May 8, 2013

Consolidated Financial Results (Japanese Accounting Standards) for the FY2012 (Ended March 31, 2013)

Company name: House Foods Corporation
Stock exchange listing: Tokyo Stock Exchange, Osaka Securities Exchange
Stock code: 2810
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Scheduled date of ordinary shareholders' meeting: June 26, 2013
Scheduled date of commencement of dividend payment: June 27, 2013
Scheduled date for filing of annual securities report: June 26, 2013
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Consolidated Results of Operations (Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2013	209,784	(2.1)	11,441	(18.6)	13,445	(13.3)	8,254	4.1
Year ended March 31, 2012	214,317	(1.1)	14,053	16.4	15,502	19.0	7,928	51.0

(Note) Comprehensive income: 14,515 million yen (39.5%) for the fiscal year ended March 31, 2013
10,405 million yen (111.6%) for the fiscal year ended March 31, 2012

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2013	77.78	–	4.3	5.5	5.5
Year ended March 31, 2012	74.26	–	4.3	6.6	6.6

(Reference) Equity in net income of affiliates: 415 million yen for the fiscal year ended March 31, 2013
399 million yen for the fiscal year ended March 31, 2012

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2013	250,780	199,328	79.2	1,879.06
Year ended March 31, 2012	240,092	189,242	78.6	1,768.27

(Reference) Shareholders' equity: As of March 31, 2013: 198,731 million yen
As of March 31, 2012: 188,785 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2013	12,884	(1,841)	(4,943)	47,715
Year ended March 31, 2012	17,098	(19,069)	(2,836)	41,190

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2012	–	13.00	–	15.00	28.00	2,989	37.7	1.6
Year ended March 31, 2013	–	15.00	–	15.00	30.00	3,173	38.6	1.6
Year ending March 31, 2014 (forecasts)	–	15.00	–	20.00	35.00		42.1	

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2013	115,000	10.8	5,900	26.7	6,600	20.9	4,100	36.0	38.77
Year ending March 31, 2014	233,000	11.1	12,500	9.3	14,000	4.1	8,800	6.6	83.21

* Notes

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

(2) Changes in accounting policies and changes or restatement of accounting estimates
- (i) Changes in accounting policies caused by revision of accounting standards: Yes
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: Yes
- (iv) Restatement: None

(Note) The depreciation method changed in the first quarter of this fiscal year. This falls under "cases where it is difficult to distinguish changes in accounting policies from changes in accounting estimates." For details, please refer to "4. Consolidated Financial Statements; (5) Notes to Consolidated Financial Statements (Case Where It Is Difficult to Distinguish a Change in an Accounting Policy from a Change in an Accounting Estimate)" on page 27 of the accompanying materials.

(3) Number of shares outstanding (common stock):
- (i) Number of shares outstanding at end of period (including treasury stock)
  - As of March 31, 2013: 105,761,763 shares
  - As of March 31, 2012: 106,765,422 shares
- (ii) Number of treasury stock at end of period
  - As of March 31, 2013: 972 shares
  - As of March 31, 2012: 2,928 shares
- (iii) Average number of shares outstanding during the term
  - Year ended March 31, 2013: 106,124,172 shares
  - Year ended March 31, 2012: 106,763,256 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Non-Consolidated Financial Results (Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2013	144,748	(4.6)	9,930	(15.1)	13,141	(8.3)	8,095	2.7
Year ended March 31, 2012	151,803	(2.1)	11,696	(13.6)	14,334	(7.7)	7,884	(2.8)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Year ended March 31, 2013	76.28	–
Year ended March 31, 2012	73.84	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2013	251,434	205,809	81.9	1,945.99
Year ended March 31, 2012	242,542	196,939	81.2	1,844.65

(Reference) Shareholders' equity: As of March 31, 2013: 205,809 million yen
As of March 31, 2012: 196,939 million yen

2. Non-Consolidated Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

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

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2013	71,000	1.4	6,000	7.2	3,900	12.5	36.88
Year ending March 31, 2014	–	–	–	–	–	–	–

(Note) The non-consolidated forecasts for the fiscal year ending March 31, 2014 are forecasts for the first six months of the fiscal year, as the Company plans to change to a holding company on October 1, 2013.

* Statement Relating to the Execution Status for Audit Procedures

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

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

- The consolidated and non-consolidated business performance forecasts given in this document are based on assumptions, prospects, and future business plans, currently available on the date this document was published. Actual results may differ from these forecasts for a variety of reasons.
- For other matters relating to the forecasts, please refer to "1. Results of Operations, (1) Analysis of Operating Results" on page 2 of the accompanying materials.

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1. Results of Operations

(1) Analysis of Operating Results

(i) Operating Results for the Fiscal Year under Review

During the consolidated fiscal year under review, the Japanese economy saw rising expectations of economic recovery towards the end of the fiscal year, as the policies laid out by the new government were well-received and produced results such as correction of the excessively strong yen and a rising stock market.

Meanwhile, the food industry, a sector driven by domestic demand, is still not seeing any tangible economic recovery, with no sign of an exit from a prolonged period of deflation and mounting concerns about the rising cost of raw materials, packing materials and fuel as a result of correction of the strong yen. The operating environment does not allow optimism.

In this environment, the House Foods Group took steps to achieve the growth strategies for each business specified in the Fourth Medium-term Business Plan, which was launched in the year under review, in line with the philosophy of "Bringing greater joy to families through our foods."

In the period under review, the first fiscal year covered by the plan, business results were disappointing, reflecting higher marketing costs amid downward pressure on selling prices associated with intensification in competition, in addition to substantial declines in the Spice / Seasoning / Processed Food Business and Health Food Business, the Group's core businesses in Japan, due mainly to a larger-than-anticipation fall in reaction against the spike in demand following the earthquake and changes in customers' eating habits. On the other hand, the International Business, positioned as a "Growing business," achieved steady growth driven by the tofu business in the United States and the curry business in China, with the curry business in China turning profitable on a full-year basis and contributing to earnings.

Consequently, in the consolidated fiscal year under review, consolidated net sales fell 2.1% year on year, to 209,784 million yen. Consolidated operating income declined 18.6% year on year, to 11,441 million yen, while consolidated ordinary income sank 13.3% year on year, to 13,445 million yen. Consolidated net income increased 4.1% year on year, to 8,254 million yen due to a substantial decrease in extraordinary loss.

The following is an overview of results by segment.

	Consolidated net sales		Consolidated operating income (segment margin)	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	123,875	95.8	8,157	82.1
Health Food Business	42,766	93.0	1,903	75.2
International Business	14,700	125.0	677	103.9
Transport and Other Businesses	28,443	104.1	701	75.0
Reportable segments total	209,784	97.9	11,437	81.4

* Figures in the consolidated operating income (segment margin) column are figures before adjustment for impact of inter-segment transactions of 4 million yen.

Spice / Seasoning / Processed Food Business

In Spice / Seasoning / Processed Food Business, overall results were weak, reflecting competition among different types of products and intensifying price competition in a deflationary environment, in addition to decline in demand in reaction to special demand after the earthquake. In curry roux products and stew roux products, the

Group responded to such market conditions by strengthening its position in low-price products, including renewing the *Kokumaro Curry* brand and launching *Koku no Zeitaku Stew*, and put in place systems to strengthen its strategy of offering a full line-up of products in each price bracket for the next fiscal year. Meanwhile, spice products performed solidly, with the *Papan* series of seasonings and spices, which proposes a new way of eating bread, contributing to sales.

As a result, sales in the Spice / Seasoning / Processed Food Business declined 4.2% year on year, to 123,875 million yen. Operating income fell 17.9%, to 8,157 million yen, reflecting difficulties faced by mainstay products and a rising promotion expenses ratio.

Health Food Business

In the Health Food Business, sales of the *Ukon no Chikara* series were affected by changes in customers' attitudes towards alcohol and competition with rival products, and the *C1000* series also faced difficulties, severely hit by decline in demand in reaction to the spike in demand following the earthquake. Meanwhile, *Mega Shaki*, a growing brand, achieved growth in sales, due to expansion in the customer base thanks to rigorous marketing activities, and an increase in brand synergy following the launch of *Mega Shaki Gum*.

As a result, sales in the Health Food Business fell 7.0%, to 42,766 million yen. Operating income declined 24.8%, to 1,903 million yen, reflecting decreased sales for mainstay brands.

International Business

Under the Fourth Medium-term Business Plan, the International Business is ranked as a "Growing business," and the Group is putting in place independent business promotion systems for each of the three areas (United States, China and Southeast Asia), and taking steps to speed up business expansion.

The tofu business in the United States posted increased sales, reflecting the success of vigorous promotional activities. However, profits declined largely due to increases in soybean prices.

The curry business in China showed growth in sales, reflecting increased awareness of Japanese curry, both for household use and for commercial use, as a result of continued market development and promotional activities. The business also saw its first full year of profitability, chiefly owing to effective investment of promotion expenses, in addition to the effect to increased sales.

In Southeast Asia, the Group launched a functional drink product in Thailand in July 2012 and is expanding business, focusing on convenience stores. In Vietnam, a processed food manufacturing plant goes into operation this April and the Group plans to start taking steps to create new demand.

The curry restaurant business showed substantial growth in both sales and profits, as the Group succeeded in expanding the number of its restaurants, focusing on China, Taiwan and South Korea.

As a result, sales in the International Business grew 25.0% year on year, to 14,700 million yen, and operating income climbed 3.9%, to 677 million yen.

Transport and Other Businesses

The transport and warehouse business of House Logistics Service Corporation, a Group company, posted increased sales as a result of expansion in logistics operations commissioned by companies outside the Group. However, profits declined, reflecting increased fuel costs and subcontract costs. Meanwhile, sales and profits of Delica Chef Corporation, a Group company producing prepared foods for convenience stores, increased from a

year ago, due primarily to a decline in the material cost rate as a result of continued activities to reduce losses, in addition to strong sales of desserts.
As a result, sales of Transport and Other Businesses rose 4.1% year on year, to 28,443 million yen, and operating income declined 25.0% year on year, to 701 million yen.

(ii) Outlook for the Next Fiscal Year

The Group's operating environment is expected to remain uncertain, amid concerns over downturn in overseas economies, forecasts of contraction in the domestic market and rising costs for raw materials, packing materials and fuel, as well as increasing diversification in consumer needs.
In this environment, House Foods Corporation will mark its 100th anniversary. The Group is determined to step up its efforts to "create new value with health and taste" by continuing to offer helpful value to customers over the next 100 years, in line with the philosophy of "Bringing greater joy to families through our foods."
The Group also aims to push ahead with efforts to implement the basic policies under the Fourth Medium-term Business Plan, launched in April 2012, and to "achieve growth and enhance profitability in domestic operations and accelerate overseas expansion," "build the optimum organizational structure for growth and expansion," and "strengthen development capabilities and cost competitiveness."
Furthermore, the Group plans to switch to a holding company structure with effect October 1, 2013 (provisional). Through this, the Group will establish a management system under which each of its business divisions will enhance its ability to create value to maximize the corporate value of the entire Group.
In domestic business, with the Spice / Seasoning / Processed Food Business and Health Food Business positioned as core businesses, the Group plans to increase its brand power and cost competitiveness, to continue focusing on improving its product development capability, which is essential to a company's survival, and to work on enhancing profitability and securing growth potential.
In the International Business, the Group aims to use the independent business promotion systems established for each of the areas in which it operates (United States, China and Southeast Asia) to create demand through vigorous operations in each area and to achieve "acceleration of overseas expansion."
In the United States, the Group will further expand the tofu business, which continues to show an upward trend thanks to heightened health awareness, and will seek to expand and improve soybean-related products. In China, towards the end of the current fiscal year, the Group plans to establish a holding company to oversee each of its businesses in China and enable efficient business investment and capital management, and aims to put in place a system for powerfully promoting business expansion in the region. In Southeast Asia, the Group aims to actively invest in marketing and build its business base, commencing business in Vietnam through the launch a powdered dessert, after starting up business in Thailand through the launch of a functional drink last year. In the curry restaurant business, the Group will continue to work on expanding business through new restaurant openings centered on China, Taiwan and South Korea.
As a result, for the next fiscal year, we expect consolidated net sales of 233,000 million yen (a year-on-year increase of 11.1%), consolidated operating income of 12,500 million yen (a year-on-year increase of 9.3%), consolidated ordinary income of 14,000 million yen (a year-on-year increase of 4.1%), and consolidated net income of 8,800 million yen (a year-on-year increase of 6.6%).

(2) Analysis of Financial Position

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

Total assets at the end of the consolidated fiscal year under review rose 10,688 million yen from a year earlier, to 250,780 million yen. Current assets stood at 107,135 million yen, a decrease of 3,029 million yen compared to the previous fiscal year. Noncurrent assets were 143,645 million yen, a year-on-year rise of 13,718 million yen.

The main factors for the decrease in current assets include a 4,104 million yen decrease in cash and deposits due to the acquisition of bonds, etc.

The main factors for the increase in noncurrent assets include a 10,362 million yen rise in investment securities largely due to fair market valuation, a 1,152 million yen increase in buildings and structures mainly attributable to plant expansion in the United States, and a 629 million yen rise in construction in progress, reflecting construction of the Company's new head office in Osaka.

Total liabilities at the end of the consolidated fiscal year under review were 51,452 million yen, an increase of 602 million yen compared to the previous consolidated fiscal year. Current liabilities were down 1,593 million yen from a year earlier, to 39,515 million yen, and noncurrent liabilities were 11,938 million yen, a year-on-year increase of 2,195 million yen.

The main factors for the decrease in current liabilities include a 1,317 million yen decline in income taxes payable.

The principal components in the increase in noncurrent liabilities were a 2,531 million yen rise in deferred tax liabilities, offsetting a 354 million yen fall in provision for retirement benefits.

Net assets at the end of the consolidated fiscal year under review stood at 199,328 million yen, an increase of 10,086 million yen compared to the previous consolidated fiscal year.

As a result, the equity ratio at the end of the fiscal year under review stood at 79.2%, compared with 78.6% for the previous term, and net assets per share were 1,879.06 yen, compared with 1,786.27 yen for the previous term.

(ii) Analysis of Cash Flows

With respect to cash flows for the consolidated fiscal year under review, net cash provided by operating activities amounted to 12,884 million yen, net cash provided by investing activities, including the purchase of property, plant and equipment, amounted to 1,841 million yen, and net cash provided by financing activities, including the purchase of treasury stock and cash dividends paid, was 4,943 million yen. As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 47,715 million yen, an increase of 6,525 million yen compared with the balance at the beginning of the year.

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

(Cash flows from operating activities)

Cash provided by operating activities during the consolidated fiscal year under review was 12,884 million yen, a decrease of 4,214 million yen from the previous consolidated fiscal year. Key factors included 13,238 million yen in income before income taxes and minority interests.

The decrease in comparison to the previous consolidated fiscal year is mainly attributable to income taxes paid (a year-on-year increase of 1,233 million yen), notes and accounts payable-trade (a year-on-year decrease of 1,008 million yen, and a decrease in amortization of goodwill (a year-on-year decrease of 655 million yen).

(Cash flows from investing activities)

Cash provided by investing activities during the consolidated fiscal year under review was 1,841 million yen, which was 17,228 million yen less than cash used in the previous consolidated fiscal year. Key factors included purchases of investment securities of 9,328 million yen, payments into time deposits of 7,004 million yen, and proceeds from withdrawal of time deposits of 12,352 million yen.

The primary factor for the decrease in outflow over the previous consolidated fiscal year was an increase in proceeds from withdrawal of time deposits (year-on-year rise of 9,802 million yen) and a decrease in payments into time deposits (year-on-year decrease of 5,465 million yen).

(Cash flows from financing activities)

Cash provided by financing activities during the consolidated fiscal year under review was 4,943 million yen, which was 2,107 million more than cash used in the previous consolidated fiscal year. Key factors included cash dividends paid of 3,186 million yen and purchases of treasury stock of 1,308 million yen.

The primary factor for the increase in outflow over the previous consolidated fiscal year was an increase in purchases of treasury stock (year-on-year increase of 1,306 million yen).

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Year-on-year change
Net cash provided by (used in) operating activities	17,098	12,884	(4,214)
Net cash provided by (used in) investing activities	(19,069)	(1,841)	17,228
Net cash provided by (used in) financing activities	(2,836)	(4,943)	(2,107)
Effect of exchange rate changes on cash and cash equivalents	(94)	424	518
Net increase (decrease) in cash and cash equivalents	(4,901)	6,525	11,426
Cash and cash equivalents at beginning of period	46,091	41,190	(4,901)
Cash and cash equivalents at end of period	41,190	47,715	6,525

Cash flow indicators for the Group are as follows:

	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013
Equity ratio (%)	78.1	78.6	79.1	78.6	79.2
Equity ratio (market value basis) (%)	65.8	64.3	63.5	62.9	69.1
Cash flow/interest bearing liabilities ratio (%)	37.0	37.6	30.1	32.4	41.2
Interest coverage ratio (times)	397.1	383.2	517.3	444.3	287.2

(Notes) Equity ratio: Shareholders' equity / Total assets
Equity ratio (market value basis): Market capitalization / Total assets
Cash flow / interest bearing liabilities ratio: Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest payments

1. Each indicator is calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury stock) as of that date.
3. Operating cash flow uses net cash provided by operating activities on the consolidated cash flow statements.
4. Interest-bearing debt includes all liabilities requiring the payment of interest under the liabilities section of the consolidated balance sheet. Interest payments equal the amount of interest paid on the consolidated cash flow statements.

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

The Group considers the return of earnings to shareholders to be a top management priority. Our basic policy is to improve profitability and strengthen the Group's financial condition while continuing to provide stable dividends in consideration of overall business performance and strategy.

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

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

For the current fiscal year, the Company plans to pay a year-end dividend of 15 yen per share, which, added to the interim dividend of 15 yen, will bring the annual dividend to 30 yen per share, up 2 yen compared with the previous year.

For the next fiscal year (ending March 31, 2014), the Company plans to pay an ordinary year-end dividend of 15 yen per share as well as a commemorative dividend of 5 yen to show its appreciation to shareholders on the 100th anniversary of its foundation, and expects to pay an annual dividend of 35 yen per share (including an interim dividend of 15 yen).

Based on a resolution at a Board of Directors' meeting held on July 25, 2012, the Company purchased 1,000,000 treasury shares, and it also cancelled 1,003,659 treasury shares on November 9, 2012. As a result, the number of shares issued came to 105,761,763 shares. The Company will continue to take a flexible approach with respect to the acquisition of treasury stock, in light of the business environment, capital requirements, and stock price and stock market trends.

(4) Business and Other Risks

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

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

(i) Food Safety Issues

Consumer demand for quality has increased in the food industry. In response, the Company is taking steps to strengthen its quality assurance system, including constructing a traceability mechanism headed by the Product Quality Assurance Division, which is dedicated exclusively to product quality assurance, as well as holding quality assurance meetings, with the participation of people from outside the Company who can deliver useful insights. Nevertheless, should an incident occur that exceeds the scope of our actions, – for instance, a quality issue that encompasses the entire community – or should the image of the products of the Company be harmed by damaging rumors or should the image of the products of the Company be harmed by rumors not directly related to the Group's products or other factors, the Group's performance and financial standing could be affected.

(ii) Weather and Natural Disasters

Weather-related factors, such as relatively cold summers, heat waves and relatively mild winters, and natural disasters have the potential to become risks for the Group's businesses and could affect the Group's performance

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

(iii) Procurement of Raw Materials and Price Fluctuations
The main ingredients of the Group's products are agricultural products such as wheat and spices, as well as petroleum products used in packaging, among others. There is a risk of stable procurement of these ingredients becoming difficult in the event of crop failure associated with extraordinary weather in their places of origin, because of the occurrence of conflicts and incidents, or unexpected changes in laws or regulations. There is also a risk of manufacturing costs rising because of soaring prices associated with supply and demand relationships or price fluctuations in markets. Those risks could influence the Group's performance and financial standing.
The Group procures part of its ingredients from overseas, and their prices could be affected by exchange rate fluctuations. Medium- to long-term exchange rate fluctuations are at risk of affecting the Group's performance and financial standing.

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

(v) Changes in the Value of Held Assets
The Group holds a range of assets, including land and securities. Should the asset values of land and securities fall, impairment accounting could be necessary. Impairment accounting could influence the Group's performance and financial standing.

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

(vii) Risks in Data and System Management

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

2. Corporate Group

The Company's corporate group consists of the Company, 22 consolidated subsidiaries, and 6 affiliates. The Group engages primarily in the production and sale of food products, as well as related logistics and other services.

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

Spice / Seasoning / Processed Food Business

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

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

Sun House Foods Corporation manufactures mainly retort pouched products.

Sun Supply Corporation processes meat.

House Ai-Factory Corporation manufactures, packs and processes mainly spice products.

Asaoka Spice K.K. sells spices.

Health Food Business

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

House Foods Corporation manufactures and sells health foods.

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

International Business

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

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

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

House Foods America Corporation manufactures and sells soybean-related products such as tofu, operates restaurants, and imports and sells the Company's products in the United States.

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

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

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

House Foods (Shanghai) Corporation sells spices and condiments such as curry roux products and imports and sells the Company's products in China.

House Osotspa Foods Co., Ltd. manufactures and sells beverages in Thailand.

House Foods Vietnam Co., Ltd. plans to manufacture and sell processed foods in Vietnam.

Shanghai House Curry Coco Ichibanya Restaurant, Inc., Taiwan Curry House Restaurant, Inc. and Korea Curry House Co., Ltd. operate restaurants in China, Taiwan and South Korea, respectively.

Transport and Other Businesses

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

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

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

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

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

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

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

Other Businesses (affiliates not belonging to a segment)

Ichibanya Co., Ltd. operates restaurants.

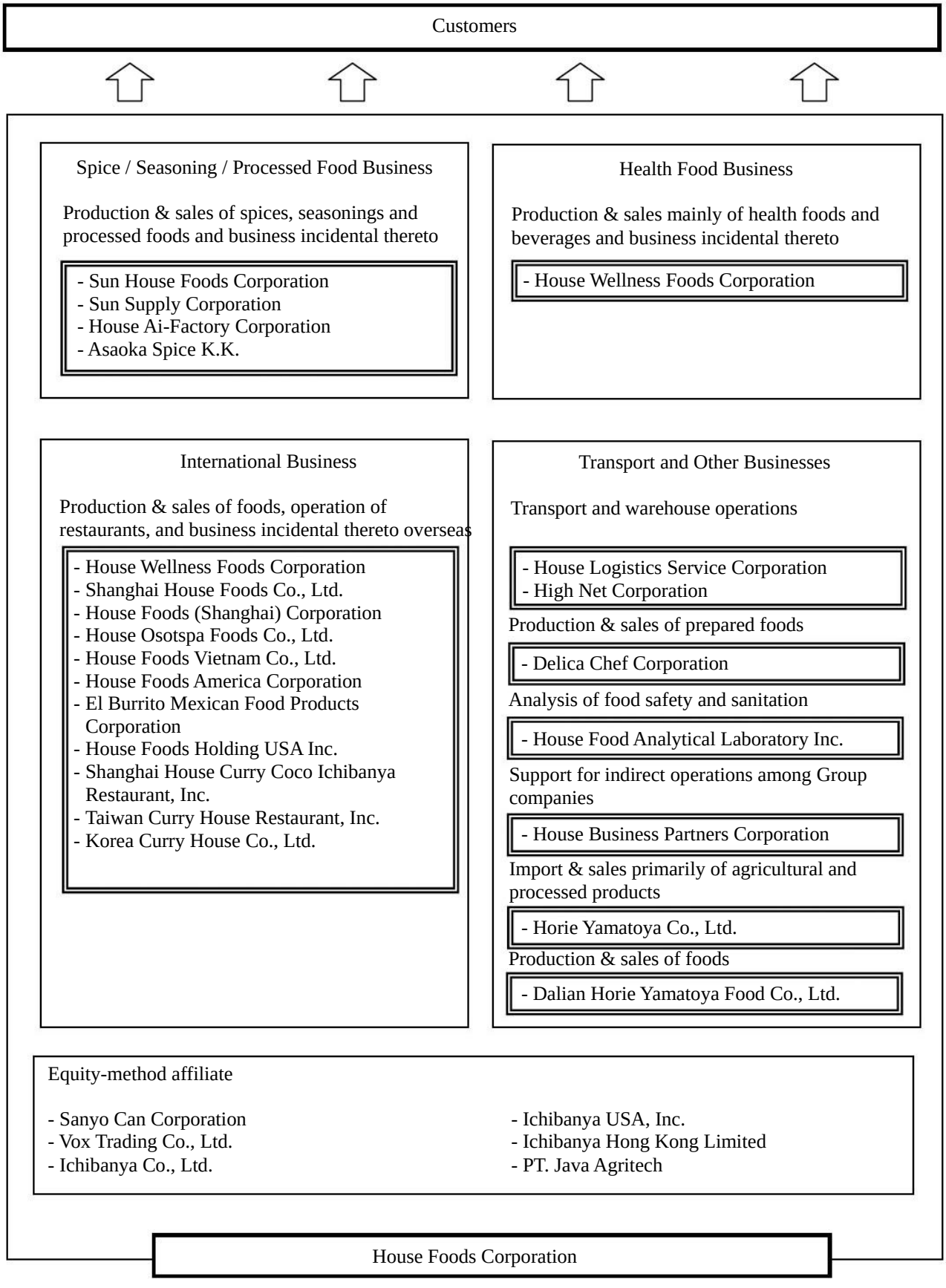
Sanyo Can Corporation manufactures and sells mainly retort pouched products and cans.

Vox Trading Co., Ltd. imports and sells foodstuffs.

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

PT. Java Agritech produces and sells vegetables in Indonesia.

Flow Chart of Business Activities



3. Management Policy

(1) Basic Corporate Management Policy

The House Foods Group's corporate philosophy consists of "Bringing greater joy to families through our foods" by contributing to healthy dietary lifestyles by continuously offering products and services whose value is recognized by customers. To achieve this goal, we employ "Customer Oriented Management" to upgrade development capabilities and marketing ability so that we can deliver tastier, more convenient, and healthier products and services that are driven by global customer demand.

More specifically, we strive to provide products that offer both taste and health, to develop products to create a new style of eating, to launch campaign activities and advertising development that promote consumer recognition of our products and stimulate demand for the Group's products, to strengthen our quality assurance system so that customers can feel safe and trust our products, and to address environmental and other issues as part of our corporate social responsibility.

We will enhance capital efficiency and profitability by narrowing the focus of our investment of resources and increasing cost competitiveness. We will also cultivate growth seeds by investing in areas that we should develop. The Company also seeks to be more attractive for shareholders, for example by paying stable dividends so that it can earn their long-term support and assistance.

(2) Medium- to Long-Term Management Strategies

Aiming to "create new value with health and taste," the Group formulates a medium-term business plan every three years, clarifying the directions for each of our businesses and the distribution of our management resources. It then formulates and executes specific actions plans so that it can achieve its targets.

Under the Fourth Medium-term Business Plan, launched in April 2012, the Group will seek to achieve robust profit growth through effective utilization of capital, and will further accelerate overseas expansion and pursue the following initiatives aimed at expansion in corporate scale and enhancement of profitability.

(i) Business Strategies

In its domestic Spice / Seasoning / Processed Food Business and Health Food Business, which are ranked as core businesses, the Group plans to further develop existing business and offer new value to achieve growth and improve profitability.

In International Business, which is ranked as a "Growing business," the Group intends to strengthen and build the foundations of its processed food business in the United States, China and Southeast Asia. Meanwhile, in the curry restaurant business, the Group aims to become the leading curry restaurant chain in each of the countries in which it operates.

(ii) Reforming Organizational Structure

The Group plans to shift to a holding company structure with effect October 1, 2013, to enhance value creation capability in each business, respectively, and to maximize the corporate value of the entire House Foods Group. The adoption of a holding company structure will make it possible for the Company, as the holding company, to plan and propose the optimum management strategies for the Group, to focus on developing and growing new businesses, and to strategically allocate the Group's management resources.

At the same time, the Health Food Business currently conducted by the Company and House Wellness Foods

Corporation will be integrated into House Wellness Foods Corporation, and a new operating company will succeed to the Spice / Seasoning / Processed Food Business.
The reorganization will enable the Group to pursue the enhancement of value creation capability in each of its businesses, by speeding up managerial decision-making and allowing flexible and efficient business operations under the Group's management strategies. The Company, as holding company, will continue to exercise overall supervision of the Group's International Business.
(iii) Cost Competitiveness
The Group plans to focus on strengthening its development capabilities which are essential for continued survival and also aims to optimize its production and distribution organization from a group perspective to improve its cost competitiveness, recognizing that its costs are borne by its customers.

(3) Issues Facing the Group

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

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

(ii) Corporate Governance
The Company believes that a system of internal controls is a mechanism for strengthening its corporate governance system, embodying its corporate philosophy and achieving its management goals. We plan to step up construction and operation of governance systems for risk management, compliance and other areas from a Group management perspective, to improve our corporate value and achieve sustainable development. In terms of corporate bodies, the Company appointed an outside director and is focusing on reinforcing the supervisory function in relation to the management strategy body. Five corporate auditors, including three outside auditors, inspect the directors' performance of their duties. Also, with the introduction of an executive officer system, the Company makes clear the separation of its management strategy function and business performance function and aims to speed up decision making associated with the transfer of authority and operate its organization vigorously. We plan to make ongoing improvements to our system of internal controls so that it functions effectively for the entire Group.

(iii) Corporate Social Responsibility
We recognize that a sincere approach to corporate social responsibility is a necessary condition for earning the trust and goodwill of customers, we are redoubling our commitment to legal compliance and corporate ethics.
In our environmental activities, we have adopted the ISO14001 environmental management system to constantly undertaking activities designed to protect the environment, based on a declaration of environmental responsibility

and environmental policies. We have also completed certification throughout the Group. In doing so, we aim to encourage all sections of the Group to share a commitment to activities that are compatible with the environment.

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

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	23,475	19,371
Notes and accounts receivable–trade	38,585	37,866
Securities	33,717	35,445
Merchandise and finished goods	6,229	6,223
Work in process	875	1,012
Raw materials and supplies	2,737	2,817
Deferred tax assets	2,946	2,277
Other	1,605	2,130
Allowance for doubtful accounts	(4)	(7)
Total current assets	110,165	107,135
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,886	18,038
Machinery, equipment and vehicles, net	6,987	7,769
Land	24,072	24,152
Lease assets, net	4,545	4,338
Construction in progress	254	883
Other, net	810	932
Total property, plant and equipment	53,553	56,112
Intangible assets		
Goodwill	703	268
Software	1,501	889
Software in progress	58	161
Other	205	467
Total intangible assets	2,467	1,787
Investments and other assets		
Investment securities	65,327	75,689
Long-term loans receivable	247	239
Deferred tax assets	170	213
Long-term time deposits	3,124	6,000
Prepaid pension cost	2,740	1,193
Other	2,546	2,682
Allowance for doubtful accounts	(247)	(270)
Total investments and other assets	73,908	85,746
Total noncurrent assets	129,927	143,645
Total assets	240,092	250,780

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	19,602	18,613
Electronically recorded obligations-operating	–	1,162
Short-term loans payable	590	570
Lease obligations	394	400
Accounts payable–other	13,247	12,453
Income taxes payable	3,189	1,872
Provision for directors' bonuses	73	67
Other	4,013	4,378
Total current liabilities	41,108	39,515
Noncurrent liabilities		
Lease obligations	4,151	3,938
Long-term accounts payable–other	655	834
Deferred tax liabilities	2,663	5,194
Provision for retirement benefits	1,557	1,203
Asset retirement obligations	284	278
Other	432	490
Total noncurrent liabilities	9,742	11,938
Total liabilities	50,850	51,452
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus	23,868	23,868
Retained earnings	151,392	155,148
Treasury stock	(4)	(1)
Total shareholders' equity	185,205	188,963
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	5,531	10,840
Foreign currency translation adjustment	(1,950)	(1,072)
Total other accumulated comprehensive income	3,580	9,768
Minority interests	456	596
Total net assets	189,242	199,328
Total liabilities and net assets	240,092	250,780

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Net sales	214,317	209,784
Cost of sales	115,974	114,468
Gross profit	98,342	95,315
Selling, general and administrative expenses		
Advertising expenses	11,055	11,242
Transportation and warehousing expenses	6,172	5,975
Sales commission	4,280	4,064
Promotion expenses	29,523	29,838
Salaries, allowances and bonuses	12,534	12,703
Provision for directors' bonuses	78	72
Depreciation	1,142	1,024
Amortization of goodwill	1,361	706
Rent expenses	1,374	1,483
Experiment and research expenses	3,805	3,810
Other	12,966	12,957
Total selling, general and administrative expenses	84,289	83,874
Operating income	14,053	11,441
Non-operating income		
Interest income	441	486
Dividends income	518	559
Equity in earnings of affiliates	399	415
Foreign exchange gains	–	360
Other	238	277
Total non-operating income	1,596	2,096
Non-operating expenses		
Interest expenses	40	44
Foreign exchange losses	42	–
Other	65	48
Total non-operating expenses	147	92
Ordinary income	15,502	13,445

(Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Extraordinary income		
Gain on sales of noncurrent assets	295	25
Gain on sales of investment securities	1	10
Other	8	13
Total extraordinary income	304	49
Extraordinary loss		
Loss on sales of noncurrent assets	21	11
Loss on retirement of noncurrent assets	327	189
Loss on valuation of investment securities	26	–
Loss on valuation of membership	31	29
Impairment loss	445	–
Loss on disaster	186	–
Cost of early retirement support	1,534	–
Other	350	27
Total extraordinary loss	2,920	256
Income before income taxes	12,886	13,238
Income taxes-current	5,582	4,741
Income taxes-deferred	(613)	258
Total income taxes	4,969	4,999
Income before minority interests	7,917	8,238
Minority interests in loss	(11)	(16)
Net income	7,928	8,254
Minority interests in loss	(11)	(16)
Income before minority interests	7,917	8,238
Other comprehensive income		
Valuation difference on available-for-sale securities	2,684	5,310
Foreign currency translation adjustment	(180)	951
Share of other comprehensive income of associates accounted for using equity method	(15)	15
Total other comprehensive income	2,489	6,276
Comprehensive income	10,405	14,515
(Breakdown)		
Comprehensive income attributable to owners of the parent	10,428	14,442
Comprehensive income attributable to minority interests	(23)	72

(3) Consolidated Statements of Changes in Net Assets

(Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of the period	9,948	9,948
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the period	9,948	9,948
Capital surplus		
Balance at the beginning of the period	23,868	23,868
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the period	23,868	23,868
Retained earnings		
Balance at the beginning of the period	146,026	151,392
Changes of items during the period		
Dividends from surplus	(2,562)	(3,188)
Net income	7,928	8,254
Retirement of treasury stock	–	(1,311)
Total changes of items during the period	5,366	3,755
Balance at the end of the period	151,392	155,148
Treasury stock		
Balance at the beginning of the period	(2)	(4)
Changes of items during the period		
Purchase of treasury stock	(2)	(1,308)
Retirement of treasury stock	–	1,311
Total changes of items during the period	(2)	3
Balance at the end of the period	(4)	(1)
Total shareholders' equity		
Balance at the beginning of the period	179,841	185,205
Changes of items during the period		
Dividends from surplus	(2,562)	(3,188)
Net income	7,928	8,254
Purchase of treasury stock	(2)	(1,308)
Retirement of treasury stock	–	–
Total changes of items during the period	5,364	3,758
Balance at the end of the period	185,205	188,963

(Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	2,836	5,531
Changes of items during the period		
Net changes of items other than shareholders' equity	2,695	5,309
Total changes of items during the period	2,695	5,309
Balance at the end of the period	5,531	10,840
Foreign currency translation adjustment		
Balance at the beginning of the period	(1,756)	(1,950)
Changes of items during the period		
Net changes of items other than shareholders' equity	(195)	879
Total changes of items during the period	(195)	879
Balance at the end of the period	(1,950)	(1,072)
Total other accumulated comprehensive income		
Balance at the beginning of the period	1,080	3,580
Changes of items during the period		
Net changes of items other than shareholders' equity	2,500	6,188
Total changes of items during the period	2,500	6,188
Balance at the end of the period	3,580	9,768
Minority interests		
Balance at the beginning of the period	377	456
Changes of items during the period		
Net changes of items other than shareholders' equity	80	140
Total changes of items during the period	80	140
Balance at the end of the period	456	596
Total net assets		
Balance at the beginning of the period	181,298	189,242
Changes of items during the period		
Dividends from surplus	(2,562)	(3,188)
Net income	7,928	8,254
Purchase of treasury stock	(2)	(1,308)
Retirement of treasury stock	–	–
Net changes of items other than shareholders' equity	2,580	6,328
Total changes of items during the period	7,943	10,086
Balance at the end of the period	189,242	199,328

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	12,886	13,238
Depreciation and amortization	5,356	5,020
Amortization of goodwill	1,361	706
Impairment loss	445	–
Equity in (earnings) losses of affiliates	(399)	(415)
Loss (gain) on valuation of investment securities	26	–
Loss on valuation of membership	31	29
Increase (decrease) in allowance for doubtful accounts	3	23
Increase (decrease) in provision for directors' bonuses	(7)	(6)
Increase (decrease) in provision for retirement benefits	(158)	(355)
Interest and dividends income	(959)	(1,045)
Interest expenses	40	44
Foreign exchange losses (gains)	29	(250)
Loss (gain) on sales of investment securities	(1)	(10)
Loss (gain) on sales of noncurrent assets	(273)	(15)
Loss on retirement of noncurrent assets	327	189
Decrease (increase) in notes and accounts receivable-trade	(645)	1,218
Decrease (increase) in inventories	(576)	(67)
Increase (decrease) in notes and accounts payable-trade	884	(125)
Increase (decrease) in accounts payable-bonuses	(25)	3
Decrease (increase) in other assets	1,606	966
Increase (decrease) in other liabilities	859	(1,479)
Subtotal	20,809	17,669
Interest and dividends income received	1,127	1,293
Interest expenses paid	(38)	(45)
Income taxes paid	(4,800)	(6,033)
Net cash provided by (used in) operating activities	17,098	12,884

(Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	2,550	12,352
Payments into time deposits	(12,469)	(7,004)
Purchase of securities	–	(2,000)
Proceeds from sales of securities	1,500	6,700
Purchase of property, plant and equipment	(3,678)	(4,871)
Proceeds from sales of property, plant and equipment	320	392
Purchase of intangible assets	(288)	(273)
Purchase of investment securities	(9,507)	(9,328)
Proceeds from sales of investment securities	2,503	3,525
Purchase of memberships	–	(3)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(1,331)
Net cash provided by (used in) investing activities	(19,069)	(1,841)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,571	2,420
Decrease in short-term loans payable	(1,557)	(2,520)
Repayments of lease obligations	(386)	(416)
Purchase of treasury stock	(2)	(1,308)
Cash dividends paid	(2,567)	(3,186)
Proceeds from stock issuance to minority shareholders	106	69
Cash dividends paid to minority shareholders	(0)	(0)
Net cash provided by (used in) financing activities	(2,836)	(4,943)
Effect of exchange rate change on cash and cash equivalents	(94)	424
Net increase (decrease) in cash and cash equivalents	(4,901)	6,525
Cash and cash equivalents at beginning of period	46,091	41,190
Cash and cash equivalents at end of period	41,190	47,715

(5) Notes to Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

Basic Important Matters for the Preparation of Consolidated Financial Statements

1. Scope of Consolidation

The following 22 companies are consolidated subsidiaries:

Delica Chef Corporation, Sun House Foods Corporation, House Wellness Foods Corporation, House Logistics Service Corporation, House Food Analytical Laboratory Inc., House Ai-Factory Corporation, Sun Supply Corporation, Horie Yamatoya Co., Ltd., High Net Corporation, Asaoka Spice K.K., House Business Partners Corporation, House Foods Holding USA Inc., House Foods America Corporation, El Burrito Mexican Food Products Corporation, Shanghai House Foods Co., Ltd., Shanghai House Curry Coco Ichibanya Restaurant, Inc., House Foods (Shanghai) Corporation, Dalian Horie Yamatoya Co., Ltd., House Foods Vietnam Co., Ltd., House Osotspa Foods Co., Ltd., Taiwan Curry House Restaurant Inc., and Korea Curry House Co., Ltd.

Horie Yamatoya Co., Ltd., Dalian Horie Yamatoya Co., Ltd. and El Burrito Mexican Food Products Corporation are newly included as consolidated subsidiaries in the consolidated fiscal year under review.

2. Matters Concerning Application of Equity Method

The following six affiliates are subject to equity method accounting:

Sanyo Can Corporation, Ichibanya Co., Ltd., Vox Trading Co., Ltd, PT. Java Agritech, Ichibanya USA, Inc., Ichibanya Hong Kong Limited

3. Account Settlement Dates for Consolidated Subsidiaries

Among consolidated subsidiaries, the book-closing date for House Foods Holding USA Inc., House Foods America Corporation, El Burrito Mexican Food Products Corporation, Shanghai House Foods Co., Ltd., Shanghai House Curry Coco Ichibanya Restaurant, Inc., House Foods (Shanghai) Corporation, Dalian Horie Yamatoya Co., Ltd., Taiwan Curry House Restaurant, Inc., Korea Curry House Co., Ltd. is the last day of December. Horie Yamatoya Co., Ltd. was consolidated using the financial statements prepared on a provisional basis as of the last day of December. The book-closing date for other subsidiaries is the same as the consolidated book-closing date.

4. Matters Concerning Accounting Standards

(1) Valuation standard and method for significant assets

a. Securities

- Bonds held to maturity: Amortized cost method
- Other marketable securities

Securities with fair market value:

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

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

Securities without fair market value:

Cost accounting method using the gross average method

b. Inventories:

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

(2) Depreciation method for significant depreciable assets

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

The Company

Buildings (excluding building attachments)

Straight-line method

Property, plant and equipment other than buildings

Declining balance method

Domestic consolidated subsidiaries

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

Overseas consolidated companies

Straight-line method

The service lives for these major categories are as follows:

Buildings and structures:	3 to 50 years
Machinery, equipment and vehicles:	mostly 10 years

b. Intangible assets (excluding lease assets):

Straight-line method

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

c. Lease assets:

Lease assets concerning finance lease transactions without a transfer of ownership

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

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

(3) Accounting standards for significant allowances

a. Allowance for doubtful accounts

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

b. Reserve for bonuses for directors and corporate auditors

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

c. Reserve for retirement benefits

To prepare for the payment of employee retirement benefits, the Company and its domestic consolidated subsidiaries provide accrued retirement benefits based on projected benefits obligations and the fair value of pension assets at the consolidated fiscal year-end under review.

Additionally, the pension assets of the Company exceeded retirement allowance liabilities at the end of the consolidated fiscal year under review, and this excess amount is recorded as the prepaid pension cost in

investment and other assets.

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

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

(4) Translation standard for important foreign currency-denominated assets and liabilities into the Japanese yen

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

(5) Method and period of goodwill amortization

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

(6) Scope of funds in consolidated cash flow statements

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

(7) Accounting method for consumption taxes

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

Case Where It Is Difficult to Distinguish a Change in an Accounting Policy from a Change in an Accounting Estimate

In accordance with the revision of the Corporation Tax Act, from the consolidated fiscal year under review, the Company and its domestic consolidated subsidiaries have changed the method of depreciation based on the revised act and applied the new method to property, plant and equipment obtained on or after April 1, 2012.

The effects of this change on the Company's profit and loss for the consolidated fiscal year under review are minimal.

Unapplied Accounting Standards, etc.

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accountings Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

1. Overview

(1) Treatment in the consolidated balance sheet

Under the new accounting standard, actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss would be recognized within the net assets section (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus would be recognized as a liability (or asset).

(2) Treatment in the consolidated statements of income and comprehensive income

Actuarial gains and losses and past service costs that arose in the current period and have yet to be charged to expenses would be included in other comprehensive income, and unrecognized actuarial gains and losses and unrecognized past service costs that were recognized as accumulated other comprehensive income in prior periods and then charged to expenses in the current period would be treated as other comprehensive income reclassification adjustments.

2. Scheduled date for adoption

The Company expects to adopt the accounting standard and guidance from the end of the consolidated fiscal year commencing April 1, 2014.

3. Effects of the adoption of the accounting standard and guidance

The effects of the adoption of the accounting standard and guidance on financial statements at the time the consolidated financial statements are prepared are currently being assessed.

Notes to Consolidated Balance Sheet

1. Assets supplied to collateral and corresponding debts

A pledge is created to guarantee the monetary debt of trading partners, as shown below:

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Certificate of deposit	24	24

2. Accumulated depreciation of property, plant and equipment

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Accumulated depreciation of property, plant and equipment	108,849	110,894

3. Guarantee obligations

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Guarantee obligation to the housing loans of the Company employees	8	5
Guarantee obligation to the monetary debt of Myoko Garden K.K.	19	3

Notes to Consolidated Statements of Income and Comprehensive Income

1. Impairment loss

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

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)

Location	Use	Category	Impairment loss (million yen)
House Foods Corporation Osaka Head Office	Head Office Building	Buildings, others	399
House Foods Corporation Fukuoka Branch	Branch Building	Buildings, others	46

(Note) The House Foods Group accounts for idle property on an individual basis and business assets using group-based management accounting classifications in accordance with the minimum unit that generates cash flow. Business assets such as head offices are grouped as common assets.

The Group reduced the values of business assets and idle property whose profitability declined to recoverable amounts. The recoverable amounts were measured based on the use values. Since the future cash flows were negative, the Group did not calculate discounts.

Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)

Not applicable.

Notes to Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)

1. Matters relating to outstanding shares (Thousand shares)

Types of shares	At beginning of consolidated fiscal year under review	Increase	Decrease	At end of consolidated fiscal year under review
Common stock	106,765	–	–	106,765

2. Matters relating to treasury stock (Thousand shares)

Types of shares	At beginning of consolidated fiscal year under review	Increase	Decrease	At end of consolidated fiscal year under review
Common stock	1	2	–	3

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase due to purchases of fractional shares: 2 thousand shares

3. Matters relating to equity warrants, etc.

Not applicable.

4. Matters relating to dividends

(i) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 28, 2011	Common stock	1,174	11	March 31, 2011	June 29, 2011
Meeting of the Board, October 28, 2011	Common stock	1,388	13	September 30, 2011	December 5, 2011

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

Resolution	Type of shares	Source of dividends	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 27, 2012	Common stock	Retained earnings	1,601	15	March 31, 2012	June 28, 2012

Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)

1. Matters relating to outstanding shares (Thousand shares)

Types of shares	At beginning of consolidated fiscal year under review	Increase	Decrease	At end of consolidated fiscal year under review
Common stock	106,765	–	1,004	105,762

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Decrease due to retirement of treasury stock: 1,004 thousand shares

2. Matters relating to treasury stock (Thousand shares)

Types of shares	At beginning of consolidated fiscal year under review	Increase	Decrease	At end of consolidated fiscal year under review
Common stock	3	1,002	1,004	1

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase due to purchase of treasury stock: 1,000 thousand shares

Increase due to purchases of fractional shares: 2 thousand shares

Decrease due to retirement of treasury stock: 1,004 thousand shares

3. Matters relating to equity warrants, etc.

Not applicable.

4. Matters relating to dividends

(i) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 27, 2012	Common stock	1,601	15	March 31, 2012	June 28, 2012
Meeting of the Board, October 31, 2012	Common stock	1,586	15	September 30, 2012	December 7, 2012

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

Resolution	Type of shares	Source of dividends	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 26, 2013	Common stock	Retained earnings	1,586	15	March 31, 2013	June 27, 2013

Notes to Consolidated Statements of Cash Flows

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

(Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Cash and deposits	23,475	19,371
Securities	33,717	35,445
Total	57,192	54,816
Time deposit account with maturity over three months	(10,285)	(2,156)
Securities other than negotiable certificates of deposit and the like	(5,717)	(4,945)
Cash and cash equivalents	41,190	47,715

Lease Transactions

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)

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

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

(Million yen)

	Equivalent to acquisition costs	Equivalent to accumulated depreciation	Equivalent to ending net book value
Buildings	517	268	249
Machinery, equipment and vehicles	353	285	68
Other (tools, furniture and fixtures)	41	34	8
Total	912	587	325

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

(Million yen)

Due within one year	82
Due after one year	243
Total	325

Accumulated impairment loss on leased assets at end of period –

(iii) Lease payment and equivalent to accumulated depreciation

(Million yen)

Lease payment	133
Equivalent to accumulated depreciation	133

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

(v) Since the percentage of the amount of items in the above notes in the ending balance of property, plant and equipment is low, the inclusive-of-interest method is used for accounting.

2. Finance lease transactions

Finance lease transactions without a transfer of ownership

(i) Details of lease assets

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

(ii) Depreciation method for lease assets

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

3. Operating lease transactions

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

(Million yen)

Due within one year	140
Due after one year	809
Total	950

Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)

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

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

(Million yen)

	Equivalent to acquisition costs	Equivalent to accumulated depreciation	Equivalent to ending net book value
Buildings	517	298	220
Machinery, equipment and vehicles	178	166	12
Other (tools, furniture and fixtures)	8	6	1
Total	703	470	233

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

(Million yen)

Due within one year	43
Due after one year	190
Total	233

(iii) Lease payment and equivalent to accumulated depreciation

(Million yen)

Lease payment	91
Equivalent to accumulated depreciation	91

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

(v) Since the percentage of the amount of items in the above notes in the ending balance of property, plant and equipment is low, the inclusive-of-interest method is used for accounting.

2. Finance lease transactions

Finance lease transactions without a transfer of ownership

(i) Details of lease assets

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

(ii) Depreciation method for lease assets

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

3. Operating lease transactions

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

(Million yen)

Due within one year	238
Due after one year	676
Total	914

Matters Relating to Securities

Previous consolidated fiscal year (as of March 31, 2012)

1. Bonds to be held to maturity (Million yen)

Type		Consolidated balance sheet value	Market value	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	2,000	2,003	3
	(3) Others	5,365	5,444	79
	Subtotal	7,365	7,447	83
Securities with market value not exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	2,000	1,949	(51)
	(3) Others	14,177	13,821	(356)
	Subtotal	16,177	15,770	(406)
Total		23,542	23,218	(324)

2. Other marketable securities (Million yen)

Type		Consolidated balance sheet value	Acquisition cost	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Stocks	24,538	15,109	9,429
	(2) Bonds	5,191	5,145	46
	Government and municipal bonds, etc.	1,006	1,000	6
	Corporate bonds	3,161	3,143	18
	Others	1,024	1,001	23
	(3) Others	–	–	–
	Subtotal	29,729	20,254	9,475
Securities with market value not exceeding consolidated balance sheet value	(1) Stocks	4,751	5,550	(798)
	(2) Bonds	7,832	7,919	(88)
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	6,853	6,919	(67)
	Others	979	1,000	(21)
	(3) Others	–	–	–
	Subtotal	12,583	13,469	(886)
Total		42,312	33,723	8,589

(Note) Unlisted shares (consolidated balance sheet value: 676 million yen) do not have any market value, and it is very difficult to estimate their fair value. They are therefore not included in the “other marketable securities” above.

Since negotiable certificates of deposit (consolidated balance sheet value: 28,000 million yen) are cashed in short periods, the fair market value is almost the same as the book value. Their fair value is consequently deemed equal to the book value, and they are not included in “other marketable securities” above.

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

(Million yen)

Classification	Value of proceeds from sale	Total gain from sale	Total loss from sale
Shares	3	1	–

4. Marketable securities impaired

The Company recognized impairment charges of 26 million yen on other marketable securities.

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

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

Consolidated fiscal year under review (as of March 31, 2013)

1. Bonds to be held to maturity

(Million yen)

Type		Consolidated balance sheet value	Market value	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	3,000	3,019	19
	(3) Others	22,770	23,232	462
	Subtotal	25,770	26,251	481
Securities with market value not exceeding consolidated balance sheet value	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	4,476	4,446	(30)
	Subtotal	4,476	4,446	(30)
Total		30,246	30,698	452

2. Other marketable securities

(Million yen)

Type		Consolidated balance sheet value	Acquisition cost	Difference
Securities with market value exceeding consolidated balance sheet value	(1) Stocks	33,057	15,641	17,416
	(2) Bonds	3,081	3,035	46
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	2,062	2,033	29
	Others	1,019	1,001	18
	(3) Others	–	–	–
	Subtotal	36,138	18,676	17,462
Securities with market value not exceeding consolidated balance sheet value	(1) Stocks	4,549	5,138	(590)
	(2) Bonds	3,964	4,036	(72)
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	2,965	3,036	(71)
	Others	999	1,000	(1)
	(3) Others	–	–	–
	Subtotal	8,513	9,174	(661)
Total		44,651	27,850	16,801

(Note) Unlisted shares (consolidated balance sheet value: 979 million yen) do not have any market value, and it is very difficult to estimate their fair value. They are therefore not included in the “other marketable securities” above.

Since negotiable certificates of deposit (consolidated balance sheet value: 30,500 million yen) are cashed in short periods, the fair market value is almost the same as the book value. Their fair value is consequently deemed equal to the book value, and they are not included in “other marketable securities” above.

3. Matters concerning other marketable securities sold during the fiscal year under review

(Million yen)

Classification	Value of proceeds from sale	Total gain from sale	Total loss from sale
Shares	15	1	–
Bonds			
Corporate bonds	511	9	–
Total	525	10	–

4. Marketable securities impaired

The Company did not recognize impairment charges on other marketable securities.

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

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

Pension and Severance Cost

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

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

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

2. Matters relating to projected benefit obligations

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
a. Projected benefit obligations	(49,197)	(52,495)
b. Pension assets	43,635	47,691
c. Unfunded obligations for retirement and severance benefits ((a) + (b))	(5,563)	(4,805)
d. Unrecognized actuarial gain or loss	6,746	4,795
e Net accrued retirement benefits reflected in consolidated balance sheets ((c) + (d))	1,183	(10)
f. Prepaid pension cost	2,740	1,193
g. Allowance for retirement benefits ((e) - (f))	(1,557)	(1,203)

(Note) Some consolidated subsidiaries with retirement benefits systems use the simplified method to calculate projected benefit obligations.

3. Matters relating to retirement benefit costs

(Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
a. Service cost	1,748	1,666
b. Interest cost	948	965
c. Expected return on pension assets	(832)	(855)
d. Recognized actuarial gain or loss	1,726	1,242
e. Amortization of prior service cost	(146)	–
f. Net retirement benefit costs ((a) + (b) + (c) + (d) + (e))	3,444	3,018

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

4. Matters relating to the basis of calculation for projected benefit obligations

(1) Periodic allocation method for projected benefits

Periodic straight-line base

(2) Discount rates

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Primarily 2.0%	Primarily 1.5%

(3) Expected return on assets

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Primarily 2.0%	Primarily 2.0%

(4) Years over which prior service cost is amortized

Primarily 1 year

(5) Years over which actuarial gain or loss is amortized

Primarily 10 years（the actuarial gain or loss is charged to expenses from the following consolidated fiscal year using primarily a straight-line method based on determined years within the average remaining years of service of employees when incurred.）

Tax Effect Accounting

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

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Deferred tax assets		
Loss carried forward	4,464	4,357
Accrued sales commission	1,111	1,097
Impairment loss on noncurrent assets	1,107	964
Accrued bonuses	722	692
Provision for retirement benefits	580	462
Long-term accounts payable-other	238	308
Loss on valuation of investment securities	240	240
Enterprise tax payable	277	193
Loss on valuation of inventories	98	83
Others	679	545
Subtotal	9,517	8,941
Valuation allowance	(4,947)	(5,144)
Total deferred tax assets	4,570	3,797
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(3,040)	(5,954)
Provision for retirement benefits	(977)	(425)
Others	(100)	(122)
Total deferred tax liabilities	(4,117)	(6,501)
Net total deferred tax assets (liabilities)	453	(2,704)

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

(Million yen)

		Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Current assets	- Deferred tax assets	2,946	2,277
Noncurrent assets	- Deferred tax assets	170	213
Current liabilities	- Other	(0)	(0)
Noncurrent liabilities	- Deferred tax liabilities	(2,663)	(5,194)

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

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Statutory effective tax rate	40.69%	38.01%
(Adjustment)		
Non-deductible items such as entertainment expenses	2.01%	2.04%
Non-taxable items such as dividends received	(0.81%)	(0.61%)
Per capita inhabitant tax, etc.	0.63%	0.60%
Tax credit for testing and research expenses	(1.84%)	(1.73%)
Valuation allowance for deferred tax assets	(6.13%)	0.29%
Amortization of goodwill	4.30%	2.01%
Downward adjustment of deferred tax assets at end of year due to tax rate change	1.72%	– %
Consolidation adjustments such as equity in earnings of affiliates	(1.14%)	(3.36%)
Others	(0.87%)	0.52%
Actual effective tax rate	38.56%	37.77%

Asset Retirement Obligations

Asset retirement obligations posted on the consolidated balance sheets

(1) Overview of the asset retirement obligations

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

(2) Basis for calculating the asset retirement obligations

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

(3) Change in the asset retirement obligations (Million yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Obligations at beginning of fiscal year	281	284
Adjustment with the passing of time	3	3
Decrease due to fulfilment of asset retirement obligations	–	(9)
Obligations at end of fiscal year	284	278

Segment Information

[Segment Information]

1. Overview of Reported Segments

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

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

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

In Transport and Other Businesses, the Company is strengthening the capabilities of each of the companies included in the segment according to their business roles, with the aim of increasing their contribution to group earnings.

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

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

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

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

As explained in the section "Case Where It Is Difficult to Distinguish a Change in an Accounting Policy from a Change in an Accounting Estimate," in accordance with the revision of the Corporation Tax Act, from the consolidated fiscal year under review, the Company and its domestic consolidated subsidiaries have changed the method of depreciation based on the revised act and applied the new method to property, plant and equipment in reported segments obtained on or after April 1, 2012.

The effects of this change on the profit in each segment for the consolidated fiscal year under review are minimal.

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

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)

(Million yen)

	Reported segments					Other	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Transport and Other Businesses	Total		
Net sales							
Sales – outside customers	129,247	45,992	11,762	27,315	214,317	–	214,317
Sales and transfer – inter-segment	0	–	–	11,604	11,605	–	11,605
Total	129,247	45,992	11,762	38,920	225,921	–	225,921
Segment profit (loss)	9,933	2,532	651	935	14,051	–	14,051
Segment assets	63,735	24,692	11,273	12,478	112,179	–	112,179
Other items							
Depreciation and amortization	3,212	838	523	782	5,356	–	5,356
Amortization of goodwill	–	1,345	9	6	1,361	–	1,361
Increase in property, plant and equipment, and intangible assets	3,341	615	756	477	5,189	–	5,189

Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)

(Million yen)

	Reported segments					Other	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Transport and Other Businesses	Total		
Net sales							
Sales – outside customers	123,875	42,766	14,700	28,443	209,784	–	209,784
Sales and transfer – inter-segment	–	–	–	10,984	10,984	–	10,984
Total	123,875	42,766	14,700	39,427	220,768	–	220,768
Segment profit (loss)	8,157	1,903	677	701	11,437	–	11,437
Segment assets	62,570	23,485	12,777	13,694	112,525	–	112,525
Other items							
Depreciation and amortization	2,895	709	665	751	5,020	–	5,020
Amortization of goodwill	–	673	20	13	706	–	706
Increase in property, plant and equipment, and intangible assets	2,610	665	2,126	473	5,873	–	5,873

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

(Million yen)

Net sales	Previous consolidated fiscal year	Consolidated fiscal year under review
Reportable segments total	225,921	220,768
Sales in the "Other" segment	–	–
Elimination of inter-segment transactions	(11,605)	(10,984)
Sales on consolidated financial statements	214,317	209,784

(Million yen)

Profit	Previous consolidated fiscal year	Consolidated fiscal year under review
Reportable segments total	14,051	11,437
Profit in the "Other" segment	–	–
Elimination of inter-segment transactions	3	4
Operating income on consolidated financial statements	14,053	11,441

(Million yen)

Assets	Previous consolidated fiscal year	Consolidated fiscal year under review
Reportable segments total	112,179	112,525
Assets in the "Other" segment	–	–
Intersegment eliminations	(591)	(631)
Company-wide assets (Note)	128,504	138,886
Total assets on consolidated financial statements	240,092	250,780

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

(Million yen)

Other items	Reportable segments total		Other		Adjustment		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review
Depreciation and amortization	5,356	5,020	–	–	–	–	5,356	5,020
Amortization of goodwill	1,361	706	–	–	–	–	1,361	706
Increase in property, plant and equipment, and intangible assets	5,189	5,873	–	–	–	–	5,189	5,873

[Related information]

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)

1. Information by Product and Service

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

2. Information by Area

(1) Net sales

Since sales to external customers in Japan exceed 90% of net sales on the consolidated statements of income, this information is omitted.

(2) Property, plant and equipment

Since property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheets, this information is omitted.

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	31,683	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	24,709	Spice / Seasoning / Processed Food Business Health Food Business

Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)

1. Information by Product and Service

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

2. Information by Area

(1) Net sales

Since sales to external customers in Japan exceed 90% of net sales on the consolidated statements of income, this information is omitted.

(2) Property, plant and equipment

(Million yen)

Japan	Asia	United States	Total
49,742	2,358	4,011	56,112

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	31,041	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	27,209	Spice / Seasoning / Processed Food Business Health Food Business

[Information on impairment loss in noncurrent assets by reported segment]

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)

(Million yen)

	Reported segments					Other	Eliminations and corporate	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Transport and Other Businesses	Total			
Impairment loss	379	58	8	0	445	–	–	445

Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)

Not applicable.

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

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)

(Million yen)

	Reported segments					Other	Eliminations and corporate	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Transport and Other Businesses	Total			
Amortization in fiscal year under review	–	1,345	9	6	1,361	–	–	1,361
Balance at end of fiscal year under review	–	673	21	9	703	–	–	703

Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)

(Million yen)

	Reported segments					Other	Eliminations and corporate	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Transport and Other Businesses	Total			
Amortization in fiscal year under review	–	673	20	13	706	–	–	706
Balance at end of fiscal year under review	–	–	133	136	268	–	–	268

[Information on gain on bargain purchase by reported segment]

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)

Not applicable.

Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)

Not applicable.

Per Share Information

(Yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
Net assets per share	1,768.27	1,879.06
Net income per share	74.26	77.78

(Note) The basis for calculating net income per share is as follows. Since no residual securities exist, per-share net income after residual securities adjustments is omitted.

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	Consolidated fiscal year under review (April 1, 2012 – March 31, 2013)
	Million yen	Million yen
Net income	7,928	8,254
Amount not allocable to common shareholders	–	–
Net income available for common stock	7,928	8,254
	Thousand shares	Thousand shares
Weighted average number of shares of common stock outstanding during each period	106,763	106,124

Important Subsequent Events

1. Acquisition of additional shares in Vox Trading Co., Ltd. to turn the company into a subsidiary

The Company decided, at the Board of Directors' meeting held on March 19, 2013, to additionally acquire common shares of Vox Trading Co. Ltd. (hereinafter "VOX") (to turn VOX into a subsidiary), and entered into a share transfer agreement to transfer the shares of VOX held by Capital Partners II, LLP and by certain minority shareholders including Yamada MTS Capital Co., Ltd. on April 2, 2013 and April 16, 2013, respectively.

(1) Purpose of acquisition of shares

The Company acquired capital in VOX on May 30, 2005, but, faced with the recent surge in raw material prices caused by tightening in the global food supply and demand balance, the Company aims to strengthen and stabilize its raw materials procurement capabilities by further harnessing VOX's strengths in building relations with local suppliers and securing absolute confidence.

Under the Fourth Medium-term Business Plan (covering the three years from the fiscal year ended March 31, 2013 to the fiscal year ending March 31, 2015), the Company positions the International Business as a "Growing business" and is working to strengthen the base of its International Business. The Company plans to leverage VOX's overseas production bases (Thailand, Indonesia) to maximize synergy and to step up the Group's overseas expansion.

(2) Outline of the company in which shares are to be acquired

Name:	Vox Trading Co., Ltd.
Head office:	2-7-1 Hatchobori, Chuo-ku, Tokyo
Business lines:	Import, export and sale in Japan of agricultural products and food, etc.
Capital stock:	500 million yen
Net sales:	15.91 billion yen (fiscal year ended November 30, 2012)

(3) Date of acquisition of shares

May 2013 (provisional)

(4) Number of shares to be acquired, acquisition cost and ownership ratio after acquisition

Number of shares held and ownership ratio before and after acquisition of common shares

a. Number of shares held before acquisition	6,090 shares (ownership ratio 24.76%)
b. Number of shares to be acquired	12,566 shares
c. Acquisition cost	307 million yen
d. Number of shares held after acquisition	18,656 shares (ownership ratio 75.85%)

(5) Other important special provisions, etc.

The Company has agreed with Yamada MTS Capital Co., Ltd. and Yamada Business Consulting Co., Ltd. to the effect that preferred shares (non-voting shares) issued by VOX that are held by both companies will either be additionally acquired by the Company or bought back and cancelled by VOX no later than five (5) years after the date of transfer of the common shares.

2. Spin-off and amendments to Articles of Incorporation as a result of switch to a holding company system

As announced on February 22, 2013, the Company has been examining switching to a holding company system

with effect October 1, 2013, with the aim of enhancing strategic group management and the value creation capabilities of each business. The Company decided, at the Board of Directors' meeting held on May 8, 2013, to have House Foods Company Demerger Preparation Corporation, the Company's wholly-owned company demerger preparation company established on April 22, 2013 (to be renamed House Foods Corporation on October 1, 2013), succeed to the Company's Spice / Seasoning / Processed Food Business, and to have its existing wholly owned subsidiary House Wellness Foods Corporation succeed to the Health Food Business, and entered into an absorption-type company demerger agreement with the two succeeding companies on May 8, 2013 (hereinafter, this company demerger is referred to as "the absorption-type company demerger"). The absorption-type company demerger is expected to take effect on October 1, 2013.

The absorption-type company demerger and the amendments to the Articles of Incorporation (amendment of trade name and business objectives, etc.) will take effect only when the related proposals are approved at the 67th Ordinary General Meeting of Shareholders to be held on June 26, 2013.

After the absorption-type company demerger, the Company will become a holding company and change its name to House Foods Group Inc.on October 1, 2013, and will also change its business objectives in line with its businesses after the switch to the holding company system.

<Outline of the parties involved in the absorption-type company demerger>

	Demerging company (As of March 31, 2013)	Successor company (As of April 22, 2013)	Successor company (As of March 31, 2013)
Company name	House Foods Corporation *1	House Foods Company Demerger Preparation Corporation *2	House Wellness Foods Corporation
Head office	1-5-7 Mikuriyasakae-machi, Higashi-osaka-shi, Osaka	1-5-7 Mikuriyasakae-machi, Higashi-osaka-shi, Osaka	3-20 Imoji, Itami-shi, Hyogo
Representative	Hiroshi Urakami, President and Representative Director	Masahiko Kudo, President and Representative Director	Toshiro Kikuchi, President and Representative Director
Business lines	Production and sale of food	Not in business prior to the absorption-type company demerger	Production and sale of products such as health foods and beverages
Capital	9,948 million yen	2,000 million yen	100 million yen
Established	June 7, 1947	April 22, 2013	April 3, 2006
Number of shares issued	105,761,763	40,000	2,000
Fiscal year end	March 31	March 31	March 31
Major shareholders and ownership ratios	House Kosan Co., Ltd. 11.9% HKL Co., Ltd. 6.1% Sumitomo Mitsui Banking Corporation 3.5% Japan Trustee Services Bank, Ltd. (trust account) 2.7% Urakami Foundation for Food and Food Culture Promotion 2.7%	House Foods Corporation 100%	House Foods Corporation 100%
Financial situation and business results in the preceding fiscal year			
	Fiscal year ended March 31, 2013 (consolidated)	Fiscal year ended March 31, 2013 (non-consolidated) *3	Fiscal year ended March 31, 2013 (non-consolidated)
Net assets	199,328 million yen	2,000 million yen	7,311 million yen
Total assets	250,780 million yen	2,000 million yen	14,893 million yen
Net assets per share	1,879.1 yen	50,000 yen	3,655,647.8 yen
Net sales	209,784 million yen	–	29,822 million yen
Operating income	11,441 million yen	–	616 million yen
Ordinary income	13,445 million yen	–	654 million yen
Net income	8,254 million yen	–	275 million yen
Net income per share	77.8 yen	–	137,538.0 yen

*1 To be renamed House Foods Group Inc. on October 1, 2013.

*2 To be renamed House Foods Corporation on October 1, 2013.

*3 Since the successor company House Foods Company Demerger Preparation Corporation was established on April 22, 2013 and did not exist in the preceding fiscal year, only its net assets, total assets and net assets per share as of the date of establishment are disclosed.

5. Non-Consolidated Financial Statements
(1) Non-Consolidated Balance Sheets

(Million yen)

	Previous fiscal year (As of March 31, 2012)	Fiscal year under review (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	19,156	16,248
Notes receivable-trade	11	16
Accounts receivable-trade	30,272	29,149
Securities	33,717	35,445
Merchandise and finished goods	5,154	5,093
Work in process	830	958
Raw materials and supplies	1,928	1,929
Deferred tax assets	1,820	1,636
Other	2,018	1,707
Allowance for doubtful accounts	(4)	(3)
Total current assets	94,901	92,178
Noncurrent assets		
Property, plant and equipment		
Buildings, net	10,078	9,740
Structures, net	452	432
Machinery and equipment, net	4,561	4,363
Vehicles, net	63	51
Tools, furniture, and fixtures, net	404	345
Land	14,713	14,711
Lease assets, net	64	73
Construction in progress	3	806
Total property, plant and equipment	30,339	30,521
Intangible assets		
Leasehold right	6	6
Right of trademark	4	3
Telephone subscription right	44	44
Right of using facilities	0	0
Software	1,130	551
Software in progress	2	107
Total intangible assets	1,186	711
Investments and other assets		
Investment securities	60,599	70,581
Stocks of subsidiaries and affiliates	43,573	44,124
Investments in capital	21	21
Investments in capital of subsidiaries and affiliates	2,955	2,955
Long-term loans receivable from employees	4	3
Long-term loans receivable from subsidiaries and affiliates	2,159	2,060
Long-term prepaid expenses	46	24
Guarantee deposits	1,163	1,257
Long-term time deposits	3,024	6,000
Prepaid pension cost	2,740	1,193
Other	45	42
Allowance for doubtful accounts	(213)	(236)
Total investments and other assets	116,116	128,024
Total noncurrent assets	147,641	159,256
Total assets	242,542	251,434

(Million yen)

	Previous fiscal year (As of March 31, 2012)	Fiscal year under review (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes payable-trade	2,400	1,155
Electronically recorded obligations-operating	–	1,162
Accounts payable-trade	11,236	10,083
Short-term loans payable to subsidiaries and affiliates	11,811	12,476
Lease obligations	18	21
Accounts payable-other	11,423	10,184
Accrued expenses	1,907	1,737
Income taxes payable	2,776	1,685
Deposits received	130	164
Provision for directors' bonuses	69	62
Other	186	674
Total current liabilities	41,956	39,404
Noncurrent liabilities		
Lease obligations	46	53
Long-term guarantee deposited	268	268
Long-term accounts payable-other	623	601
Deferred tax liabilities	2,659	5,189
Asset retirement obligations	51	42
Other	–	67
Total noncurrent liabilities	3,647	6,221
Total liabilities	45,603	45,625
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus		
Legal capital surplus	23,815	23,815
Total capital surplus	23,815	23,815
Retained earnings		
Legal retained earnings	2,487	2,487
Other retained earnings		
General reserve	133,900	133,900
Retained earnings brought forward	21,197	24,793
Total retained earnings	157,584	161,180
Treasury stock	(4)	(1)
Total Shareholders' equity	191,344	194,943
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,595	10,867
Total valuation and translation adjustments	5,595	10,867
Total net assets	196,939	205,809
Total liabilities and net assets	242,542	251,434

(2) Non-Consolidated Statements of Income

(Million yen)

	Previous fiscal year (April 1, 2011 – March 31, 2012)	Fiscal year under review (April 1, 2012 – March 31, 2013)
Net sales	151,803	144,748
Cost of sales		
Beginning merchandise and finished goods	4,565	5,154
Cost of purchased goods	21,108	18,502
Cost of products manufactured	54,363	52,020
Total	80,036	75,676
Transfer to other account	1,017	984
Ending merchandise and finished goods	5,154	5,093
Total cost of sales	73,866	69,599
Gross profit	77,937	75,149
Selling, general and administrative expenses		
Advertising expenses	9,748	9,841
Transportation and warehousing expenses	4,372	4,087
Sales commissions	4,280	4,064
Promotion expenses	23,150	23,125
Directors' compensation	247	263
Salaries, allowances and bonuses	8,384	8,144
Provision for directors’ bonuses	69	62
Retirement benefit expenses	1,711	1,532
Welfare expenses	1,950	1,928
Travel and communication expenses	1,323	1,345
Depreciation	799	685
Rent expenses	1,122	1,209
Experiment and research expenses	3,238	3,130
Investigation expenses	836	644
Other	5,014	5,160
Total selling, general and administrative expenses	66,241	65,219
Operating income	11,696	9,930
Non-operating income		
Interest income	86	94
Interest on securities	400	421
Dividends income	1,916	2,035
Rent income	226	178
Fiduciary obligation fee	–	156
Foreign exchange gains	–	361
Other	213	253
Total non-operating income	2,841	3,498
Non-operating expenses		
Interest expenses	35	34
Rent expenses	75	67
Fiduciary obligation expenses	–	157
Foreign exchange losses	39	–
Other	53	29
Total non-operating expenses	202	287
Ordinary income	14,334	13,141

(Million yen)

	Previous fiscal year (April 1, 2011 – March 31, 2012)	Fiscal year under review (April 1, 2012 – March 31, 2013)
Extraordinary income		
Gain on sales of noncurrent assets	280	19
Reversal of allowance for doubtful accounts	1	0
Gain on sales of investment securities	1	10
Total extraordinary income	282	30
Extraordinary loss		
Loss on sales of noncurrent assets	20	9
Loss on retirement of noncurrent assets	242	135
Loss on valuation of investment securities	26	–
Loss on valuation of stocks of subsidiaries and affiliates	–	866
Loss on valuation of membership	31	29
Impairment loss	445	–
Loss on disaster	150	–
Cost of early retirement support	1,477	–
Other	24	–
Total extraordinary loss	2,414	1,040
Income before income taxes	12,203	12,131
Income taxes-current	4,975	4,236
Income taxes-deferred	(656)	(199)
Total income taxes	4,319	4,037
Net income	7,884	8,095

(3) Non-Consolidated Statement of Changes in Net Assets

(Million yen)

	Previous fiscal year (April 1, 2011 – March 31, 2012)	Fiscal year under review (April 1, 2012 – March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of the period	9,948	9,948
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the period	9,948	9,948
Capital surplus		
Legal capital surplus		
Balance at the beginning of the period	23,815	23,815
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the period	23,815	23,815
Total capital surplus		
Balance at the beginning of the period	23,815	23,815
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the period	23,815	23,815
Retained earnings		
Legal retained earnings		
Balance at the beginning of the period	2,487	2,487
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the period	2,487	2,487
Other retained earnings		
General reserve		
Balance at the beginning of the period	133,900	133,900
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the period	133,900	133,900
Retained earnings brought forward		
Balance at the beginning of the period	15,876	21,197
Changes of items during the period		
Dividends from surplus	(2,562)	(3,188)
Net income	7,884	8,095
Retirement of treasury stock	–	(1,311)
Total changes of items during the period	5,321	3,596
Balance at the end of the period	21,197	24,793
Total retained earnings		
Balance at the beginning of the period	152,263	157,584
Changes of items during the period		
Dividends from surplus	(2,562)	(3,188)
Net income	7,884	8,095
Retirement of treasury stock	–	(1,311)
Total changes of items during the period	5,321	3,596
Balance at the end of the period	157,584	161,180

(Million yen)

	Previous fiscal year (April 1, 2011 – March 31, 2012)	Fiscal year under review (April 1, 2012 – March 31, 2013)
Treasury stock		
Balance at the beginning of the period	(2)	(4)
Changes of items during the period		
Purchase of treasury stock	(2)	(1,308)
Retirement of treasury stock	–	1,311
Total changes of items during the period	(2)	3
Balance at the end of the period	(4)	(1)
Total shareholders' equity		
Balance at the beginning of the period	186,025	191,344
Changes of items during the period		
Dividends from surplus	(2,562)	(3,188)
Net income	7,884	8,095
Purchase of treasury stock	(2)	(1,308)
Retirement of treasury stock	–	–
Total changes of items during the period	5,319	3,599
Balance at the end of the period	191,344	194,943
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	2,932	5,595
Changes of items during the period		
Net changes of items other than shareholders' equity	2,663	5,272
Total changes of items during the period	2,663	5,272
Balance at the end of the period	5,595	10,867
Total valuation and translation adjustments		
Balance at the beginning of the period	2,932	5,595
Changes of items during the period		
Net changes of items other than shareholders' equity	2,663	5,272
Total changes of items during the period	2,663	5,272
Balance at the end of the period	5,595	10,867
Total net assets		
Balance at the beginning of the period	188,957	196,939
Changes of items during the period		
Dividends from surplus	(2,562)	(3,188)
Net income	7,884	8,095
Purchase of treasury stock	(2)	(1,308)
Retirement of treasury stock	–	–
Net changes of items other than shareholders' equity	2,663	5,272
Total changes of items during the period	7,982	8,870
Balance at the end of the period	196,939	205,809

(4) Notes to Non-Consolidated Financial Statements

Notes relating to Assumptions for the Going Concern

Not applicable.

Significant Accounting Policies

1. Valuation Standard and Method for Securities

(1) Bonds held to maturity

Amortized cost method

(2) Shares of subsidiaries and affiliated companies

Cost accounting method using the gross average method

(3) Other marketable securities

a. Securities with fair market value:

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

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

b. Securities without fair market value

Cost accounting method using the gross average method

2. Valuation Standard and Method for Inventories

(1) Finished goods, merchandise, raw materials, work in process

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

(2) Supplies

Cost accounting method using the first-in, first-out (FIFO) method (calculated using the book-value write-down method based on the decline in profitability)

3. Depreciation Method for Noncurrent Assets

(1) Property, plant and equipment (excluding lease assets)

a. Buildings (excluding building attachments)

Straight-line method

b. Property, plant and equipment other than buildings

Declining balance method

The service lives for these major categories are as follows:

Buildings and structures:	3 to 50 years
Machinery, equipment and vehicles:	mostly 10 years

(2) Intangible assets (excluding lease assets)

Straight-line method

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

(3) Lease assets

Lease assets concerning finance lease transactions without a transfer of ownership

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

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

4. Accounting Standards for Allowances

(i) Allowance for doubtful accounts

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

(ii) Reserve for bonuses for directors and corporate auditors

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

(iii) Reserve for retirement benefits

To prepare for the payment of employee retirement benefits, the Company provides accrued retirement benefits based on projected benefits obligations and the fair value of pension assets at the fiscal year-end under review.

Additionally, the pension assets of the Company exceeded retirement allowance liabilities at the end of the fiscal year under review, and this excess amount is recorded as prepaid pension cost in investment and other assets.

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

5. Translation Standard for Foreign Currency-denominated Assets and Liabilities into the Japanese Yen

Foreign currency amounts are translated into Japanese yen on the basis of the spot exchange rate in effect on the balance sheet date for monetary assets and liabilities. The resulting gains and losses are included in net profit or loss for the period.

6. Accounting Method for Consumption Taxes

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

Notes to Non-Consolidated Balance Sheet

1. Assets supplied to collateral and corresponding debts

A pledge is created to guarantee the monetary debt of trading partners, as shown below:

(Million yen)

	Previous fiscal year (As of March 31, 2012)	Fiscal year under review (As of March 31, 2013)
Certificate of deposit	24	24

2. Accumulated depreciation of property, plant and equipment

(Million yen)

	Previous fiscal year (As of March 31, 2012)	Fiscal year under review (As of March 31, 2013)
Accumulated depreciation of property, plant and equipment	85,164	84,648

3. Loans to and borrowing from affiliates

(Million yen)

	Previous fiscal year (As of March 31, 2012)	Fiscal year under review (As of March 31, 2013)
Short-term loans	1,089	659
Long-term loans	2,159	2,060
Short-term borrowing	13,873	14,523

4. Guarantee obligations

(Million yen)

	Previous fiscal year (As of March 31, 2012)	Fiscal year under review (As of March 31, 2013)
Guarantee obligation to the housing loans of the Company employees	8	5
Guarantee obligation to the monetary debt of Myoko Garden K.K.	19	3

Notes to Non-Consolidated Statements of Income

1. Impairment loss

The House Foods Corporation recognized impairment loss for the following group of assets:

Previous fiscal year (April 1, 2011 – March 31, 2012)

Location	Use	Category	Impairment loss (million yen)
Osaka Head Office	Head Office Building	Buildings, others	399
Fukuoka Branch	Branch Building	Buildings, others	46

The House Foods Corporation accounts for idle property on an individual basis and business assets using group-based management accounting classifications in accordance with the minimum unit that generates cash flow. Business assets such as head offices are grouped as common assets.

The Group reduced the values of business assets and idle property whose profitability declined to recoverable amounts. The recoverable amounts were measured based on the use values. Since the future cash flows were negative, the Group did not calculate discounts.

Fiscal year under review (April 1, 2012 – March 31, 2013)

Not applicable.

Notes to Non-Consolidated Statements of Changes in Net Assets

Previous fiscal year (April 1, 2011 – March 31, 2012)

1. Matters relating to treasury stock (Thousand shares)

Types of shares	At beginning of fiscal year under review	Increase	Decrease	At end of fiscal year under review
Common stock	1	2	–	3

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase due to purchases of fractional shares: 2 thousand shares

Fiscal year under review (April 1, 2012 – March 31, 2013)

1. Matters relating to treasury stock (Thousand shares)

Types of shares	At beginning of fiscal year under review	Increase	Decrease	At end of fiscal year under review
Common stock	3	1,002	1,004	1

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase due to purchase of treasury stock: 1,000 thousand shares

Increase due to purchases of fractional shares: 2 thousand shares

Decrease due to retirement of treasury stock: 1,004 thousand shares

Important Subsequent Events

1. Acquisition of additional shares in Vox Trading Co., Ltd. to turn the company into a subsidiary

Details are disclosed in “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Important Subsequent Events)”.

2. Spin-off and amendments to Articles of Incorporation as a result of switch to a holding company system

Details are disclosed in “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Important Subsequent Events)”.

6. Other Information

(1) Senior Management Changes

1. Newly Appointed Auditor Candidates (as of June 26, 2013)

Non-Standing Auditor Daiji Shindo (former Chairman and Director of Ajinomoto Frozen Foods, Co., Inc.)

* Mr. Daiji Shindo is a candidate for Outside Auditor.

2. Retiring Directors (as of June 26, 2013)

Director Hirofumi Fujimura

* Mr. Hirofumi Fujimura plans to continue to serve as Managing Executive Officer for Sales and Food Service of the Company until September 30, 2013 and then, from October 1, 2013, when the Company shifts to a holding company system, to become a Director of operating company House Foods Corporation (to change name from House Foods Company Demerger Preparation Corporation on October 1, 2013).

3. Retiring Auditors (as of June 26, 2013)

Non-Standing Auditor Tsuyoshi Miura

* Mr. Tsuyoshi Miura is an Outside Auditor