-**	42	**-**
Translation adjustments	**2,604**	3,633	**21,670**
Remeasurements of defined benefit plans, net of tax	**780**	-	**6,491**
Share of other comprehensive income of entities accounted for using equity method	**212**	-	**1,768**
Total other comprehensive income	**7,994**	5,107	**66,521**
Comprehensive Income	**¥ 29,969**	¥ 17,185	**$ 249,390**
Total comprehensive income attributable to:			
Shareholders of Ezaki Glico Co., Ltd.	**¥ 28,489**	¥ 15,515	**$ 237,070**
Minority interests	**¥ 1,480**	¥ 1,670	**$ 12,320**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

Fiscal years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Shareholders' equity:			
Common stock			
Balance at beginning of year	¥ **7,774**	¥ 7,774	$ **64,689**
Balance at end of year	¥ **7,774**	¥ 7,774	$ **64,689**
Capital surplus			
Balance at beginning of year	¥ **7,414**	¥ 7,443	$ **61,694**
Disposition of treasury stock	**70**	(405)	**586**
Disposal of treasury stock	**-**	(5,110)	**-**
Transfer to capital surplus from retained earnings	**-**	5,486	**-**
Balance at end of year	¥ **7,484**	¥ 7,414	$ **62,280**
Retained earnings			
Balance at beginning of year	¥ **124,124**	¥ 120,469	$ **1,032,903**
Cumulative effects of changes in accounting policies	**116**	-	**962**
Restated balance	**124,240**	-	**1,033,865**
Cash dividends	**(1,311)**	(1,138)	**(10,911)**
Interim cash dividends	**(656)**	(655)	**(5,455)**
Net income	**21,068**	11,034	**175,320**
Transfer to capital surplus from retained earnings	**-**	(5,486)	**-**
Change in scope of consolidation	**-**	(100)	**-**
Change of scope of equity method	**1,226**	-	**10,199**
Balance at end of year	¥ **144,567**	¥ 124,124	$ **1,203,018**
Treasury stock			
Balance at beginning of year	¥ **(6,611)**	¥ (26,474)	$ **(55,010)**
Acquisition of treasury stock	**(77)**	(57)	**(642)**
Disposition of treasury stock	**62**	14,810	**511**
Retirement of treasury stock	**-**	5,110	**-**
Balance at end of year	¥ **(6,626)**	¥ (6,611)	$ **(55,141)**
Other comprehensive income:			
Net unrealized holding gains on securities			
Balance at beginning of year	¥ **7,478**	¥ 6,046	$ **62,230**
Net changes during the year	**4,397**	1,432	**36,592**
Balance at end of year	¥ **11,875**	¥ 7,478	$ **98,822**
Loss on deferred hedges			
Balance at beginning of year	¥ **-**	¥ (42)	$ **-**
Net changes during the year	**-**	42	**-**
Balance at end of year	¥ **-**	¥ -	$ **-**
Translation adjustments			
Balance at beginning of year	¥ **2,088**	¥ (919)	$ **17,372**
Net changes during the year	**2,194**	3,007	**18,257**
Balance at end of year	¥ **4,282**	¥ 2,088	$ **35,629**

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Retirement benefits liability adjustments			
Balance at beginning of year	**¥ (825)**	¥ -	**$ (6,864)**
Net changes during the year	**782**	(825)	**6,508**
Balance at end of year	**¥ (43)**	¥ (825)	**$ (356)**
Minority interests:			
Balance at beginning of year	**¥ 4,062**	¥ 2,050	**$ 33,807**
Cumulative effects of changes in accounting policies	**0**	-	**1**
Restated balance	**4,062**	-	**33,808**
Net changes during the year	**1,464**	2,012	**12,180**
Balance at end of year	**¥ 5,526**	¥ 4,062	**$ 45,988**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Fiscal years ended 31st March, 2015 and 2014

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 31,113**	¥ 17,370	**$ 258,910**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**11,018**	11,209	**91,683**
Loss on impairment of fixed assets	**16**	204	**131**
Decrease in provision for business structure improvement	**-**	(449)	**-**
Decrease in accrued retirement benefits for employees	**-**	(8,479)	**-**
Increase (decrease) in net defined benefit asset and liability	**(542)**	9,180	**(4,508)**
Increase (decrease) in accrued bonuses for directors and corporate auditors	**(0)**	0	**(2)**
Increase (decrease) in accrued expense for sales promotion	**(75)**	40	**(624)**
Decrease in provision for doubtful accounts	**(129)**	(250)	**(1,074)**
Interest and dividend income	**(1,054)**	(1,117)	**(8,774)**
Interest expense	**240**	288	**1,998**
Exchange gain	**(1,243)**	(349)	**(10,342)**
Gain on sales of property, plant and equipment	**(11,976)**	(147)	**(99,658)**
Loss on disposal of property, plant and equipment	**234**	198	**1,950**
Gain on sales of investment securities	**(1,053)**	(1,331)	**(8,762)**
Gain on redemption of investment securities	**(426)**	(611)	**(3,545)**
Decrease (increase) in notes and accounts receivable	**(1,637)**	1,773	**(13,623)**
Increase in inventories	**(4,450)**	(1,336)	**(37,033)**
Increase (decrease) in notes and accounts payable	**3,368**	(3,229)	**28,029**
Other	**5,086**	2,210	**42,328**
Subtotal	**28,490**	25,174	**237,084**
Income taxes paid	**(3,970)**	(2,674)	**(33,036)**
Net cash provided by operating activities	**24,520**	22,500	**204,048**
Cash flows from investing activities:			
Increase in time deposits	**(4,528)**	(6,132)	**(37,681)**
Decrease in time deposits	**3,262**	5,387	**27,141**
Purchases of marketable securities	**(3,107)**	(1,601)	**(25,857)**
Proceeds from sales of marketable securities	**507**	1,223	**4,221**
Purchase of trust beneficiary right	**(2,075)**	(500)	**(17,267)**
Proceeds from redemption of trust beneficiary right	**1,000**	-	**8,322**
Purchases of investments in securities	**(511)**	(6,426)	**(4,256)**
Proceeds from sales and redemption of investments in securities	**3,568**	6,887	**29,692**
Purchases of property, plant and equipment	**(10,210)**	(15,014)	**(84,965)**
Proceeds from sales of property, plant and equipment	**12,836**	513	**106,816**
Purchases of intangible assets	**(833)**	(1,486)	**(6,934)**
Proceeds from sales of real estate for investment	**1,126**	-	**9,373**
Purchase of real estate for investment	**(10,116)**	-	**(84,180)**
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	**-**	890	**-**
Increase in loans receivable	**(1,035)**	(68)	**(8,616)**
Collection of loans receivable	**1,073**	150	**8,930**
Interest and dividends received	**1,070**	1,144	**8,902**
Other	**96**	98	**810**
Net cash used in investing activities	**(7,877)**	(14,935)	**(65,549)**
Cash flows from financing activities:			
Increase (decrease) in short-term loans, net	**(650)**	(2,296)	**(5,409)**
Repayment of long-term loans payable	**(10,129)**	(845)	**(84,292)**
Interest and dividends paid	**(2,237)**	(2,086)	**(18,614)**
Cash dividends paid to minority shareholders	**(17)**	(12)	**(140)**

See accompanying notes to the consolidated financial statements.

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Acquisition of treasury stock	**(77)**	(57)	**(642)**
Proceeds from stock issuance to minority shareholders	**-**	51	**-**
Proceeds from sales of treasury stock	**132**	14,406	**1,096**
Other	**(225)**	(217)	**(1,865)**
Net cash provided (used in) by financing activities	**(13,203)**	8,944	**(109,866)**
Effect of exchange rate changes on cash and cash equivalents	**1,741**	1,686	**14,480**
Net increase in cash and cash equivalents	**5,181**	18,195	**43,113**
Cash and cash equivalents at beginning of the year	**54,225**	35,378	**451,238**
Increase in cash and cash equivalents from newly consolidated subsidiaries	**-**	652	**-**
Cash and cash equivalents at end of the year *(Note 4)*	**¥ 59,406**	¥ 54,225	**$494,351**

See accompanying notes to the consolidated financial statements.

Ezaki Glico Co., Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

31st March, 2015

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 fiscal year ended 31st March, 2014 to conform them to the 2015 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 ¥120.17 = U.S. $1.00, the approximate rate of exchange in effect prevailing on 31st March, 2015, 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 and real estate for investment (except for leases)

Property, plant and equipment and real estate for investment 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.

(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 22.)

3. Additional Information

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

For 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 (26th March, 2015, hereinafter “Guidance on Retirement Benefits”), the Company and its domestic consolidated subsidiaries have additionally applied the provisions set forth in the main clause of paragraph 35 of the Accounting Standard for Retirement Benefits and the main clause of paragraph 67 of the Guidance on Retirement Benefits from the fiscal year ended 31st March 2015 and reviewed the determination of retirement benefit obligations and current service cost. In addition, the Company and its domestic consolidated subsidiaries changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis, and changed the method for calculating the discount rate.

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 1st April, 2014, impact of this change was reflected in retained earnings.

As a result, as of 1st April, 2014, assets for retirement benefits decreased ¥726 million ($6,044 thousand), liability for retirement benefits decreased ¥906 million ($7,543 thousand) and retained earnings increased ¥116 million ($962 thousand). In addition, the impact of these changes on operating income, income before income taxes and minority interests and per share data is immaterial, it has been omitted.

(Application of practical solution on transactions of delivering the Company's own stock to employees etc. through trusts)

Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (ASBJ Practical Issues Task Force (PITF) No. 30, issued on 26th March, 2015), have been applied since this fiscal year. The accounting for those transactions has been conducted according to the conventional method which had been put into practice previously. There is no impact on financial statements.

(Transactions to transfer the Company shares to the employees through the trust)

The Company has introduced the "Employee Stock Ownership Plan (ESOP) Trust" (the "Plan"), in order to provide the Company group's employees with incentives to promote the benefit and welfare of the employees of the Company group and others and to increase the enterprise value of the Company.

(a) Outline of the transactions

The Plan is an incentive plan, in which all employees of the Company group who are members of the "Ezaki Glico Share Holding Association" ("Share Holding Association") may participate. The Company creates a trust with those of the employee member of the Share Holding Association who meet certain requirements as its beneficiaries, and during a predetermined period, the trust acquires the number of Ezaki Glico's shares that the Association is expected to acquire over the next five years. Afterwards, the trust sells off our stocks to the Share Holding Association in accordance with certain plan. The remaining funds will be distributed according to employee's contribution ratio when there are the trust earnings resulting from an upward swing in stock price when the trust ends. There is no additional burden on the employee as we will pay back the loan based our guarantee clause of the loan agreement when a loss is caused by a drop on stock prices.

(b) Although the Company applied Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (ASBJ Practical Issues Task Force (PITF) No. 30, issued on 26th March, 2015), the accounting for those transactions has been conducted according to the conventional method.

(c) The items relating to the Company shares owned by the Trust

1. Book value of the Company shares owned by the Trust
   As of 31st March, 2014: ¥571 million
   As of 31st March, 2015: ¥513 million

2. The Company shares owned by the Trust are accounted for as treasury stock.

3. Number of the Company shares owned by the Trust at the end of the last fiscal year and the average number of shares owned by the Trust
   Number of the Company shares owned by the Trust at the end of the fiscal year
      As of 31st March, 2014: 335 thousand shares*
      As of 31st March, 2015: 299 thousand shares
   Average number of shares owned by the Trust
      As of 31st March, 2014: 363 thousand shares*
      As of 31st March, 2015: 314 thousand shares
   *Ezaki Glico Corporation implemented a share consolidation on its common stock with a ratio of two shares to one share on October 1, 2014. These are calculated based on the assumption that consolidation of shares had been carried out at the beginning of the previous fiscal year.

4. The number of the Company shares mentioned in part 3. was included in the treasury stock to be deducted in terms of calculating relevant per share indicators.

4. Cash and Cash Equivalents

The balances of cash and deposits reflected in the consolidated balance sheets at 31st March, 2015 and 2014 are reconciled to the balances of cash and cash equivalents as presented in the consolidated statements of cash flows for the fiscal years then ended as follows:

	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and deposits	**¥ 37,111**	¥ 28,721	**$308,819**
Time deposits with original maturities in excess of three months included in cash and deposits	**(3,081)**	(1,815)	**(25,637)**
Short-term investments which mature within three months of the dates of acquisition included in marketable securities	**25,376**	27,319	**211,169**
Short-term investments which mature within three months of the dates of acquisition included in other current assets	—	—	—
Cash and cash equivalents	**¥ 59,406**	¥ 54,225	**$494,351**

5. Financial Instruments

For the fiscal year ended 31st March, 2015 and 2014

・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.

5. 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, 2015, 2014 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).

5. Financial Instruments (continued)

	2015			2014		
	Carrying Value	**Estimated fair value**	**Difference**	**Carrying Value**	**Estimated fair value**	**Difference**
	(Millions of yen)			*(Millions of yen)*		
Assets:						
Cash and deposits	**¥ 37,111**	**¥ 37,111**	—	¥ 28,721	¥ 28,721	—
Notes and accounts receivable	**33,078**	**33,078**	—	30,686	30,686	—
Marketable securities and investments in securities	**72,431**	**72,431**	—	67,408	67,408	—
Total assets	**142,620**	**142,620**	—	126,815	126,815	—
Liabilities:						
Notes and accounts payable	**¥29,565**	**¥29,565**	—	¥25,749	¥25,749	—
Short-term loans and current portion of long-term debt	**11,621**	**11,621**	—	18,025	18,025	—
Long-term debt	**1,343**	**1,369**	**26**	5,331	5,331	(0)
Total liabilities	**42,529**	**42,556**	**26**	49,105	49,105	(0)
Derivatives*	—	—	—	—	—	—

	2015		
	Carrying Value	**Estimated fair value**	**Difference**
	(Thousands of U.S. dollars)		
Assets:			
Cash and deposits	**$ 308,819**	**$ 308,819**	—
Notes and accounts receivable	**275,263**	**275,263**	—
Marketable securities and investments in securities	**602,739**	**602,739**	—
Total assets	**1,186,821**	**1,186,821**	—
Liabilities:			
Notes and accounts payable	**$246,026**	**$246,026**	—
Short-term loans and current portion of long-term debt	**96,705**	**96,705**	—
Long-term debt	**11,178**	**11,396**	**218**
Total liabilities	**353,909**	**354,127**	**218**
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.

5. 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.6 "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

	2015	**2014**	**2015**
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Unlisted stocks	**¥4,352**	¥2,805	**$36,215**

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.

5. Financial Instruments (continued)

3. The redemption schedule at 31st March, 2015 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	¥ 37,021	—	—	—
Notes and accounts receivable	33,078	—	—	—
Bonds	3,300	2,600	—	1,800
Other securities	1,700	320	20	—

	(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	$ 308,070	—	—	—
Notes and accounts receivable	275,263	—	—	—
Bonds	27,461	21,636	—	14,979
Other securities	14,147	2,663	166	—

6. Marketable Securities and Investments in Securities

a) Marketable securities classified as held-to-maturity debt securities and other securities at 31st March, 2015 and 2014 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, 2015 and 2014.

6. Marketable Securities and Investments in Securities (continued)

Other securities:

	2015			2014		
	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	**¥ 20,655**	**¥36,758**	**¥16,103**	¥ 19,922	¥30,226	¥ 10,304
Bonds	**4,211**	**5,001**	**790**	4,084	4,951	867
Other	**1,563**	**1,572**	**9**	1,073	1,079	6
Subtotal	**26,429**	**43,331**	**16,902**	25,079	36,256	11,177
Securities whose acquisition cost exceeds their carrying value:						
Stocks	**628**	**503**	**(125)**	3,012	2,669	(343)
Bonds	**2,601**	**2,600**	**(1)**	1,000	998	(2)
Other	**26,027**	**25,997**	**(30)**	27,520	27,485	(35)
Subtotal	**29,256**	**29,100**	**(156)**	31,532	31,152	(380)
Total	**¥ 55,685**	**¥ 72,431**	**¥ 16,746**	¥ 56,611	¥ 67,408	¥ 10,797

	2015		
	Acquisition cost	**Carrying value**	**Unrealized holding gain (loss)**
	(Thousands of U.S. dollars)		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	**$ 171,884**	**$ 305,886**	**$ 134,002**
Bonds	**35,044**	**41,616**	**6,572**
Other	**13,000**	**13,079**	**79**
Subtotal	**219,928**	**360,581**	**140,653**
Securities whose acquisition cost exceeds their carrying value:			
Stocks	**5,222**	**4,188**	**(1,034)**
Bonds	**21,648**	**21,640**	**(8)**
Other	**216,584**	**216,330**	**(254)**
Subtotal	**243,454**	**242,158**	**(1,296)**
Total	**$ 463,382**	**$602,739**	**$ 139,357**

6. Marketable Securities and Investments in Securities (continued)

b) Sales of securities classified as other securities for the fiscal years ended 31st March, 2015 and 2014 are summarized as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Proceeds from sales	**¥ 2,714**	¥ 4,763	**$ 22,581**
Gain on sales	**1,053**	1,333	**8,762**
Loss on sales	—	—	—

c) The carrying value of investments in non-marketable securities at 31st March, 2015 and 2014 was as follows:

	2015	2014	2015
	(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)	**4,352**	2,805	**36,215**
Convertible bonds	—	—	—
Other	—	—	—

d) The securities which was impaired

Loss on devaluation of investment in securities have been recorded ¥0 million ($2 thousand) for the fiscal year ended 31st March, 2015.
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.

7. Inventories

Inventories at 31st March, 2015 and 2014 consisted of the following:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Finished goods and Commercial goods	**¥11,060**	¥ 9,504	**$ 92,042**
Work in process	**860**	816	**7,155**
Raw materials and Supplies	**13,145**	10,065	**109,386**
	¥25,065	¥20,385	**$208,583**

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 ¥274 million ($2,282 thousand).

8. Gain on sales of property, plant and equipment

The breakdown of gain on sales of property, plant and equipment for the fiscal year ended 31st March, 2015 and 2014 are as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Land	**¥ 11,948**	¥ 104	**$ 99,429**

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 ¥16 million ($131 thousand) has been recorded in the consolidated statement of income for the fiscal year ended 31st March, 2015. The details of the loss on impairment are as follows:

	2015	**2015**
	(Millions of yen)	*(Thousands of U.S. dollars)*
Facilities held in Nishiyodogawaku-Osaka City, Osaka Prefecture:		
Machinery	**¥ 15**	**$ 124**
Other assets	**1**	**7**
Total	**¥ 16**	**$ 131**

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 1.70% and 1.50% at 31st March, 2015 and 2014, respectively.

Long-term debts at 31st March, 2015 and 2014 consisted of the following:

	2015	2014	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Secured:			
Loans from banks or other	**¥ –**	¥ –	**$ –**
Unsecured:			
Loans from banks	**5,343**	15,332	**44,464**
Lease Obligation	**585**	694	**4,868**
	5,928	16,026	**49,332**
Less current portion:			
Loans from banks	**(4,000)**	(10,000)	**(33,286)**
Lease Obligation	**(213)**	(223)	**(1,771)**
	(4,213)	(10,223)	**(35,057)**
	¥ 1,715	¥ 5,803	**$14,275**

The aggregate annual maturities of long-term debts and lease obligation subsequent to 31st March, 2015 are summarized below:

	long-term debts		*lease obligation*	
	(Millions of yen)	*(Thousands of U.S. dollars)*	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Fiscal year ending 31st March,				
2016	¥ 4,000	$33,286	¥ 213	$ 1,771
2017	750	6,245	171	1,424
2018	593	4,933	115	955
2019	—	—	61	503
2020	—	—	15	127
2021 and thereafter	—	—	10	88
	¥ 5,343	$ 44,464	¥ 585	$4,868

11. Accrued Retirement Benefits for Employees

For the fiscal year ended March 31st, 2015 and 2014

(a) The Company and certain of its domestic consolidated subsidiaries (Glico Dairy Products 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. One consolidation subsidiary has adopted a jointly-established employee pension fund plan (multi-employer plan), and record required contribution amounts as retirement benefit expenses.

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

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Retirement benefit obligation at the beginning of the period	**¥ 24,996**	**¥ 28,021**	**$ 208,010**
Cumulative effects of changes in accounting policies	**(180)**	**—**	**(1,499)**
Restated balance	**24,816**	**28,021**	**206,511**
Service cost	**1,092**	**1,208**	**9,090**
Interest cost	**274**	**349**	**2,282**
Actuarial loss	**343**	**129**	**2,851**
Benefits paid	**(1,426)**	**(3,414)**	**(11,871)**
Others	**20**	**(1,297)**	**166**
Retirement benefit obligation at the end of the period	**¥ 25,119**	**¥ 24,996**	**$ 209,029**

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

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Plan assets at fair value at the beginning of the period	**¥ 15,816**	**¥ 15,541**	**$ 131,615**
Expected return on plan assets	**395**	**386**	**3,290**
Actuarial gain	**1,266**	**604**	**10,537**
Contributions by the employer	**951**	**1,454**	**7,912**
Retirement benefits paid	**(844)**	**(1,913)**	**(7,026)**
Others	**—**	**(256)**	**—**
Plan assets at fair value at the end of the period	**¥ 17,584**	**¥ 15,816**	**$ 146,328**

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:

	2015	2014	2015
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Retirement benefit obligations of the saving plan	**¥ 16,446**	**¥ 15,339**	**$ 136,862**
Plan assets at fair value	**(17,584)**	**(15,816)**	**(146,628)**
	(1,138)	**(477)**	**(9,466)**
Retirement benefit obligations of the non-saving plan	**8,673**	**9,657**	**72,167**
Net amount of liabilities and assets recognized in the consolidated balance sheets	**7,535**	**9,180**	**62,701**
Liability for retirement benefits	**10,282**	**11,064**	**85,558**
Asset for retirement benefits	**(2,747)**	**(1,884)**	**(22,857)**
Net amount of liabilities and assets recognized in the consolidated balance sheets	**¥ 7,535**	**¥ 9,180**	**$ 62,701**

(e) Retirement benefit expenses and their breakdown

	2015	2014	2015
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Service cost	**¥ 1,113**	**¥ 1,214**	**$ 9,258**
Interest cost	**274**	**349**	**2,282**
Expected return on plan assets	**(395)**	**(386)**	**(3,290)**
Amortization:			
Actuarial loss	**269**	**780**	**2,236**
Prior service cost	**20**	**18**	**170**
Others	**50**	**64**	**420**
Retirement benefit expenses	**¥ 1,331**	**¥ 2,039**	**$ 11,076**

11. Accrued Retirement Benefits for Employees (continued)

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

	2015	2014	2015
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Prior service cost	**¥ 18**	¥ −	**$ 153**
Actuarial loss	**1,195**	−	**9,940**
Total	**¥ 1,213**	¥ −	**$ 10,093**

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

	2015	2014	2015
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Unrecognized prior service cost	**¥ 28**	¥ 46	**$ 229**
Unrecognized actuarial loss	**44**	1,238	**367**
Total	**¥ 72**	¥ 1,284	**$ 596**

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

	2015	2014
	(%)	*(%)*
Bonds	**54**	52
Equities	**30**	27
General accounts at life insurance companies	**7**	7
Other	**9**	14
Total	**100**	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.

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

	2015	2014
Discount rate	**1.2%〜1.3%**	1.3%〜1.6%
Expected rates of return on plan assets	**2.5%**	2.5%
Future salary increase rate	**6.0〜8.0%**	6.0〜8.0%

11. Accrued Retirement Benefits for Employees (continued)

(j) The contribution to the multi-employer plan is ¥25 million ($208 thousand) and ¥26 million for the fiscal years ended 31st March, 2015 and 2014, respectively and is accounted for in the same manner as the contribution to the defined contribution plan.

1. Accumulated funds for the plan

	2015	2014	2015
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Plan Assets	**¥512,489**	**¥465,230**	**$4,264,698**
Total of amount of the pension obligation based on the calculation of pension financing in the scheme and minimum reserve amount	**522,290**	**497,125**	**4,346,259**
Net amount	**¥ (9,801)**	**¥ (31,895)**	**$ (81,561)**

2. Ratio of total salaries of the consolidated subsidiary to total funds of the plan are 0.15% and 0.14% for the fiscal years ended 31st March, 2015 and 2014, respectively.

3. Supplementary explanation

The main reasons behind the difference in amounts above 1 are due to unamortized prior service costs of ¥45,242 million ($376,483 thousand) and ¥49,514 million for pension financing calculation purpose and surplus of ¥35,441 million ($294,922 thousand) and ¥17,618 million for the fiscal years ended 31st March, 2015 and 2014, respectively.

Amortization of unamortized prior service costs was conducted using the equal repayment method and with an employer contribution of 1.55% and employee contribution of 0.15%. The residual period as of 31st March, 2014 was 8 years.

The ratio in the above 2. does not match with the ratio of the actual burden of the Company.

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 ($16,172 thousand) and ¥1,943 million at 31st March, 2015 and 2014, respectively.

Treasury stock

Movements in treasury stock during the fiscal year ended 31st March, 2015 and 2014 are summarized as follows:

	Number of Shares			
	2015			
	31st March, 2014	Increase	Decrease	31st March, 2015
Treasury Stock	7,750,303	39,141	3,928,800	3,860,644

Increase in the number of treasury stock includes the acquisition of fractional stock of 39,141. Decrease in the number of treasury stock includes the implementation of a share consolidation on its common stock with a ratio of two shares to one share on 1st October, 2014.

13. Leases

Future minimum lease payments subsequent to 31st March, 2015 for operating leases are summarized as follows:

Fiscal year ending 31st March,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2016	**¥ 106**	**$ 884**
2017 and thereafter	**23**	**192**
Total	**¥ 129**	**$ 1,076**

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 has no contingently liabilities at 31st March, 2015.

16. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs for the fiscal years ended 31st March, 2015 and 2014 totaled ¥4,471 million ($37,206 thousand) and ¥4,354 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 35.6% and 38.0% for the fiscal years ended 31st March, 2015 and 2014, respectively. 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 fiscal years ended 31st March, 2015 and 2014 are as follows:

	2015	**2014**
Statutory tax rate	**35.6%**	38.0%
Permanent non-deductible expenses	**0.9**	1.3
Permanent non-taxable dividend income	**(3.0)**	(1.8)
Inhabitants' per capita taxes	**0.3**	0.7
Valuation allowance	**(2.6)**	(3.6)
Tax deduction	**(1.3)**	(1.6)
Effects of changes in Income tax rate	**0.5**	0.9
Other	**(1.0)**	(3.4)
Effective tax rates	**29.4%**	30.5%

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on 31st March, 2015 and, the corporate tax rate etc. was reduced from the fiscal year after starting 1st April, 2015. As a result, the effective tax rate which the Company used for calculation of deferred tax assets and deferred tax liabilities for this period has been changed from 35.6% for the previous fiscal year to 33.0% for those which are expected to be recovered or paid from 1st April, 2015 to 31st March, 2016 and to 32.2% for those which are expected to be recovered or paid from 1st April, 2016, respectively.

As a result of this change, net deferred tax liabilities (after netting deferred tax assets) decreased by ¥380 million ($3,166 thousand), remeasurements of defined benefit plans decreased by ¥2 million ($15 thousand), income taxes – deferred increase by ¥129 million ($1,072 thousand) and valuation difference on available-for-sale securities increased by ¥511 million ($4,252 thousand) as of and for the fiscal year ended 31st March, 2015, respectively.

17. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at 31st March, 2015 and 2014 are summarized as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Current portion			
Deferred tax assets:			
Accrued bonuses	**¥ 849**	¥ 860	**$ 7,061**
Accrued expenses	**691**	812	**5,750**
Other	**715**	560	**5,957**
Gross deferred tax assets	**2,255**	2,232	**18,768**
Less valuation allowance	**(9)**	(8)	**(74)**
Net deferred tax liabilities	**-**	(938)	**-**
Total deferred tax assets – current	**¥ 2,246**	¥ 1,286	**$ 18,694**
Deferred tax liabilities:			
Other	**-**	(938)	**-**
Total deferred tax liabilities	**-**	(938)	**-**
Net deferred tax assets	**¥ 2,246**	¥ 938	**$ 18,694**
Net deferred tax liabilities	**-**	-	**-**
Non-current portion			
Deferred tax assets:			
Net defined benefit liability	**¥ 2,687**	¥ 3,478	**$ 22,358**
Loss on impairment of fixed assets	**1,925**	2,194	**16,019**
Amortization of deferred assets	**17**	19	**142**
Depreciation	**449**	465	**3,732**
Other	**3,649**	4,157	**30,369**
Gross deferred tax assets	**8,727**	10,313	**72,620**
Less valuation allowance	**(5,433)**	(6,290)	**(45,205)**
Net deferred tax liabilities	**(2,484)**	(1,518)	**(20,674)**
Total deferred tax assets – non-current	**810**	2,505	**6,741**
Deferred tax liabilities:			
Net unrealized holding gain on securities	**(4,876)**	(3,325)	**(40,578)**
Reserve for special depreciation included in retained earnings	**(18)**	(26)	**(148)**
Reserve for deferred gain on property included in retained earnings	**(2,572)**	(203)	**(21,407)**
Other	**(195)**	-	**(1,615)**
Total deferred tax liabilities	**(7,661)**	(3,554)	**(63,748)**
Net deferred tax assets	**¥ 2,484**	¥ 1,518	**$ 20,674**
Net deferred tax liabilities	**(5,176)**	(2,036)	**(43,074)**

18. Other Comprehensive Income

Each component of other comprehensive income for the fiscal year ended 31st March, 2015 and 2014 were the following:

	2015	2014	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Net unrealized holding gain on securities			
Gain arising during the year	**7,429**	3,792	**61,818**
Reclassification adjustments to profit or loss	**(1,479)**	(1,630)	**(12,307)**
Amount before income tax effect	**5,950**	2,162	**49,511**
Income tax effect	**(1,552)**	(730)	**(12,919)**
Total	**4,398**	1,432	**36,592**
Loss on deferred hedges			
Gain arising during the year	-	-	-
Reclassification adjustments to profit or loss	-	67	-
Amount before income tax effect	-	67	-
Income tax effect	-	(25)	-
Total	-	42	-
Translation adjustments			
Adjustments arising during the year	**2,604**	3,633	**21,670**
Remeasurements of defined benefit plans, net of tax			
Gain arising during the year	**924**	-	**7,687**
Reclassification adjustments to profit or loss	**289**	-	**2,406**
Amount before income tax effect	**1,213**	-	**10,093**
Income tax effect	**(433)**	-	**(3,602)**
Total	**780**	-	**6,491**
Share of other comprehensive income of entities accounted for using equity method			
Adjustments arising during the year	**212**	-	**1,768**
Total other comprehensive income	**7,994**	5,107	**66,521**

19. Investment and rental property

The Company and its consolidated subsidiaries own rental office building and rental commercial facilities etc. in Tokyo, Japan and other areas. Income/loss for these investment and rental property for the fiscal year ended 31st march, 2014 was ¥59 million (Income was included in other, net and loss was mainly included in other, net in consolidated statements of income). Income/loss for these investment and rental property for the fiscal year ended 31st march, 2015 was ¥94 million ($783 thousand) (Income was included in other, net and loss was mainly included in other, net in consolidated statements of income).

The carrying amount, net changes and fair value of investment and rental property for the fiscal years ended 31st March, 2015 and 2014 are as follows:

	2015	2014	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Carrying value			
At the beginning of current period	**4,498**	4,509	**37,431**
Net Change during the period	**8,132**	(11)	**67,668**
At the end of current period	**12,630**	4,498	**105,099**
Fair value at end of current period	**14,390**	11,650	**119,749**

Note 1. Carrying value represent the acquisition costs less accumulated depreciation and impairment losses.

Note 2. Net change for the fiscal year ended 31st March, 2014 is mainly depreciation of ¥7 million and for the fiscal year ended 31st March, 2015 is mainly acquisition of property of ¥10,113 million ($84,156 thousand) and sales of property of ¥1,974 million ($16,427 thousand).

Note 3. Fair value of main property at March 31, 2015 was acquired in the fiscal year ended 31st March, 2015. Because the net change of fair value during the period was minor, carrying value is regarded as fair value. Fair value of other property is estimated based on the index prices deemed to reflect the market price accurately.

20. 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 five segments: Confectioneries Division / Ice Cream Division / Food Products Division / Milk and Dairy 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.

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.

20. Segment information (continued)

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

2015 *(Millions of yen)*

	Reportable segments					
	Confectioneries Division	Ice Cream Division	Food Products Division	Milk and Dairy Products Division	Food Ingredients Division	Subtotal
Sales Sales to third parties	**113,757**	**73,809**	**22,314**	**94,390**	**9,464**	**313,734**
Inter-segment sales and transfers	**499**	**-**	**-**	**241**	**141**	**881**
Net Sales	**114,256**	**73,809**	**22,314**	**94,631**	**9,605**	**314,615**
Segment income(loss)	**8,170**	**3,040**	**669**	**2,301**	**268**	**14,448**
Segment assets	**56,857**	**18,025**	**6,804**	**30,812**	**4,788**	**117,286**
Depreciation	**4,397**	**2,156**	**262**	**2,163**	**80**	**9,058**
Increase in property, plants and equipment/ intangible fixed assets	**4,222**	**3,082**	**102**	**3,233**	**114**	**10,753**

	Other	Total	Adjustments and eliminations	Consolidated
Sales Sales to third parties	**5,660**	**319,394**	**-**	**319,394**
Inter-segment sales and transfers	**3,390**	**4,271**	**(4,271)**	**-**
Net Sales	**9,050**	**323,665**	**(4,271)**	**319,394**
Segment income(loss)	**265**	**14,713**	**(465)**	**14,248**
Segment assets	**859**	**118,145**	**157,158**	**275,303**
Depreciation	**150**	**9,208**	**1,810**	**11,018**
Increase in property, Plants and equipment/ intangible fixed assets	**79**	**10,832**	**928**	**11,760**

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.

20. Segment information (continued)

	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

	Others	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

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 Co., Ltd. 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.

20. Segment information (continued)

	2015 *(Thousands of U.S. dollars)*					
	Reportable segments					
	Confectioneries Division	Ice Cream Division	Food Products Division	Milk and Dairy Products Division	Food Ingredients Division	Subtotal
Sales Sales to third parties	**946,637**	**614,204**	**185,687**	**785,468**	**78,753**	**2,610,749**
Inter-segment sales and transfers	**4,149**	**-**	**-**	**2,005**	**1,177**	**7,331**
Net Sales	**950,786**	**614,204**	**185,687**	**787,473**	**79,930**	**2,618,080**
Segment income(loss)	**67,988**	**25,296**	**5,572**	**19,146**	**2,228**	**120,230**
Segment assets	**473,142**	**149,993**	**56,616**	**256,408**	**39,841**	**976,000**
Depreciation	**36,590**	**17,938**	**2,184**	**17,996**	**666**	**75,374**
Increase in property, plants and equipment/ intangible fixed assets	**35,129**	**25,644**	**852**	**26,906**	**950**	**89,481**

	Other	Total	Adjustments and eliminations	Consolidated
Sales Sales to third parties	**47,099**	**2,657,848**	**-**	**2,657,848**
Inter-segment sales and transfers	**28,212**	**35,543**	**(35,543)**	**-**
Net Sales	**75,311**	**2,693,391**	**(35,543)**	**2,657,848**
Segment income(loss)	**2,202**	**122,432**	**(3,870)**	**118,562**
Segment assets	**7,150**	**983,150**	**1,307,795**	**2,290,945**
Depreciation	**1,249**	**76,623**	**15,060**	**91,683**
Increase in property, plants and equipment/ intangible fixed assets	**656**	**90,137**	**7,727**	**97,864**

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.

21. Amounts per Share

Amounts per share at 31st March, 2015 and 2014 and for the fiscal years then ended were as follows:

	2015	2014	2015
	(Yen)		(U.S. dollars)
Net income	**¥ 321.35**	¥ 178.19	**$ 2.67**
Cash dividends	**35.00**	15.00	**0.29**
Net assets	**2,582.19**	2,157.60	**21.49**

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 fiscal year end.

Diluted net income per share for the fiscal years ended 31st March, 2015 and 2014 has not been disclosed because no potential for dilution existed at 31st March, 2015 and 2014.

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.

The one for two share consolidation of common stocks was effective 1st October, 2014. Net assets per share and net income per share assuming that consolidation of shares had been carried out at the beginning of the fiscal year ended 31st March, 2014.

22. Subsequent Event

The following appropriation of retained earnings, which has not been reflected in the accompanying consolidated financial statements for the fiscal year ended 31st March, 2015, was approved at a shareholders' meeting held on 24th June, 2015:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends (¥30.00 = U.S.$0.25 per share)	**¥1,967**	**$16,369**

Corporate Information

Board of Directors and Statutory Auditors (as of 24th June, 2015)

President & CEO
Katsuhisa Ezaki

Directors
Etsuro Ezaki
Masahiro Azumi
Takashi Kuriki
Tetsuo Masuda
Takatoshi Kato
Kanoko Oishi

Standing Corporate Auditors
Toshiaki Yoshida
Hiroshi Adachi

Corporate Auditors
Shintaro Iwai
Matao Miyamoto
Minoru Kudo

Corporate Data (as of 31st March, 2015)

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. $64,689 Thousand)

Number of Employee
1,106

Stock Exchanges Listed
Tokyo

Transfer Agents
Sumitomo Mitsui Trust Bank, Limited.
5-33, Kitahama, 4-chome, Chuo-ku,
Osaka 541-0041, Japan

Established
1922