Calbee
Harvest the Power of Nature.

Consolidated Financial Statements for the Fiscal Year ended March 31, 2015

April 1, 2014 to March 31, 2015

CALBEE, Inc.

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS (consolidated)

Full Year Results for the Fiscal Year Ended March 31, 2015

CALBEE, Inc.

May 12, 2015

Stock exchange listings: Tokyo 1st section, code number 2229

URL: http://www.calbee.com/

Contact: Koichi Kikuchi
Senior Executive Officer / Chief Financial Officer
Telephone: +81-3-5220-6222

Representative: Shuji Ito, President & COO, Representative Director
Scheduled date for the General Meeting of Shareholders: June 25, 2015
Scheduled date for distribution of dividends: June 26, 2015
Scheduled date for submission of the full year financial report: June 25, 2015
Availability of supplementary explanatory material: Available
Results presentation meeting: Yes (for institutional investors and analysts)

1) Consolidated results for the fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Consolidated Operating Results

Millions of yen, rounded down

	FY ended March 31, 2015		FY ended March 31, 2014	
		% change		% change
Net sales	222,150	11.1	199,941	11.4
Operating income	24,183	22.6	19,717	24.9
Ordinary income	25,615	23.3	20,782	21.3
Net income	14,114	16.8	12,086	28.0
Earnings per share (¥)	105.82		91.46	
Earnings per share (diluted) (¥)	105.54		90.42	
Return on equity (%)	13.7		13.1	
Ordinary income to total assets ratio (%)	16.9		15.6	
Operating income to sales ratio (%)	10.9		9.9	

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.
2. Comprehensive income: FY ended March 31, 2015: ¥17,983 million (35.0%)
FY ended March 31, 2014: ¥13,317 million (15.4%)

Reference: Income (loss) from equity method investments:
FY ended March 31, 2015: ¥－ million
FY ended March 31, 2014: ¥－ million

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2015	As of March 31, 2014
Total assets	161,968	140,966
Net assets	118,800	104,466
Shareholders' equity/total assets (%)	67.7	69.1
Net assets per share (¥)	821.97	729.93

Shareholders' equity: As of March 31, 2015: ¥109,652 million
As of March 31, 2014: ¥97,375 million

(3) Consolidated cash flows

Millions of yen, rounded down

	FY ended March 31, 2015	FY ended March 31, 2014
Cash flows from operating activities	22,266	23,478
Cash flows from investing activities	(9,422)	(17,041)
Cash flows from financing activities	(2,878)	(383)
Cash and cash equivalents at end of period	42,572	31,592

2) Dividends per share

	FY ended March 31, 2014	FY ended March 31, 2015	FY ending March 31, 2016 (forecast)
Interim dividend per share (¥)	00.00	00.00	00.00
Year-end dividend per share (¥)	22.00	28.00	33.00
Annual dividend per share (¥)	22.00	28.00	33.00
Total dividend amount (millions of yen)	2,937	3,741	
Dividend payout ratio (consolidated) (%)	24.1	26.5	27.9
Net assets to dividends ratio (%)	3.2	3.6	

Note: Total dividend amounts for FYs ended March 31, 2014 and March 31, 2015 include dividends of ¥2 million and ¥6 million, respectively, for Calbee shares held in trust.

3) Consolidated forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

Millions of yen

	Full Year	
		% change
Net sales	240,000	8.0
Operating income	28,800	19.1
Ordinary income	28,000	9.3
Profit attributable to owners of parent	15,800	11.9
Earnings per share (¥)	118.44	

Note: The percentages shown above are a comparison with the full year period of the previous fiscal year.

Notes

(1) Transfers of important subsidiaries during the period (transfers of specified subsidiaries resulting in changes in the scope of consolidation): Yes

One company added to scope of consolidation: Calbee-URC, Inc.

Note: For further details, please see Page 23, 5. Consolidated financial statements (5) Notes to consolidated financial statements (Significant items for the preparation of consolidated financial statements)

(2) Changes in accounting policy, changes in accounting estimates, and restatements:

1. Changes in accounting policies following revisions of accounting standards: Yes
2. Changes in accounting policies other than 1.: None
3. Changes in accounting estimates: None
4. Restatements: None

Note: From the current consolidated fiscal year we have adopted accounting standards for retirement benefits. For further details, please see page 26, 5. Consolidated financial statements (5) Notes to consolidated financial statements (Changes in accounting policy).

(3) Number of outstanding shares (common stock)

	March 31, 2015:	March 31, 2014:
1. Number of outstanding shares (including treasury shares)	133,629,800 shares	133,507,800 shares
2. Number of treasury shares	228,132 shares	104,232 shares
	Fiscal year to March 31, 2015:	Fiscal year to March 31, 2014:
3. Average number of shares during the period	133,392,045 shares	132,144,134 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 227,300 of these shares as of March 31, 2015 and 103,400 of these shares as of March 31, 2014, and the average number of shares during the year to March 31, 2015 excludes 183,756 treasury shares and 6,232 treasury shares during the year to March 31, 2014.

(Reference)

1. Non-Consolidated Results for the Fiscal Year Ended March 31, 2015

(1) Non-Consolidated Operating Results

Millions of yen, rounded down

	FY ended March 31, 2015		FY ended March 31, 2014	
		% change		% change
Net sales	167,430	8.0	155,037	9.4
Operating income	19,543	18.7	16,469	33.7
Ordinary income	21,363	20.0	17,800	26.4
Net income	13,003	8.6	11,971	49.9
Earnings per share (¥)	97.49		90.59	
Earnings per share (diluted) (¥)	97.23		89.55	

(2) Non-consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2015	As of March 31, 2014
Total assets	132,429	118,604
Net assets	99,621	89,955
Shareholders' equity/total assets (%)	75.2	75.8
Net assets per share (¥)	746.59	674.05

Shareholders' equity: As of March 31, 2015: ¥99,596 million
As of March 31, 2014: ¥89,920 million

Notification regarding the auditing process

This financial report is not within the scope of the auditing process as prescribed by the Financial Instruments and Exchange Act. Therefore, and as of the time of disclosure, the auditing process of this financial report has not been completed.

Appropriate use of financial forecasts and other items

1. Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For further information on assumptions used in forecasts please see Page 6, 1. Operating Results (1) Summary of business performance (consolidated).
2. The earnings per share forecast for the fiscal year ending March 31, 2016 is calculated using 133,401,668 shares as the expected average number of shares for the period.
3. CALBEE, Inc. has scheduled a conference for institutional investors and analysts for May 12, 2015. A video of the conference will be made available on our Japanese website after the conference.

Contents

1. Operating results

(1) Summary of business performance (consolidated)

(All comparisons are with the same period of the previous fiscal year, unless stated otherwise.)

Business performance

During the year under review, the Japanese economy sustained a gentle recovery, supported by the effects of the government's economic and quantitative easing policies. However, there is some uncertainty in the outlook due to a number of factors, including increased raw material import prices due to the weakening yen and long-term concerns about the effects of the consumption tax increase.

In the snack food market, sales were not substantially impacted by the consumption tax increase or the irregular weather, and compared to other industries the overall market was firm.

In this environment, Calbee Group (hereafter "Calbee") continued initiatives to actively promote the twin pillars of innovation (growth strategies) and cost reduction. With regards to innovation, in working to raise our overseas sales ratio to 30%, we achieved strong sales and profit growth by strengthening *Harvest Snaps* (*Snapea Crisps*) in North America, the world's largest market, while *Honey Butter Chip* was a big hit in South Korea. In further expanding our overseas business, we also established a Philippine joint venture with Universal Robina Corporation that began operations in February 2015. In addition, we are also moving forward with our expansion into the United Kingdom, Spain and Indonesia. Domestically, we grew our market share on strong sales of potato-based snacks, corn-based snacks and cereal product *Furugura* (Fruits Granola).

In cost reduction, we achieved our highest ever operating income ratio by lowering our manufacturing cost ratio through improving factory utilization ratios and production efficiency, and increasing the efficiency of selling, general and administrative expenses.

Consolidated net sales for the year under review increased 11.1% to ¥222,150 million due to strong performance in the production and sale of snacks and other foods business. In terms of profitability, operating income increased 22.6% to ¥24,183 million due to effects from increased revenues and cost reductions. Ordinary income increased 23.3% to ¥25,615 million, including a ¥1,318 million gain from foreign exchange accompanying the weaker yen. Net income increased by 16.8% to ¥14,114 million, and new records were set for both sales and profit despite recording an impairment loss involving fixed assets of Calbee (Hangzhou) Foods Co., Ltd., whose performance continues to be sluggish.

Millions of yen, rounded down

	FY ended March 31, 2015		FY ended March 31, 2014		Growth	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	199,709	89.9	184,148	92.1	+8.5%	+8.5%
Overseas sales	22,441	10.1	15,792	7.9	+42.1%	+28.9%
Total	222,150	100.0	199,941	100.0	+11.1%	+10.1%

Result by business:

<u>Production and sale of snacks and other foods business</u>

Net sales increased by 11.2% to ¥218,899 million, driven by snack foods and cereals, as well as overseas business.

1. Snack foods:

   Snack food sales increased 9.8% to ¥190,069 million due to growth in potato-based snacks, corn-based snacks and overseas business.

(1)Potato-based snacks

Net sales increased 6.8% to ¥119,452 million. *Potato Chips*: Enlarged domestic share as core products (*Usushio*, *Consomme*, *Norishio*) were firm and on factors such as strengthening the product line-up for *Kata-Age Potato* and growing contract production of private brands for retailers. *Jagarico*: Increased sales through means including launch of *Tarako Butter* flavor L size and sale of limited-time products. *Jagabee*: Sales declined year-on-year, but have been recovering since January due to measures such as strengthening the product line-up.

(2)Flour-based snacks

Net sales increased 0.5% to ¥21,972 million with firm sales of products including *Calbee Light! Kappa Ebisen* with 25% less oil content.

(3) Corn-based snacks

Net sales increased 21.8% to ¥17,801 million on strong sales of popcorn. Contract production of private brands for retailers grew, and sales of *Garrett Popcorn Shops* are also trending well.

(4) Other snacks-domestic

Net sales decreased 6.5% to ¥8,401 million due to decreased sales from *Vegips* and other factors.

(5) Overseas business

Net sales increased 42.1% to ¥22,441 million on strong sales in the North American and South Korean businesses. Sales of *Harvest Snaps* (*Snapea Crisps)* in North America and *Honey Butter Chip* in South Korea were strong, and we plan to build new factories for both products to respond to demand in excess of our ability to supply.

2. Other food products (Cereals and Processed bread)

Net sales increased 21.3% to ¥28,830 million due to a large increase in sales of *Furugura (Fruits Granola)*. *Furugura* is driving cereals market with a top share and continues to grow strongly.

Other businesses

Net sales increased 7.6% to ¥3,250 million on firm sales for the distribution business.

Consolidated forecasts for the fiscal year ending March 31, 2016

Looking ahead, Calbee aims to further increase revenues and profits through ongoing innovation (our growth strategy) and cost reduction despite anticipating continued uncertainty due to factors including a stagnant consumer mindset and higher imported raw material prices.

In domestic business, we anticipate increased revenues from growth in sales of potato-based snacks and cereals.

In overseas business, in addition to strengthening North America and South Korea we will work on developing the Philippine and UK markets.

As a result, for the consolidated fiscal year ending March 31, 2016, we forecast net sales of ¥240,000 million (up 8.0%). In terms of profits, although we expect the cost of raw ingredients to rise, due to increased revenues and further cost reduction initiatives, we forecast operating income of ¥28,800 million (up 19.1%), ordinary income of ¥28,000 million (up 9.3%) and profit attributable to owners of parent of ¥15,800 million (up 11.9%).

The foreign exchange rates used in calculations for these forecasts are 1 dollar = ¥120.00, 1 renminbi = ¥19.35, 1 won = ¥0.11.

(2) Analysis of financial position

(All comparisons are with the end of the previous fiscal year, unless stated otherwise.)

1. Assets, liabilities and net assets

Total assets as of March 31, 2015 were ¥161,968 million, an increase of ¥21,001 million. Factors contributing to this outcome included increases in notes and accounts receivable-trade, securities and property, plant and equipment. The increase in notes and accounts receivable-trade was driven by increased sales. The increase in securities resulted from the acquisition of commercial paper and yen-denominated bonds. The increase in property, plant and equipment was driven by the expansion of production lines for strong selling *Furugura* and for the acquisition of production facilities overseas, including of new factories in North America.

Liabilities increased ¥6,667 million to ¥43,168 million. Factors contributing to this outcome were increases in notes and accounts payable-trade and others.

Net assets increased ¥14,334 million to ¥118,800 million. Factors contributing to this outcome were increases in retained earnings and minority interests.

The equity ratio decreased 1.4 percentage points from the end of the previous fiscal year to 67.7% and net assets per share was ¥821.97.

2. Cash flow

Cash and cash equivalents as of March 31, 2015 were ¥42,572 million, ¥10,979 million higher than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flows from operating activities

Operating activities during the period under review resulted in a net cash inflow of ¥22,266 million, compared to an inflow of ¥23,478 million for the previous fiscal year.

Factors contributing to this outcome included an increase in inflows of income before income taxes and minority interests of ¥24,217 million and depreciation of ¥6,232 million, partially offset by an increase in notes and accounts receivable-trade of ¥3,260 million and outflows of income tax payments of ¥9,301 million.

Cash flows from investing activities

Investing activities during the period under review resulted in a net cash outflow of ¥9,422 million, compared to an outflow of ¥17,041 million for the previous fiscal year. Outflows of ¥14,318 million in purchase of property, plant and equipment and ¥24,990 million in purchase of securities were partially offset by inflows of ¥5,500 million in proceeds from withdrawal of time deposits and ¥26,000 million in proceeds from redemption of securities.

Cash flows from financing activities

Financing activities during the period under review resulted in a net cash outflow of ¥2,878 million due to a ¥3,536 million outflow for cash dividends paid, compared to an outflow of ¥383 million for the previous fiscal year.

Reference: Related Cash flow indicators

	FY ended March 31, 2011	FY ended March 31, 2012	FY ended March 31, 2013	FY ended March 31, 2014	FY ended March 31, 2015
Equity ratio (%)	70.7	71.6	70.2	69.1	67.7
Equity ratio based on market price (%)	73.9	126.4	201.4	229.9	429.9
Debt service coverage (%)	0.0	0.1	0.0	0.0	0.0
Interest coverage ratio (times)	247.2	1,031.4	6,470.2	1,581.1	18,102.4

Equity ratio: Shareholders' equity /Total assets
Equity ratio based on market price: Market capitalization/Total assets
Debt service coverage: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/Interest paid

1. Calculations based on consolidated financial results figures for all indices.
2. Market capitalization = market price on last trading day of period x total shares outstanding at end of period (excluding treasury shares (residual Calbee shares held in trust as treasury shares included within shareholders' equity))
3. Cash flow is the Net Cash Provided from Operating Activities figure in the consolidated statement of cash flows.
4. Interest-bearing debt includes all debt on which interest is paid recorded in the liabilities section of the consolidated balance sheet.
5. Interest paid use the interest expenses paid figure in the consolidated statements of cash flows.

(3) Basic policy for profit distribution and dividends for fiscal year to March 2015 and 2016

Calbee recognizes that the distribution of profits to shareholders is an important management matter. Our policy is to consistently and actively distribute profits in accordance with our consolidated results while striving to improve our profitability and strengthen our financial position.

We will leverage our internal reserves for capital investment and other measures aimed at raising our corporate value.

On the basis of consistent and active distribution of profits and in consideration of our consolidated results and financial position, we plan to pay an annual dividend of ¥28 per share for the fiscal year ended March 31, 2015. (To be presented at the 66th General Meeting of Shareholders, June 25, 2015.)

As prescribed by Article 454 Clause 5 of the Companies Act, the Articles of Incorporation stipulate that the Company is able to pay interim dividends. However, a dividend will be paid once annually upon review of certain factors including the annual results.

For the fiscal year ending March 31, 2016, we plan to increase the annual dividend by ¥5 to ¥33 per share.

(4) Business Risks

The major risks to which Calbee is exposed in its operations are described below. In the interests of full disclosure, information has also been provided on risks that are not anticipated to necessarily have a major impact on the business but have been deemed important to facilitate a better understanding of Calbee's business activities.

Recognizing the possibility that such risks may materialize, Calbee's policy is to avoid these risks where possible and to mitigate any impact in the event that they materialize. The risks and forward-looking statements described below are based on judgments made by Calbee as of the date of publication of this report.

1. Product Development

Calbee conducts research and development activities to provide customers with unique, value-added products that maximize the nutritional content and flavor of natural ingredients. Meanwhile, there is considerable change underway in Calbee's operating environment owing to diversifying customer tastes, growing health awareness, and Japan's low birthrate and ageing society. The ability to rapidly respond to these changes and develop high value-added products is becoming an increasingly important factor in Calbee's business expansion. As such, Calbee conducts research and development activities in accordance with annual plans in the areas of new product development, existing product improvement, cost reduction, and analysis of ingredients and nutrients. However, there is no guarantee that investment in these development activities will result in the successful launch of new products, and any divergence between research and development themes and market needs could have an impact on Calbee's operating results and financial position.

2. Ingredient Procurement

In principle, imports of raw potatoes, the main ingredient of potato snacks such as *Potato Chips*, *Jagarico* and *Jagabee*, are not permitted into Japan under the Plant Protection Act. In order to secure sufficient supplies of domestically produced high-quality potatoes at a stable price, Calbee has sought to build a procurement system based on ongoing grower contracts concluded since launching its first potato snacks. Although these grower contracts enable stable supplies, harvest conditions could prevent Calbee from securing sufficient supplies of raw potatoes, resulting in sales opportunity losses and increased costs due to emergency procurement that could have an impact on Calbee's operating results and financial position.

Moreover, changes in demand trends and fluctuations in the price of crude oil and in foreign exchange markets could affect procurement costs for a wide range of raw materials such as edible oils, other ingredients and product packaging, which could also have an impact on Calbee's operating results and financial position.

3. Product Safety

Consumer demands for greater food safety have increased in recent years. In assuming responsibility for responding to these demands, Calbee strictly monitors the quality of ingredients and manufacturing processes and takes all possible precautions to ensure product quality and prevent contamination. However, unforeseen problems related to ingredients and manufacturing processes could have an impact on Calbee's operating results and financial position.

Furthermore, in April 2002, the Swedish government released the results of research showing that grilling or frying foods with high carbohydrate content can generate acrylamide, a carcinogen. Japan's Ministry of Health, Labour and Welfare has said it does not foresee any health impact from this substance for people who consume average amounts of this type of food, and at this point, there has been no impact on Calbee's operating results. Nevertheless, this issue could develop in the future to the point where it has an impact on the entire snack foods industry.

4. Competitive Risk

Calbee has a large and stable share of the domestic snack food market. However, intensifying competition from rival domestic companies, a significant influx of foreign-owned companies into the market, or sector realignment due to M&A deals could have an impact on Calbee's operating results and financial position.

In addition, choosing to lower prices in response to price reductions implemented by competitors could result in lower profit margins and other outcomes, which in turn could have an impact on Calbee's operating results and financial position.

5. Global Expansion

Calbee is using subsidiaries overseas to expand its operations outside the Japanese market. Calbee believes it is necessary to strengthen and expand overseas business to deliver growth over the longer term. Going forward, Calbee intends to expand its operations more rapidly and boost its competitiveness. However, if efforts to develop its presence in global markets do not proceed as anticipated it may be necessary for Calbee to review its growth strategy. In addition, as Calbee expands its operations, changes in the political and economic conditions of a variety of countries and regions, as well as fluctuations in foreign exchange markets, could have an impact on Calbee's operating results and financial position.

6. Relationship with Major Shareholder

As of March 31, 2015, Frito-Lay Global Investments B.V. (FLGI), a wholly owned subsidiary of PepsiCo, Inc., (PepsiCo) owned 20.00% of Calbee, Inc. shares (after full dilution) making Calbee (the Company) an equity-method affiliate of PepsiCo. FLGI, which directly owns the shares of the Company, is a wholly owned PepsiCo subsidiary, so PepsiCo effectively makes all decisions regarding the exercise of common share voting rights. PepsiCo is one of the world's largest food and beverage makers and is listed on the New York Stock Exchange. Also, PepsiCo operates globally in the same snack foods field as the Company via group companies, primarily its subsidiary Frito-Lay North America, Inc.

On June 24, 2009, the Company and PepsiCo concluded a strategic alliance agreement, based on the understanding that combining management capabilities to generate synergies was necessary to deliver sustained growth for both companies. In order to reinforce the partnership with PepsiCo, the Company allocated new shares to PepsiCo's wholly owned subsidiary FLGI via a private placement, and at the same time, acquired all the shares of PepsiCo's subsidiary Japan Frito-Lay Ltd.

Under the strategic partnership, PepsiCo has agreed not to operate a snack food business in the Japanese market and therefore does not compete with the Company in Japan. Also, because no restrictions have been placed on overseas business development, the Company believes there are no limits on its management decisions or business development under the agreement.

The Company intends to maintain this strategic partnership and work toward boosting corporate value. However, in the future it may no longer be possible to generate synergies from the partnership in the event that PepsiCo makes changes to its management policy and business strategy. In addition, the PepsiCo Group could become a competitor in the Japanese market in the event that the partnership is dissolved for any reason. Any of these developments could have an impact on Calbee's operating results and financial position.

a. Personnel Relationship

Currently, one person from the PepsiCo Group has been invited to sit on the Company's Board of Directors as an outside director. The Company made this invitation in order to benefit from the individual's detailed understanding of the global food industry and her knowledge and experience as a manager of a multinational company.

Name	Position at the Company	Position in the PepsiCo Group
Ümran Beba	Director	Senior Vice President and Chief HR Officer, PepsiCo AMEA

b. Business Relationship

The Company's subsidiary Japan Frito-Lay Ltd. receives imports of snack foods from Frito-Lay, Inc., a PepsiCo Group company. In addition, the Company's subsidiary Calbee North America, LLC sells snack foods to PepsiCo Group's Frito-Lay North America, Inc.

c. Capital Relationship

Under the strategic partnership with PepsiCo, the Company and PepsiCo have agreed that from the perspective of maintaining the strategic partnership, PepsiCo shall not own more than 20.00% of the Company's shares. In future, PepsiCo's ownership ratio in the Company may be subject to change, owing to changes in the management policies or business strategies of PepsiCo or the Company, or as a result of other factors such as changes in the Company's business environment.

7. Legal Regulations

In the course of its business activities, Calbee is subject to a range of legal regulations, including the Food Sanitation Act, Act against Unjustifiable Premiums and Misleading Representations, Measurement Act, Unfair Competition Prevention Act, Plant Protection Act, and Consumer Product Safety Act. Calbee may incur additional costs to respond to revisions to these regulations or their abolishment and the implementation of new regulations, and this could have an impact on Calbee's operating results and financial position.

Calbee has also received a variety of permits and licenses necessary to conduct its business activities. However, Calbee's business activities may be restricted if these permits and licenses are withdrawn due to legal infringements or other reasons, which could have an impact on Calbee's operating results and financial position.

8. Natural Disaster Risk

Calbee conducts necessary periodic inspections of its manufacturing lines to avoid the risk of shutdowns to these lines. It has also built a stable product supply framework by dispersing its manufacturing sites. However, there is no guarantee that manufacturing facilities will not be damaged as a result of a natural disaster or other event. Any such damage to facilities could lead to a drop in sales and an increase in costs, which could have an impact on Calbee's operating results and financial position.

2. Business overview and organization

Calbee is composed of CALBEE, Inc., 22 subsidiaries (9 domestic, 13 overseas) and 3 affiliate companies engaged in such activities as the manufacture and sale of potato-based, flour-based and corn-based snacks, as well as cereals. Calbee is also an equity method affiliate of US food and beverage maker PepsiCo, Inc.

Calbee provides products and services under our founding philosophy of being committed to harnessing nature's gifts, to brining taste and fun, and to contributing to healthy lifestyles.
The positioning of core companies within Calbee is as follows:

Production and sale of snacks and other foods business

1. Snack Foods

In Japan, Calbee and Japan Frito-Lay Ltd. are engaged in manufacturing and sales with certain products sold through Calnac Co., Ltd. Certain products are manufactured by Calbee Potato, Inc., and Calbee Eatalk Co., Ltd., and Calbee Potato, Inc. procures ingredients.

Overseas, Calbee North America, LLC in the U.S., Calbee Tanawat Co., Ltd. in Thailand, Calbee Four Seas Co., Ltd. in Hong Kong, CFSS Co. Ltd. and Calbee (Hangzhou) Foods Co., Ltd. in China, Haitai-Calbee Co., Ltd. in Korea, Calbee (Taipei) Foods Co., Ltd. in Taiwan and Calbee-URC, Inc. in the Philippines are engaged in manufacturing and sales. Further, Qingdao Calbee Foods Co., Ltd., Yantai Calbee Co., Ltd. and Calbee North America, LLC procure ingredients and manufacture dough for snacks.

2. Cereal Foods

Calbee manufactures and sells cereal foods.

3. Processed Breads

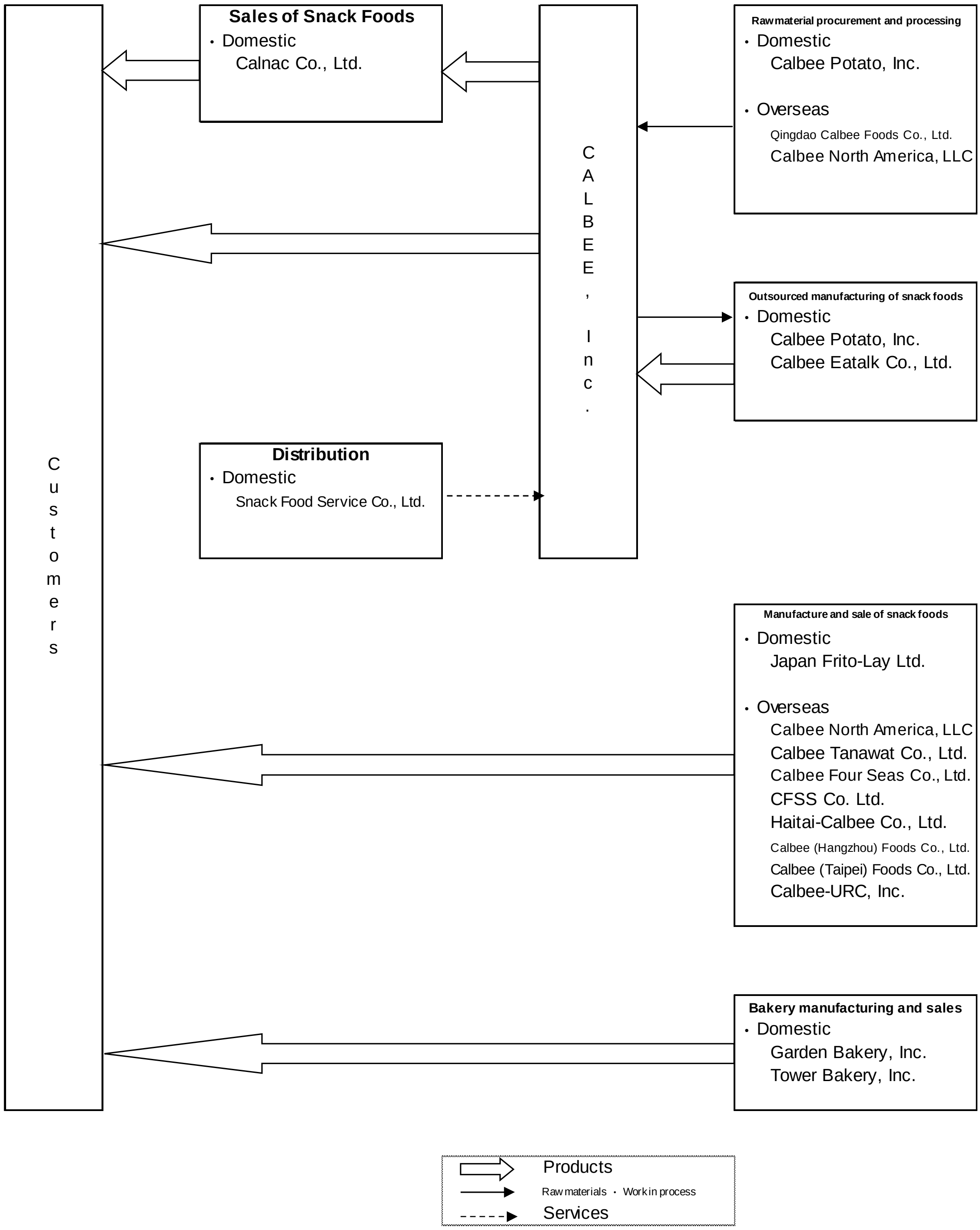
Garden Bakery, Inc. and Tower Bakery, Inc. manufacture and sell sweet buns and breads for retail customers.

Other businesses

Our distribution business is run by Snack Food Service Co., Ltd. Production planning and dispatch agency service for sales promotional tools (POP, etc.) is conducted by Calbee.

See following page for image of the organizational structure.

Organizational structure



*1. Displays only important transactions

*2. In June 2009, Calbee concluded strategic partnership agreements with PepsiCo, Inc. (other affiliate companies)

3. Management policy

(1) Management policy

Calbee conducts its business based on our mission statement “We are committed to harnessing nature’s gifts, to bringing taste and fun and to contributing to healthy lifestyles,” and as a leading company in the domestic snack foods market with the goal of transforming into a global food products company that is beloved world-wide.

Furthermore, we aim to further increase our corporate value guided by our vision statement “We must become a company to be respected, admired and loved firstly by customers, suppliers and distributors, secondly by our employees and their families, thirdly by communities and finally by stockholders.”

(2) Management targets and benchmarks

Calbee considers profitability and financial stability as very important. We aim for continuous sales growth and for even greater profit growth. By continuously planning to increase our operating income ratio each year, we aim to achieve operating income to net sales ratio of 15% over the medium term.

(3) Medium-term management strategy and key topics

Despite signs of recovery in certain areas of the domestic economy benefiting from the government’s economic stimulus and monetary easing policies, due to the enduring impact of the consumption tax increase on consumer spending, as well as the dramatic rise in the price of raw materials due to a weakening of the yen and other factors, we expect the challenging economic environment to continue. In the snack foods market, we expect customers to have increasingly diversified preferences, to have a heightened sensitivity to safety and assurance, and to continue to want low prices, desiring better products more cheaply.

Amidst this environment, Calbee recognizes the need to promote business activities with more speed and competitiveness while aiming to be a global company as an important management issue. Calbee strives for future growth by aiming for ongoing growth and a highly profitable structure based on our two core management pillars of innovation (our growth strategy) and cost reductions.

1. Innovation (growth strategy)

(1) Expanding overseas business

Due to the effects of a low birthrate and other factors, we cannot expect large growth in the Japanese snack foods market. Therefore, we must expand overseas businesses in order for our Group to achieve continuous growth. In the key regions of North America, China, Asia, and Western Europe we will build a stronger business base in existing markets and proactively develop new markets. We are aiming to expand overseas business in each of these regions by providing products at affordable prices and through other initiatives, and have set a medium-term target for contributions from overseas sales of 30% or more.

(2) New product development

We will further accelerate the pace of new product development and promote safety, assurance and the development of unique and valuable products to our customers. We will work to continuously launch new products and to increase the proportion of new products in the sales mix every year.

(3) Expanding domestic market share

We plan to expand the domestic snack foods and cereal markets and increase our share in these markets through promotional activities, new product development and existing product renewal. We aim to have the highest share throughout both the snack foods market and the domestic confectionary market.

(4) Strengthening our alliance with PepsiCo, Inc.

We are creating benefits from the synergy gained by leveraging our management skills with those of our strategic partner, PepsiCo, a major global foods and beverage maker.

(5) Licensing and acquisition

We will pursue licensing or acquisition initiatives when we discover excellent companies or products either in Japan or overseas.

(6) New business development.

Calbee has not significantly diverged from our business areas; however, we do explore various opportunities for new business development. Examples of this include the establishment of *Calbee Plus* antennae shops, the legendary *Garrett Popcorn Shop* (founded in Chicago, USA) and directly-managed shops in department stores, *GRAND Calbee* and *grano-ya*. We continue to enhance direct communication with customers.

2. Cost reductions

Cost reduction initiatives are being implemented in all businesses and areas in order to strengthen our earnings ability and cost competitiveness. We will promote corporate restructuring efforts, and build a strong foundation resistant to changes in the operating environment with our strengths in domestic markets as well as in those overseas.

(1) Lower cost of raw materials

We will strive to further reduce costs through measures including cooperation with suppliers, the diversification of procurement routes and production areas and the promotion of in-house production. Additionally, we will further strengthen the effectiveness of cost reductions by reviewing specifications, primarily those in the R&D Group.

(2) Improve production efficiencies and utilization ratios

We will improve production efficiencies through initiatives including the replacement of production items at each factory, optimization of production personnel and standardization. Further, by better integrating marketing, sales and manufacturing activities we aim to smooth our production and improve utilization ratios at our factories. Calbee strives to provide affordable products and services to all of our customers.

(3) Effective use of selling, general and administrative expenses

We plan to improve the efficiency of selling expenses, which comprise the largest portion of the selling, general and administrative expenses, by increasing the efficiency and effectiveness of promotional activities. Distribution costs will be addressed by measures to optimize and improve the efficiency of distribution centers, and we plan to optimize all general and administrative expenses, including head office expenses.

4. Basic approach to selection of accounting standards

With the aims of enhancing business management and enabling international comparison of financial data in capital markets through the unification of accounting standards, Calbee is considering applying International Financial Reporting Standards (IFRS).

5. Consolidated financial statements

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2015	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	18,891	18,783
Notes and accounts receivable - trade	21,119	17,392
Securities	34,995	29,997
Inventories (Note 1)	8,037	6,522
Deferred tax assets	2,640	2,828
Other	3,861	3,312
Allowance for doubtful accounts	(5)	(3)
Total current assets	89,541	78,834
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,900	55,877
Accumulated depreciation	(36,531)	(34,907)
Buildings and structures, net	20,369	20,970
Machinery, equipment and vehicles	81,918	78,418
Accumulated depreciation	(64,759)	(62,018)
Machinery, equipment and vehicles, net	17,159	16,400
Land	11,501	10,773
Lease assets	246	329
Accumulated depreciation	(145)	(221)
Lease assets, net	101	108
Construction in progress	9,387	1,009
Other	4,637	4,095
Accumulated depreciation	(3,402)	(3,191)
Other, net	1,235	903
Total property, plant and equipment	59,754	50,166
Intangible assets		
Goodwill	2,719	3,347
Other	1,835	1,265
Total intangible assets	4,555	4,613
Investments and other assets		
Investment securities (Note 2)	2,111	1,526
Long-term loans receivable	93	229
Deferred tax assets	1,347	1,453
Net defined benefit asset	2,066	1,891
Other (Note 2)	2,577	2,344
Allowance for doubtful accounts	(79)	(92)
Total investments and other assets	8,117	7,353
Total non-current assets	72,427	62,132
Total assets	161,968	140,966

Consolidated balance sheets, continued

Millions of yen, rounded down

	As of March 31, 2015	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,387	7,897
Short-term loans payable	402	—
Lease obligations	52	63
Accounts payable - other	5,165	3,739
Income taxes payable	5,174	5,324
Deferred tax liabilities	—	126
Provision for bonuses	3,775	3,573
Provision for directors' bonuses	198	217
Provision for stocks payment	83	13
Other	9,988	7,717
Total current liabilities	34,227	28,673
Non-current liabilities		
Lease obligations	76	83
Deferred tax liabilities	373	292
Provision for directors' retirement benefits	573	591
Provision for management board incentive plan trust	132	—
Net defined benefit liability	7,076	6,134
Asset retirement obligations	637	639
Other	70	85
Total non-current liabilities	8,940	7,827
Total liabilities	43,168	36,500
Net assets		
Shareholders' equity		
Capital stock	11,975	11,946
Capital surplus	11,543	11,514
Retained earnings	84,956	74,259
Treasury shares	(699)	(262)
Total shareholders' equity	107,774	97,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	617	210
Foreign currency translation adjustment	2,377	973
Remeasurements of defined benefit plans	(1,116)	(1,266)
Total accumulated other comprehensive income	1,877	(82)
Subscription rights to shares	25	34
Minority interests	9,122	7,055
Total net assets	118,800	104,466
Total liabilities and net assets	161,968	140,966

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Millions of yen, rounded down

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Net sales	222,150	199,941
Cost of sales (Notes 1, 3)	124,588	112,731
Gross profit	97,561	87,209
Selling, general and administrative expenses (Notes 2, 3)	73,378	67,492
Operating income	24,183	19,717
Non-operating income		
Interest income	266	70
Dividend income	35	26
Real estate income	76	61
Foreign exchange gains	1,318	772
Other	242	220
Total non-operating income	1,939	1,151
Non-operating expenses		
Interest expenses	5	5
Cost of real estate	33	13
Depreciation	16	7
Business commencement expenses	368	9
Other	82	49
Total non-operating expenses	507	86
Ordinary income	25,615	20,782
Extraordinary income		
Gain on sales of non-current assets (Note 4)	7	50
Gain on sales of investment securities	10	375
Total extraordinary income	18	426
Extraordinary losses		
Loss on sales of non-current assets (Note 5)	229	11
Loss on retirement of non-current assets (Note 6)	300	138
Impairment loss (Note 7)	836	185
Product recall related costs	46	69
Loss on cancellation of outsourcing agreement	—	252
Other	3	15
Total extraordinary losses	1,416	672
Income before income taxes and minority interests	24,217	20,536
Income taxes-current	9,190	8,501
Income taxes-deferred	121	(270)
Total income taxes	9,311	8,231
Income before minority interests	14,906	12,304
Minority interests in income	791	218
Net income	14,114	12,086

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Income before minority interests	14,906	12,304
Other comprehensive income		
Valuation difference on available-for-sale securities	406	112
Foreign currency translation adjustment	2,521	899
Remeasurements of defined benefit plans, net of tax	149	—
Total other comprehensive income (Note 1)	3,076	1,012
Comprehensive income	17,983	13,317
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	16,074	12,672
Comprehensive income attributable to minority interests	1,908	645

(3) Consolidated statements of changes in shareholders' equity

April 1, 2014 to March 31, 2015

Millions of yen, rounded down

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,946	11,514	74,259	(262)	97,458
Cumulative effects of changes in accounting policies			(481)		(481)
Restated balance	11,946	11,514	73,778	(262)	96,976
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	28	28			57
Dividends of surplus			(2,937)		(2,937)
Net income			14,114		14,114
Purchase of treasury shares				(449)	(449)
Disposal of treasury shares				12	12
Net changes of items other than shareholders' equity					
Total changes of items during period	28	28	11,177	(437)	10,798
Balance at end of current period	11,975	11,543	84,956	(699)	107,774

	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	210	973	(1,266)	(82)
Cumulative effects of changes in accounting policies				
Restated balance	210	973	(1,266)	(82)
Changes of items during period				
Issuance of new shares - exercise of subscription rights to shares				
Dividends of surplus				
Net income				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes of items other than shareholders' equity	406	1,404	149	1,959
Total changes of items during period	406	1,404	149	1,959
Balance at end of current period	617	2,377	(1,116)	1,877

	Subscription rights to shares	Minority interests	Total net assets
Balance at beginning of current period	34	7,055	104,466
Cumulative effects of changes in accounting policies			(481)
Restated balance	34	7,055	103,984
Changes of items during period			
Issuance of new shares - exercise of subscription rights to shares	(9)		48
Dividends of surplus			(2,937)
Net income			14,114
Purchase of treasury shares			(449)
Disposal of treasury shares			12
Net changes of items other than shareholders' equity		2,066	4,026
Total changes of items during period	(9)	2,066	14,815
Balance at end of current period	25	9,122	118,800

Consolidated statements of changes in shareholders' equity, continued

April 1, 2013 to March 31, 2014

Millions of yen, rounded down

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,586	11,154	64,215	—	86,956
Cumulative effects of changes in accounting policies					—
Restated balance	11,586	11,154	64,215	—	86,956
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	359	359			719
Dividends of surplus			(2,042)		(2,042)
Net income			12,086		12,086
Purchase of treasury shares				(262)	(262)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	359	359	10,044	(262)	10,501
Balance at end of current period	11,946	11,514	74,259	(262)	97,458

	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	98	500	—	598
Cumulative effects of changes in accounting policies				
Restated balance	98	500	—	598
Changes of items during period				
Issuance of new shares - exercise of subscription rights to shares				
Dividends of surplus				
Net income				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes of items other than shareholders' equity	112	473	(1,266)	(680)
Total changes of items during period	112	473	(1,266)	(680)
Balance at end of current period	210	973	(1,266)	(82)

	Subscription rights to shares	Minority interests	Total net assets
Balance at beginning of current period	50	5,079	92,685
Cumulative effects of changes in accounting policies			—
Restated balance	50	5,079	92,685
Changes of items during period			
Issuance of new shares - exercise of subscription rights to shares	(15)		703
Dividends of surplus			(2,042)
Net income			12,086
Purchase of treasury shares			(262)
Disposal of treasury shares			—
Net changes of items other than shareholders' equity		1,975	1,295
Total changes of items during period	(15)	1,975	11,781
Balance at end of current period	34	7,055	104,466

(4) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	24,217	20,536
Depreciation	6,232	5,960
Impairment loss	836	185
Amortization of goodwill	647	637
Increase (decrease) in allowance for doubtful accounts	(11)	(10)
Increase (decrease) in provision for bonuses	193	(73)
Increase (decrease) in provision for directors' bonuses	(18)	25
Increase (decrease) in provision for stocks payment	69	13
Increase (decrease) in provision for management board incentive plan trust	132	—
Increase (decrease) in net defined benefit liability	331	517
Decrease (increase) in net defined benefit assets	(18)	65
Increase (decrease) in provision for directors' retirement benefits	(18)	64
Interest and dividend income	(301)	(96)
Interest expenses	5	5
Foreign exchange losses (gains)	(842)	(254)
Loss (gain) on sales of investment securities	(10)	(375)
Loss (gain) on valuation of investment securities	—	14
Loss (gain) on sales of non-current assets	222	(39)
Loss on retirement of non-current assets	300	138
Decrease (increase) in notes and accounts receivable - trade	(3,260)	2,606
Decrease (increase) in inventories	(1,300)	(775)
Increase (decrease) in notes and accounts payable - trade	1,304	1,134
Decrease (increase) in accounts receivable - other	140	69
Increase (decrease) in accounts payable - other	490	(54)
Increase (decrease) in accrued consumption taxes	1,584	(24)
Other, net	350	1,491
Subtotal	31,274	31,763
Interest and dividend income received	294	82
Interest expenses paid	(1)	(14)
Income taxes paid	(9,301)	(8,352)
Net cash provided by (used in) operating activities	22,266	23,478
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,318)	(6,024)
Proceeds from sales of property, plant and equipment	19	265
Purchase of intangible assets	(971)	(368)
Purchase of securities	(24,990)	(11,995)
Proceeds from redemption of securities	26,000	3,000
Purchase of investment securities	(14)	(17)
Proceeds from sales of investment securities	18	381
Payments of loans receivable	(60)	(2)
Collection of loans receivable	98	45
Payments into time deposits	(517)	(6,123)
Proceeds from withdrawal of time deposits	5,500	3,862
Payments for guarantee deposits	(275)	(285)
Proceeds from collection of guarantee deposits	92	247
Other, net	(2)	(26)
Net cash provided by (used in) investing activities	(9,422)	(17,041)

Consolidated statements of cash flows, continued

Millions of yen, rounded down

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	368	—
Repayments of long-term loans payable	—	(7)
Purchase of treasury shares	(449)	(262)
Proceeds from exercise of stock options	48	703
Repayments of lease obligations	(66)	(105)
Cash dividends paid	(2,937)	(2,042)
Proceeds from share issuance to minority shareholders	757	1,603
Cash dividends paid to minority shareholders	(599)	(272)
Net cash provided by (used in) financing activities	(2,878)	(383)
Effect of exchange rate change on cash and cash equivalents	1,013	206
Net increase (decrease) in cash and cash equivalents	10,979	6,260
Cash and cash equivalents at beginning of period	31,592	25,331
Cash and cash equivalents at end of period (Note 1)	42,572	31,592

(5) Notes to consolidated financial statements

Notes related to going concern assumption

No applicable items

Significant items for the preparation of consolidated financial statements

1. Scope of Consolidation
   (1) Number of consolidated subsidiaries: 22
   (Name of consolidated subsidiaries)
   Calbee Potato, Inc.
   Snack Food Service Co., Ltd.
   Garden Bakery, Inc.
   Tower Bakery, Inc.
   Star Bakery, Inc.
   Calnac Co., Ltd.
   Calbee Eatalk Co., Ltd.
   Japan Frito-Lay Ltd.
   ICS Investment Co., Ltd.
   Calbee America, Inc.
   Calbee North America, LLC
   Qingdao Calbee Foods Co., Ltd.
   Yantai Calbee Co., Ltd.
   CFSS Co. Ltd.
   Calbee (Hangzhou) Foods Co., Ltd.
   Calbee Four Seas Co., Ltd.
   Calbee (Taipei) Foods Co., Ltd.
   Haitai-Calbee Co., Ltd.
   Calbee Tanawat Co., Ltd.
   PT. Calbee-Wings Food
   Calbee-URC, Inc.
   Calbee (UK) Ltd

   (Changes to the scope of consolidation)
   Under Calbee's global strategy, Calbee established the joint venture company Calbee-URC, Inc. in April 2014 with the aim to introduce the Company's products to the Philippines and expand market shares for these products. The company was included in the scope of consolidation during the current consolidated fiscal year.
   In addition, Calbee Shokuhin Co., Ltd., which was included in the scope of consolidation in the previous fiscal year, was excluded from the scope of consolidation. This is because an absorption-type merger was conducted on July 1, 2014, with Calbee as the surviving entity and Calbee Shokuhin Co., Ltd. as the non-surviving entity.

   (2) Name of non-consolidated subsidiaries:
   No applicable items

2. Application of the Equity Method
   (1) Names of non-consolidated companies and affiliate companies accounted for by the equity method:
   No applicable items

   (2) Names of non-consolidated companies and affiliate companies excluded from accounting under the equity method:
   Potato Foods Co., Ltd.
   Hiroshima Agricultural Produce Distributors Cooperative
   Socio Kobo Co., Ltd.

   Reasons for exclusion from equity method accounting:
   Companies excluded from equity method accounting do not have a material effect on items such as net income and retained earnings, and lack overall significance. Therefore they are excluded from equity method accounting.

3. Fiscal Year-End of Consolidated Subsidiaries

Among consolidated subsidiaries, the following have a fiscal year closing date of 31 December: ICS Investment Co., Ltd., Calbee America, Inc., Calbee North America, LLC, Qingdao Calbee Foods Co., Ltd., Yantai Calbee Co., Ltd., CFSS Co. Ltd., Calbee (Hangzhou) Foods Co.,Ltd., Calbee (Taipei) Foods Co., Ltd., Haitai-Calbee Co., Ltd., Calbee Tanawat Co., Ltd., PT. Calbee-Wings Food, Calbee-URC, Inc., and Calbee (UK) Ltd.

For the above-mentioned companies, provisional financial results as of 31 March are used in the preparation of these consolidated financial statements. The fiscal year closing date of other consolidated subsidiaries is March 31.

4. Accounting Standards

(1) Basis and method for valuation of major assets

1. Marketable securities:

a) Bonds held to maturity

Amortized cost method (straight-line method)

b) Other marketable securities

Securities with market price value

Fair value method based on market prices on the closing date of the consolidated fiscal year (unrealized gains and losses are reported as a separate component of shareholders' equity and cost of securities sold is calculated by the moving average method.)

Securities without market price

Accounted at cost by the moving average method

2. Inventories

Inventories held for regular sales:

Values calculated by acquisition cost method (Reduction in book value method used in cases of decline in profitability)

a) Finished goods and work in process

Calculated by the average method

b) Commercial goods, materials and stored goods:

Calculated by the moving average method

(2) Depreciation of Non-current Assets

1. Tangible non-current assets (not including leased assets):

Calculated primarily by the declining balance method. However, buildings acquired after April 1, 1998 (excluding structures accompanying those buildings) are calculated by the straight-line method.

The estimated useful lives for such assets are as follows:

Buildings:	15 – 31 years
Machinery and equipment:	10 years

Assets acquired prior to March 31, 2007 will be fully depreciated over 5 years by the straight-line method starting from the year following the year in which they had been depreciated to their allowable limit.

2. Intangible non-current assets (not including leased assets):

Calculated using the straight-line method. However, software intended for internal use is amortized by the straight-line method over its estimated useful life (five years).

3. Lease assets:

Finance lease assets that do not transfer ownership of the property to the lessee are depreciated using the straight-line method over the lease term with no residual value, except for those leased prior to March 31, 2008, which are accounted for in a similar manner to operating lease transaction.

(3) Accounting standards for important provisions reserves

1. Allowance for doubtful accounts

The reserve for possible loan losses in respect of general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and in respect of doubtful claims in the amount deemed uncollectible based on assessment of each claim.

2. Provision for bonuses

To prepare for future bonus payments to employees, the Company makes provisions in the amount accrued based on the total estimated payment attributable to the consolidated fiscal period.

3. Provision for directors' bonuses

   The reserve for executive bonuses is provided for payment of bonuses to executives, in the amount of estimated bonuses based on the total estimated payment attributable to the consolidated fiscal period.

4. Provision for stock payments

   To prepare for future awards of Calbee shares to Group employees based on predetermined regulations for awarding stock, the necessary provisions are made based on the amount of estimated stock award debt at the end of the consolidated fiscal year.

5. Provision for directors' retirement benefits

   To prepare for future retirement benefits payments to directors, the total amount of the necessary provisions at the end of the consolidated fiscal year are made based on internal regulations.

6. Provision for management board incentive plan trust

   To prepare for future awards of Calbee shares to directors, etc. based on predetermined regulations for awarding stock, the necessary provisions are made based on the amount of estimated stock award debt at the end of the consolidated fiscal year.

(4) Accounting method for retirement benefits

1. Period allocation methodology for the estimated retirement benefit amount

   The retirement benefit obligation is calculated by allocating the estimated retirement benefit amount until the end of the current fiscal year on a benefit formula basis.

2. Amortization of actuarial gains/losses and prior service cost

   Actuarial gains/losses are amortized pro rata in the years following the year in which the difference occurs by the straight-line method over the specified number of years (12 years) within the average remaining years of service of the employees.

   Prior service cost is amortized on a straight-line basis based on the specified number of years (5 years) within the average remaining service period of employees during the year incurred.

3. Application of the simplified method for small businesses

   Among regular employees, the necessary provisions at the end of the consolidated fiscal year for junior employees are recorded based on internal regulations.

   For certain consolidated subsidiaries, a simplified method is applied for the calculation of retirement benefit obligations and retirement benefit expenses in which the necessary retirement benefit provisions for voluntary resignations at the end of the consolidated fiscal year are recorded as retirement benefit obligations.

(5) Significant deferred assets

Business commencement expenses

Business commencement expenses are recorded as expenses in full at time of expenditure.

(6) Translation of foreign currency-denominated assets and liabilities

Assets and liabilities denominated in foreign currencies are translated to yen at the exchange rates prevailing at the balance sheet date and differences are accounted for as income or losses.

Assets and liabilities of foreign subsidiaries and others are translated to yen at the exchange rates prevailing at the balance sheet date, income and losses are translated into yen at the average market rates during the period and the translated amounts are included in foreign currency translation adjustment and minority interests under net assets.

(7) Amortization of goodwill

Goodwill is amortized using the straight-line method over 5, 10 and 20 years.

(8) Scope of "cash and cash equivalents" on consolidated statement of cash flows

The category 'cash' covers cash on hand, demand deposits, and easily convertible short-term investments with low risk of price fluctuation that are highly liquid and mature within three months of acquisition.

(9) Other important items affecting the preparation of these financial statements

Accounting for consumption taxes

Consumption tax and regional consumption tax are handled using the net of tax method.

Changes in accounting policy

Application of the Accounting Standard for Retirement Benefits

Calbee adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; “the Accounting Standard for Retirement Benefits”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015; “the Guidance on Accounting Standard for Retirement Benefits”) from the current fiscal year under the stipulations of Article 35 of ASBJ Statement No. 26 and Article 67 of ASBJ Guidance No. 25. The methods used to calculate retirement benefit obligations and service costs are revised, including changes in (a) the period allocation methodology, from a straight line basis to a benefit formula basis and (b) the method of discount rate determination, from one under which the period of securities (on which the determination of discount rate is based) is taken as the approximate average number of remaining service years per employee to one under which a single, weighted-average discount rate is applied to estimated retirement payments to be paid within each estimation period.

In accordance with a transitional treatment as stipulated in Article 37 of ASBJ Statement No. 26, the impact of those changes is reflected as additions to/subtractions from retained earnings as of the beginning of the current consolidated fiscal year.

Resulting consolidated-level adjustments to beginning balances for the current fiscal year came out to a ¥602 million addition to “net defined benefit liability,” a ¥143 million subtraction from “net defined benefit assets,” and a ¥481 million subtraction from “retained earnings.” The effect on consolidated-level operating income, ordinary income and income before income taxes and minority interests is immaterial.

The effects on per share information are described in the per share information section.

Changes in the presentation method

Consolidated statements of income

“Settlement of consignment money for recycling,” presented as a separate line item under non-operating income within our consolidated statement for the previous fiscal year, is, for reasons of immateriality, not presented as a separate line item within that for the current fiscal year but rather included within the “other” category.

To maintain year-on-year consistency, we have changed our method of presentation, with the ¥47 million presented under “settlement of consignment money for recycling” and ¥173 million under “other” within the statement of income for previous year simply presented as a ¥220 million total under “other” for the previous fiscal year within the current fiscal year statement of income.

Additional information

Employee stock ownership plan (ESOP) trust

Calbee conducts transactions to provide Company stock to Calbee employees through a trust.

1. Transaction summary

   On March 7, 2014, an ESOP trust was implemented as a Calbee employee incentive plan with the aim of improving long-term corporate value. By raising awareness of Calbee’s financial results and share price among Calbee employees, we aim to encourage our employees to carry out corporate activities that improve financial results.

   The Company established the trust by contributing funds for acquisition of Calbee stock for employees who satisfy certain requirements. Based on predetermined regulations for awarding stock, the trust is to purchase the number of Calbee stocks that it estimates will be awarded to employees from the stock market during the predetermined stock acquisition period. Funds required for the trust to purchase the aforementioned stocks will be provided by Calbee and the employees will bear no liability.

   Introducing the trust will enable employees to profit from a rise in share price, and will promote awareness of the share price among employees as they execute their duties and is thereby expected to improve employee motivation. Further, voting rights for company stock held in the trust will be exercised within a structure that will reflect the will of the candidate beneficiary employee and is an effective way to improve corporate value by promoting employee participation in management planning.

2. The Company’s own stock in the trust

   The Company’s own stock in the trust is recorded in treasury shares under net assets based on the book value in the trust (excluding ancillary expenses). The book value and the number of these treasury shares as of the end of the previous consolidated fiscal year were ¥259 million and 103,400 shares, respectively, and, likewise, ¥247 million and 98,500 shares as of the end of the current consolidated fiscal year.

Performance-linked stock compensation scheme

Calbee conducts transactions so as to provide Company stock to directors (other than outside directors and non-executive directors) and to executive officers and senior executive officers (hereafter collectively referred to as “directors et al.”) through a trust.

1. Transaction summary

   On August 6, 2014, an performance-linked stock compensation scheme (“the scheme”) for directors et al. was implemented as a transparent and objective officer compensation system that, by closely tracking Company performance, is intended to enhance management incentives to improve medium- to long-term financial performance and increase corporate value.

   The scheme makes use of an officer compensation BIP (Board Incentive Plan) trust, by which Company stock is purchased with funds paid by the Company to the fund as director et al. compensation and awarded to directors et al. in accordance with their degree of financial attainment. As a general principle, however, the Company stock thus acquired is only to be granted to directors et al. when they leave office.

   Furthermore, in the interests of managerial impartiality, voting rights for Company stock held by the trust are not to be exercised for as long as they are held by the trust.

2. The Company’s own stock in the trust

   The Company’s own stock in the trust is recorded in treasury shares under net assets based on the book value in the trust (excluding ancillary expenses). The book value and the number of these treasury shares as of the end of the current consolidated fiscal year were ¥449 million and 128,800 shares, respectively.

Consolidated balance sheet

1. Inventory assets

(*Millions of yen*)

	As of March 31, 2015	As of March 31, 2014
Finished goods and commercial goods	2,601	2,162
Work in process	1,429	1,458
Materials and stored goods	4,005	2,901

2. Non-consolidated subsidiaries and affiliate companies

(*Millions of yen*)

	As of March 31, 2015	As of March 31, 2014
Investment securities (stocks)	11	11
Other investments	2	2

3. Discount on notes receivable - trade

	As of March 31, 2015	As of March 31, 2014
Discount on Notes Receivable - Trade	434	108

Consolidated statements of income

1. Mark-down (or write-back where shown with a negative sign) in book value due to reduced profitability on inventories held for normal sale purposes:

(*Millions of yen*)

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Cost of sales	242	7

2. Breakdown of main components of selling, general and administration expenses

(*Millions of yen*)

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Sales promotion expenses	28,405	25,718
Advertising expenses	3,113	3,460
Freight	11,451	10,043
Remuneration and miscellaneous wages and salaries	11,755	11,159
Provision for directors' retirement benefits	109	111
Provision for bonuses	2,099	1,931
Provision for directors' bonuses	198	215
Provision for stocks payment	81	13
Provision for management board incentive plan trust	132	—
Retirement benefit expenses	867	966

3. R&D expenses included in general and administrative expenses and in manufacturing expenses are as follows:

(*Millions of yen*)

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Administrative and general expenses	2,047	2,157
Manufacturing expenses	5	4
Total	2,052	2,161

4. Breakdown of gain on sales of non-current assets

(*Millions of yen*)

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Machinery, equipment and vehicles	7	5
Land	—	44
Other (property, plant and equipment)	—	0
Total	7	50

5. Breakdown of loss on sales of non-current assets

(*Millions of yen*)

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Buildings and structures	178	—
Machinery, equipment and vehicles	5	4
Land	46	1
Construction in progress	—	5
Other (property, plant and equipment)	0	—
Total	229	11

6. Breakdown of loss on retirement of non-current assets

(*Millions of yen*)

	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Buildings and structures	62	42
Machinery, equipment and vehicles	117	92
Construction in progress	115	1
Other (property, plant and equipment)	4	2
Total	300	138

7. Impairment loss

Consolidated fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Impairment loss on Calbee assets recorded as follows:

Location	Use	Type	Amount
Zhejiang Province, China	Factory	Buildings, machinery, equipment and vehicles, other property, plant and equipment	¥700 million
Utsunomiya City, Tochigi Prefecture, Japan	Production facility	Construction in progress	¥55 million
Sumida Ward, Tokyo, Japan Other: 1 building	Retail store	Buildings, other property, plant and equipment	¥36 million
California, USA	Production facility	Machinery and equipment	¥26 million
Konan City, Shiga Prefecture, Japan	Warehouse	Buildings and structures, Machinery and equipment	¥17 million

Reason for loss

With regard to the above factory, it has continuously recorded an operating loss and its estimated aggregate future cash flow is lower than each asset's book value basis, and as a result the Company has reduced the book value to the recoverable amount.

With regard to the above production facilities, it has been decided to cease production and there are no future plans for use, and as a result the Company has reduced the book value to the recoverable amount.

With regard to the above retail store, it has been decided to relocate the store, and as a result the Company has reduced the book value to the recoverable amount.

With regard to the above warehouse, it has been decided to demolish the building, and as a result the Company has reduced the book value to the recoverable amount.

Asset grouping method

Based on regional segmentation, dormant assets with no plans for future usage are grouped by each asset.

Recoverable amount estimation method

The recoverable amount calculated based on net sales value or utilization value. Net sales value of assets for which sales or other usage is unlikely is recorded as having no value. Also, utilization value of assets for which aggregate future cash flow is negative is recorded as having no value.

Consolidated fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Impairment loss on Group assets recorded as follows:

Location	Use	Type	Amount
Utsunomiya City, Tochigi Prefecture, Japan	Warehouse	Buildings	¥87 million
Utsunomiya City, Tochigi Prefecture, Japan	Idle property	Machinery Construction in progress	¥97 million

Reason for loss

With regard to the above buildings, it has been scheduled for demolition, on a book value basis the asset value has dropped and as a result, the Company has reduced the book value to the recoverable amount.

With regard to the above machinery, etc. there are no future plans for use, on a book value basis the asset value has dropped and as a result, the Company has reduced the book value to the recoverable amount.

Asset grouping method

Based on regional segmentation, dormant assets with no plans for future usage are grouped by each asset.

Recoverable amount estimation method

The recoverable amount calculated based on net sales value. Assets for which sales or other usage is unlikely are recorded as having no value.

Consolidated statements of comprehensive income

1. Adjustments and taxes in other comprehensive income

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Valuation difference on available-for-sale securities		
Amount during the term	579	155
Adjustment	(10)	12
Prior to adjustment for taxes	568	168
Taxes	(161)	(55)
Valuation difference on available-for-sale securities	406	112
Foreign currency translation adjustment		
Amount during the term	2,521	1,091
Adjustment	—	(191)
Prior to adjustment for taxes	2,521	899
Taxes	—	—
Foreign currency translation adjustment	2,521	899
Remeasurements of defined benefit plans		
Amount during the term	37	—
Adjustment	273	—
Prior to adjustment for taxes	310	—
Taxes	(161)	—
Remeasurements of defined benefit plans	149	—
Other comprehensive income total	3,076	1,012

Consolidated statements of changes in shareholders' equity

Consolidated fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

1. Type of common shares issued

Share type	Number of shares as of April 1, 2014	Increase	Decrease	Number of shares as of March 31, 2015
Common shares (shares)	133,507,800	122,000	—	133,629,800

Overview for change
Breakdown of increase in number of shares:
Increase through exercise of subscription rights: 122,000 shares

2. Treasury stock

Share type	Number of shares as of April 1, 2014	Increase	Decrease	Number of shares as of March 31, 2015
Common shares (shares)	104,232	128,800	4,900	228,132

Note: Number of treasury shares held in trust as of April 1, 2014 and March 31, 2015 were 103,400 shares and 227,300 shares respectively.

Overview for change
Breakdown for increase in number of shares:
Increase through acquisition of treasury shares for trust: 128,800 shares
Breakdown for decrease in number of shares:
Decrease through presentation of treasury shares for stock awards: 4,900 shares

3. Information on subscription rights

Subscription rights as stock options

	Details of subscription rights	Type of shares	Number of shares	Balance as of March 31, 2015
Company making submission	Subscription rights as stock options (round 2)	—	—	¥25 million

4. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 25, 2014 Regular shareholders' meeting	Common shares	¥2,937 million	¥22	March 31, 2014	June 26, 2014

Note: Amount of total dividends paid to shares held by Calbee in trust: ¥2 million.

(2) Dividends for which the effective date is in the following fiscal year

Date to be confirmed	Type of stock	Source of dividends	Total Dividends paid	Dividends per share	Dividend record date	Effective date
June 25, 2015 Regular shareholders' meeting	Common shares	Retained earnings	¥3,741 million	¥28	March 31, 2015	June 26, 2015

Note: Amount of total dividends paid to shares held by Calbee in trust: ¥6 million

Consolidated fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

1. Type of common shares issued

Share type	Number of shares as of April 1, 2013	Increase	Decrease	Number of shares as of March 31, 2014
Common shares (shares)	32,937,450	100,570,350	—	133,507,800

Overview for change

Breakdown of increase in number of shares:

Increase through share split: 98,942,850 shares

Increase through exercise of subscription rights: 1,627,500 shares

2. Treasury stock

Share type	Number of shares as of April 1, 2013	Increase	Decrease	Number of shares as of March 31, 2014
Common shares (shares)	—	104,232	—	104,232

Note: Number of treasury shares held in trust as of March 31, 2014: 103,400 shares

Overview for change

Breakdown for increase in number of shares:

Increase through purchase of shares comprising less than one unit: 832 shares

Increase through acquisition of treasury shares for trust: 103,400 shares

3. Information on subscription rights

Subscription rights as stock options

	Details of subscription rights	Type of shares	Number of shares	Balance as of March 31, 2014
Company making submission	Subscription rights as stock options (round 2)	—	—	¥34 million

4. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 26, 2013 Regular shareholders' meeting	Common shares	¥2,042 million	¥62	March 31, 2013	June 27, 2013

Note: On October 1, 2013 a 1:4 share split was implemented for common shares. Taking the share split into account, the dividend per share would be ¥15.50.

(2) Dividends for which the effective date is in the following fiscal year

Date to be confirmed	Type of stock	Source of dividends	Total Dividends paid	Dividends per share	Dividend record date	Effective date
June 25, 2014 Regular shareholders' meeting	Common shares	Retained earnings	¥2,937 million	¥22	March 31, 2014	June 26, 2014

Note: Amount of total dividends paid to shares held by Calbee in trust: ¥2 million

Consolidated statements of cash flows

1. Amounts of cash and cash equivalents presented as year-end balance and the consolidated balance sheet

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Cash and deposits	18,891	18,783
Time deposit exceeding 3-month deposit period	(319)	(5,191)
Commercial paper included in the securities account	1,999	--
Lease assets trust beneficiary rights included in the securities account	2,000	--
Beneficial rights for pecuniary trusts specified for joint operations included in the securities account	20,000	18,000
Cash and cash equivalents	42,572	31,592

Employee retirement benefits

1. Overview of retirement benefit plans

The Company and its two domestic consolidated subsidiaries have two types of defined benefit pension plans: a multi-employer system contract-type corporate pension plan and a lump-sum annuity plan. Other domestic consolidated subsidiaries and some of the overseas consolidated subsidiaries only provide a lump-sum annuity plan. The company also offers defined contribution and pre-paid retirement plans.

Net defined benefit liability and retirement benefit expenses for a portion of the Calbee retirement benefit system, for the defined benefit pension plan for consolidated subsidiaries and the retirement lump-sum allowance system are calculated using the simplified accounting method.

2. Defined benefit system

The footnotes pertaining to the defined benefit pension plan also apply to the multi-employer system corporate pension plan.

(1) Changes to balance of retirement benefit obligation at beginning and end of term
(Excludes application of simplified accounting method)

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Retirement benefit obligation at beginning of term	13,661	13,269
Cumulative effects of changes in accounting policy	745	—
Beginning of term balance reflecting changes in accounting policy	14,406	13,269
Service costs	715	690
Interest expense	144	161
Actuarial differences	444	(124)
Retirement benefits paid	(740)	(427)
Occurrence of past service costs	—	91
Other	(0)	—
Retirement benefit obligation at end of term	14,969	13,661

(2) Changes to balance of pension assets at beginning and end of term
(Excludes application of simplified accounting method)

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Pension assets at beginning of term	10,145	9,609
Anticipated profits	101	96
Actuarial differences	482	258
Employer contributions	407	428
Retirement benefits paid	(294)	(247)
Pension assets at end of term	10,842	10,145

(3) Changes to the balance of net defined benefit liability at beginning and end of term due to application of the simplified accounting method

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Net defined benefit liability at beginning of term	727	651
Retirement benefits expense	231	175
Retirement benefits paid	(84)	(99)
Contributions to system	(11)	(13)
Increase (decrease) from foreign currency translation	19	13
Net defined benefit liability at end of term	882	727

(4) Changes to balance of retirement benefit obligation and pension assets at end of term and net defined benefit liability and assets as recorded on the consolidated balance sheet

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Funded system retirement benefit obligation	8,938	8,389
Pension assets	(11,004)	(10,281)
	(2,066)	(1,891)
Non-funded system retirement benefit obligation	7,076	6,134
Net liabilities and assets as recorded on the consolidated balance sheet	5,009	4,243
Net defined benefit liability	7,076	6,134
Net defined benefit assets	(2,066)	(1,891)
Net liabilities and assets as recorded on the consolidated balance sheet	5,009	4,243

Note: Includes application of simplified accounting method

(5) Retirement benefit expenses and breakdown of amounts

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Service costs	715	690
Interest expense	144	161
Anticipated profits	(101)	(96)
Appropriated expenses for actuarial differences	133	242
Appropriated expenses for past service costs	139	130
Retirement benefit expenses using the simplified method	231	175
Extra premium severance payment and other	40	12
Retirement benefit expenses related to the defined benefit system	1,303	1,316

(6) Remeasurements of defined benefit plans

Breakdown of remeasurements of defined benefit plans before net of tax is as follows;

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Past service costs	139	—
Actuarial differences	171	—
Total	310	—

(7) Accumulated remeasurement of defined benefit plans

Breakdown of remeasurements of defined benefit plans before net of tax recorded under accumulated other comprehensive income is as follows;

(*Millions of yen*)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Unrecognized past service costs	423	562
Unrecognized actuarial differences	1,230	1,402
Total	1,654	1,964

(8) Items related to pension assets

1. Breakdown of main items

Allocation of main pension asset items comprising the total pension assets is as follows:

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Domestic securities	24.1%	33.8%
Domestic stocks	8.8%	8.0%
Foreign securities	10.4%	—%
Foreign stocks	8.2%	7.5%
Alternative investments (note)	31.8%	36.1%
General life insurance accounts	13.8%	14.6%
Other	2.9%	0.0%
Total	100.0%	100.0%

Note: Alternative investments primarily consist of investments in asset management companies.

2. Method for determining the expected long-term investment return

In determining the expected long-term investment return, conservative estimates are made of the assumed interest rate for the corporate pension, the current and expected distributions of pension assets, and the current and expected long-term return rate from the various assets that compose the pension assets.

(9) Items related to actuarial calculations

Main components used in actuarial calculations (weighted average)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Discount rate	0.7%	1.2%
Expected long-term investment return rate	1.0%	1.0%

3. Defined contribution system

Required contributions to the Calbee and consolidated subsidiaries defined contribution plans were ¥116 million for the fiscal year ended March 31, 2015 and ¥118 million for the fiscal year ended March 31, 2014.

Deferred tax accounting

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Deferred tax assets:		
Provision for doubtful accounts	27	1
Provision for bonuses	1,190	1,365
Accrued expenses	1,002	947
Enterprise taxes payable	381	372
Provision for stocks payment	27	4
Provision for management board incentive plan trust	42	—
Net defined benefit liability	1,584	1,476
Provision for director's retirement benefits	190	203
Share-based payment expense	8	12
Depreciation	112	139
Impairment losses	119	216
Asset retirement obligations	210	232
Losses carried forward	512	194
Other	315	460
Subtotal	5,726	5,625
Valuation allowances	(956)	(714)
Total deferred tax assets	4,769	4,911
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(274)	(99)
Reserve for accelerated depreciation	(521)	(593)
Asset retirement obligations	(37)	(51)
Other	(321)	(303)
Total deferred tax liabilities	(1,154)	(1,047)
Net deferred tax assets	3,615	3,863

Note: The following net amounts of deferred tax assets from the previous and current consolidated fiscal years are included on the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Current assets－deferred tax assets	2,640	2,828
Non-current assets－deferred tax assets	1,347	1,453
Current liabilities－deferred tax liabilities	—	(126)
Non-current liabilities－deferred tax liabilities	(373)	(292)

2. Major items to reconcile the statutory tax rate after the application of tax effective accounting to the effective tax rate are shown below.

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Statutory tax rate	35.4%	37.8%
(Adjustments)		
Entertainment and other permanently non-deductible expenses	0.8	1.2
Dividend and other permanently non-taxable income	(0.0)	(0.1)
Special deductions for corporate taxes paid	(1.6)	(0.6)
Proportional allocation of inhabitants tax	0.4	0.5
Downward revision to year-end deferred tax assets from change to effective tax rate	1.2	0.9
Changes in valuation allowances	2.8	(0.0)
Tax rate differences for consolidated subsidiaries	(1.0)	(2.3)
Effect of consolidated adjustments	0.8	2.3
Other	(0.4)	0.4
Effective tax rate	38.4%	40.1%

3. Adjustment in amount of deferred tax assets and deferred tax liabilities due to a change in the corporate tax rate

With the announcement of The Law for Partial Revision of the Income Tax Act, etc., and The Revision of the Local Tax Law on March 31, 2015, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities (limited to settlements made after April 1, 2015) changed from 35.4% for the previous fiscal year to 32.8% for taxable items between April 1, 2015 and March 31, 2016, and to 32.1% for taxable items after April 1, 2016.

As a result, deferred tax assets, net of deferred tax liabilities, have decreased by ¥314 million, the income tax - deferred recorded for the current consolidated fiscal year increased ¥291 million, the valuation difference on available-for-sale securities increased by ¥28 million and the remeasurements of defined benefit plans increased by ¥(51) million.

Business combinations and other related matters

Consolidated fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Common control transaction

(Company separation among consolidated subsidiaries)

(1) Overview of transaction

- Name and business details of company being combined

  Name of company being combined: Calbee Shokuhin Co., Ltd.

  Details of major businesses: Production and sale of processed marine foods, processed agricultural foods and frozen foods
- Date of business combination

  July 1, 2014
- Legal form of business combination

  Absorption merger whereby Calbee was the surviving entity and Calbee Shokuhin Co., Ltd. was eliminated.
- Name of company after integration

  CALBEE, Inc.
- Overview and purpose of transaction

  Business combined in order to increase Group management efficiency and strengthen raw material supply department by merging Calbee Shokuhin Co., Ltd., which had handled raw material supply operations, with Calbee's Administration Division.

(2) Overview of accounting treatment employed

Accounting treatment as common control transactions has been carried out under the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; December 26, 2008) and the "Accounting Standard for Business Combinations and Applicable Guidelines for Accounting Standards for Business Divestitures" (ASBJ Guideline No. 10; December 26, 2008).

Segment information and other

The company has only one segment, "Production and sale of snacks and other foods", and consequently does not disclose information for operating segments.

Related party information

1. Related party transactions

(1) Transactions with related parties and companies that issue consolidated securities reports

Officers and major individual shareholders

Consolidated fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Related party	Name	Location	Capital	Business or occupation	Ownership ratio of voting rights	Description of relationship	Description of transaction	Transaction amount*1 (¥ million)	Item	Year-end balance (¥ million)
Officer and close family member	Shuji Ito	--	--	President & COO, Representative Director of the Company	Direct: 0.05%	--	Exercise of subscription rights*2	20	--	--

Notes: 1) Transaction amounts are exclusive of consumption taxes

2) Terms and conditions, and settlement policy

The exercise of stock options granted by resolution at the ordinary shareholders' meeting held on June 24, 2009, pursuant to Article 236, 238 and 239 of the Companies Act.

Transaction amounts listed above are amounts paid upon exercise of stock option rights in the current fiscal year multiplied by the number of shares granted.

Consolidated fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Related party	Name	Location	Capital	Business or occupation	Ownership ratio of voting rights	Description of relationship	Description of transaction	Transaction amount*1 (¥ million)	Item	Year-end balance (¥ million)
Officer and close family member	Masahiko Matsuo	--	--	Advisor of the Company	Direct: 0.13%	--	Exercise of subscription rights*2(1)	40	--	--
Officer and close family member	Akira Matsumoto	--	--	Chairman of the board & CEO, Representative Director of the Company	Direct: 0.03%	--	Exercise of subscription rights*2(2)	16	--	--
Officer and close family member	Shuji Ito	--	--	President & COO, Representative Director of the Company	Direct: 0.07%	--	Exercise of subscription rights*2(1)(2)	64	--	--
Officer and close family member	Haruhiko Sekiguchi	--	--	Executive Vice President of the Company	Direct: 0.03%	--	Exercise of subscription rights*2(2)	20	--	--
Officer and close family member	Masatoshi Aki	--	--	Executive Managing Officer of the Company	Direct: 0.12%	--	Exercise of subscription rights*2(1)	40	--	--

Notes: 1) Transaction amounts are exclusive of consumption taxes

2) Terms and conditions, and settlement policy

(1) The exercise of stock options granted by resolution at the extraordinary shareholders' meeting held on February 15, 2005, pursuant to Article 280-20, 280-21 and 280-27 of the pre-Commercial Code revision (revised 2001)

Transaction amounts listed above are amounts paid upon exercise of stock option rights in the current fiscal year multiplied by the number of shares granted.

(2) The exercise of stock options granted by resolution at the ordinary shareholders' meeting held on June 24, 2009, pursuant to Article 236, 238 and 239 of the Companies Act.

Transaction amounts listed above are amounts paid upon exercise of stock option rights in the current fiscal year multiplied by the number of shares granted.

(2) Transactions with consolidated subsidiaries and affiliates

No applicable items

2. Notice regarding parent company or significant affiliate company

No applicable items

Per share information

	FY ended March 31, 2015	FY ended March 31, 2014
Net assets per share(¥)	821.97	729.93
Net income per share(¥)	105.82	91.46
Net income per share (diluted) (¥)	105.54	90.42

Notes: 1) Net assets per share were calculated based on the following:

	FY ended March 31, 2015	FY ended March 31, 2014
Total net assets on consolidated balance sheet (¥ million)	118,800	104,466
Amount attributable to common stock (¥ million)	109,652	97,375
Main differences (¥ million)		
Subscription rights to shares	25	34
Minority interests	9,122	7,055
Number of shares of common stock outstanding (shares)	133,629,800	133,507,800
Number of shares of common stock as treasury stock (shares)	228,132	104,232
Number of common shares used for calculating net assets per share (shares)	133,401,668	133,403,568

2) Net income per share and net income per share (diluted) were calculated based on the following:

	FY ended March 31, 2015	FY ended March 31, 2014
Net income per share		
Net income (consolidated) (¥ million)	14,114	12,086
Net income attributable to common stock (¥ million)	14,114	12,086
Amount not belonging to common shareholders (¥ million)	—	—
Average number of shares during the period (shares)	133,392,045	132,144,134
Net income per share (diluted)		
Net income adjustments (¥ million)	—	—
Breakdown of additional common shares used for calculating net income per share (diluted) (shares) Subscription rights to shares	348,982	1,530,990
Number of additional common shares	348,982	1,530,990
Residual securities not included in the calculation of the net income after adjustment for residual securities due to the fact that these securities had no dilutive effect.	—	

3) The Company's own stock in the trust recorded as treasury shares under shareholders' equity is included in treasury shares to be excluded from the average number of shares during the period used for calculating net income per share and treasury shares to be excluded from the number of shares outstanding at the end of the fiscal year used for calculating net assets per share.
During the previous consolidated fiscal year, 6,232 treasury shares, and during the current consolidated fiscal year 183,756 treasury shares, were excluded from the average number of shares during the period used for calculating net income per share and 103,400 treasury shares at the end of the previous fiscal year and 227,300 treasury shares at the end of the current fiscal year were excluded from the number of shares outstanding used for calculating net assets per share.

4) As stated in "Changes in accounting policy," the Accounting Standard for Retirement Benefits have been applied and transitional treatment is as stipulated in Article 37 of the Accounting Standard for Retirement Benefits.
As a result, net assets per share have decreased by ¥3.58 for the current fiscal year, and net income per share and net income per share (diluted) increased by ¥0.03.

Subsequent events

No applicable items

6. Additional information

Change in officers

(1) Change in representatives

No applicable items

(2) Change in other officers (June 25, 2015, planned)

(i) Newly appointed directors

Takashi Kawamura (Chairman Emeritus, Hitachi, Ltd.), Outside Director
Takahisa Takahara (President & CEO, Unicharm Corporation), Outside Director
Atsuko Fukushima (Journalist), Outside Director
Anindita Mukherjee (President, Global Snacks Group, PepsiCo, Inc.), Outside Director

(ii) Retiring directors

Koji Kioka, Outside Director
Kazuo Ichijo, Outside Director
Ümran Beba, Outside Director
Wei Hong-Ming, Outside Director