

# Kewpie Corporation

Sengawa Kewport, 2-5-7, Sengawa-cho, Chofu-shi, Tokyo 182-0002, Japan. Tel:03-5384-7780



## SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014 [JAPAN GAAP]

January 8, 2015

Listed company name: Kewpie Corporation  
Listed exchange: Tokyo Stock Exchange  
Security code number: 2809  
URL: <http://www.kewpie.co.jp/english/>  
Representative: Minesaburo Miyake, President and Representative Director  
Contact: Masato Shinohara,  
Officer and General Manager of Operation Promote Department

Scheduled date for ordinary general meeting of shareholders: February 26, 2015

Scheduled date for dividend payment: February 5, 2015

Scheduled date for filing annual securities report: February 27, 2015

Supplementary data: Yes

Results briefing: Yes (for corporate investors and investment analysts)

(Amounts are rounded down to the nearest million yen.)

### 1. Consolidated business results for the fiscal year ended November 30, 2014 (From December 1, 2013 to November 30, 2014)

(1) Consolidated operating results (Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year 2014	553,404	4.3	24,343	8.7	25,368	6.8	13,366	6.4
Fiscal year 2013	530,549	5.1	22,402	(4.1)	23,749	(2.9)	12,567	2.2

(Note) Comprehensive income: Fiscal year 2014 ¥18,968 million (Decrease of 1.5%)  
Fiscal year 2013 ¥19,256 million (Increase of 20.8%)

	Net income per share	Net income per share - diluted	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year 2014	88.69	-	7.0	7.3	4.4
Fiscal year 2013	83.94	-	7.1	7.4	4.2

(Reference) Equity in earnings or losses of affiliates: Fiscal year 2014 ¥(102) million  
Fiscal year 2013 ¥111 million

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year 2014	356,994	220,397	54.6	1,284.36
Fiscal year 2013	334,655	210,285	55.0	1,230.32

(Reference) Equity: Fiscal year 2014 ¥195,051 million  
Fiscal year 2013 ¥184,204 million

### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year 2014	34,392	(30,847)	(3,149)	44,788
Fiscal year 2013	27,369	(21,897)	(2,307)	43,963

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## 2. Dividends

	Annual dividend per share					Total amount of annual dividends	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year 2013	-	11.00	-	11.00	22.00	3,294	26.2	1.9
Fiscal year 2014	-	11.50	-	11.50	23.00	3,468	25.9	1.8
Fiscal year 2015 (Forecast)	-	12.50	-	13.50	26.00		25.8	

(Note) The amount of year-end dividend for fiscal year 2014 is a forecast and it will be determined by the Board of Directors held on January 23, 2015.

The year-end dividend for fiscal year 2015 (forecast) includes a dividend of ¥1 to commemorate the 90th anniversary of launching mayonnaise.

## 3. Forecasts of consolidated operating results for the fiscal year ending November 30, 2015 (From December 1, 2014 to November 30, 2015)

(Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending May 31, 2015	281,000	2.9	12,300	10.8	12,500	7.7	8,400	36.1	55.33
Year ending November 30, 2015	573,000	3.5	25,500	4.8	26,200	3.3	15,300	14.5	100.78

### \*Notes

(1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries resulting in the change in the scope of consolidation): None

(2) Changes in accounting policies and estimates, and restatements

a) Changes in accounting policies due to revision of accounting standards: Yes

b) Changes in accounting policies due to reasons other than "a)" (above): None

c) Changes in accounting estimates: None

d) Restatements: None

(Note)

From the end of the current fiscal year, the Company and its domestic consolidated subsidiaries have applied "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of May 17, 2012). For more details on impact due to this change, please refer to "I. Consolidated financial statements: 5. Notes regarding consolidated financial statements (Changes in accounting policies)" on page 13.

(3) Number of issued shares (common stock)

a) Number of issued shares at the end of each period (including treasury stock):

November 30, 2014 153,000,000 shares

November 30, 2013 153,000,000 shares

b) Number of treasury stock at the end of each period:

November 30, 2014 1,132,849 shares

November 30, 2013 3,278,555 shares

c) Average number of issued shares during each period:

December 1, 2013 to November 30, 2014 150,703,628 shares

December 1, 2012 to November 30, 2013 149,722,634 shares

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## \*Status of implementation of auditing procedures

This summary of consolidated financial statements is outside the scope of the auditing procedures based on the Financial Instruments and Exchange Act. As of the time of its disclosure, auditing procedures for consolidated financial statements and non-consolidated financial statements based on the Financial Instruments and Exchange Act are still in process of being implemented.

## \*Statement for an appropriate usage of the forecasts of operating results and other special notes

The forecasts and other forward looking statements contained in this summary are based on the information currently available to the Company and certain assumptions considered reasonable by the Company. In other words, they are not guaranteed to be achieved by the Company. As a result, the forecasts of operating results could differ significantly from the actual operating results due to various factors.

## \*Cash flow index

	Fiscal year 2010	Fiscal year 2011	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014
Equity ratio (%)	54.2	58.0	55.8	55.0	54.6
Equity ratio based on market price (%)	53.7	57.3	58.6	65.1	82.6
Interest-bearing debt to cash flows ratio (years)	0.9	0.5	0.7	0.9	0.8
Interest coverage ratio (times)	75.2	108.0	165.0	105.1	116.0

(Notes) "Equity ratio" = Equity / Total assets

"Equity ratio based on market price" = Market value of total stock / Total assets

"Interest-bearing debt to cash flows ratio" = Interest-bearing debt / Cash flows

"Interest coverage ratio" = Cash flows / Interest paid

\* Each index is calculated based on consolidated financial figures.

\* "Market value of total stock" is calculated by multiplying the final market price by the number of issued shares at the end of the fiscal year (excluding treasury stock).

\* "Interest-bearing debt" includes all liabilities requiring the payment of interest under the liabilities section of the consolidated balance sheet.

\* "Cash flows" and "Interest paid" are the figures of "Net cash provided by (used in) operating activities" and "Interest paid" reported in consolidated statements of cash flows, respectively.

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## I. Consolidated financial statements

### 1. Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of November 30, 2013)	Current fiscal year (As of November 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	33,967	34,815
Notes and accounts receivable - trade	77,460	81,498
Securities	10,000	10,000
Purchased goods and products	12,478	14,811
Work in process	950	1,142
Raw materials and supplies	5,878	6,995
Deferred tax assets	2,142	2,453
Other	3,801	3,079
Allowances for doubtful accounts	(242)	(203)
Total current assets	146,435	154,593
Fixed assets		
Tangible fixed assets		
Buildings and structures	138,035	151,166
Accumulated depreciation	(82,213)	(86,759)
Net book value	55,822	64,406
Machinery, equipment and vehicles	133,368	142,058
Accumulated depreciation	(109,274)	(113,659)
Net book value	24,094	28,399
Land	42,191	46,109
Lease assets	6,158	7,573
Accumulated depreciation	(2,523)	(3,256)
Net book value	3,634	4,317
Construction in progress	7,401	7,144
Other	10,544	11,894
Accumulated depreciation	(7,860)	(8,720)
Net book value	2,684	3,173
Total tangible fixed assets	135,828	153,550
Intangible fixed assets		
Goodwill	-	183
Software	1,857	2,456
Other	810	748
Total intangible fixed assets	2,667	3,388
Investments and other assets		
Investment securities	23,536	26,568
Long-term loans receivable	593	501
Prepaid pension costs	15,736	-
Assets for retirement benefits	-	8,207
Deferred tax assets	1,355	1,853
Other	9,078	8,872
Allowances for doubtful accounts	(575)	(540)
Total investments and other assets	49,724	45,462
Total fixed assets	188,220	202,401
<b>Total assets</b>	<b>334,655</b>	<b>356,994</b>

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(Millions of yen)

	Previous fiscal year (As of November 30, 2013)	Current fiscal year (As of November 30, 2014)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	50,786	53,775
Short-term loans payable	8,312	7,859
Accounts payable - other	20,113	25,294
Accrued expenses	9,140	9,826
Accrued income taxes	2,725	5,278
Deferred tax liabilities	15	22
Reserves for sales rebates	912	934
Reserves for bonuses	1,117	1,054
Reserves for directors' bonuses	139	112
Other reserves	-	28
Other	2,637	1,910
Total current liabilities	95,901	106,097
Non-current liabilities		
Bonds	10,000	10,000
Long-term loans payable	3,711	6,632
Deferred tax liabilities	7,469	5,652
Reserves for retirement benefits	2,315	-
Liabilities for retirement benefits	-	2,581
Asset retirement obligations	332	653
Other	4,639	4,980
Total non-current liabilities	28,468	30,499
Total liabilities	124,369	136,596
<b>Net assets</b>		
Shareholders' equity		
Paid-in-capital	24,104	24,104
Capital surplus	29,434	30,309
Earned surplus	132,491	142,489
Treasury stock	(3,392)	(1,150)
Total shareholders' equity	182,638	195,752
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	4,771	5,902
Unrealized gains (losses) on hedges	(4)	4
Foreign currency translation adjustments	(3,200)	(1,234)
Accumulated adjustments for retirement benefits	-	(5,373)
Total accumulated other comprehensive income	1,566	(701)
Minority interests	26,080	25,346
Total net assets	210,285	220,397
Total liabilities and net assets	334,655	356,994

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## 2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Consolidated Statements of Income)

	(Millions of yen)	
	Previous fiscal year (From December 1, 2012 to November 30, 2013)	Current fiscal year (From December 1, 2013 to November 30, 2014)
Net sales	530,549	553,404
Cost of sales	402,283	419,042
Gross profit	128,266	134,362
Selling, general and administrative expenses	105,864	110,018
Operating income	22,402	24,343
Non-operating income		
Interest income	156	152
Dividends income	464	388
Equity in earnings of affiliates	111	-
Dividends income of insurance	177	190
Other	826	1,118
Total non-operating income	1,736	1,850
Non-operating expenses		
Interest expenses	259	296
Business commencement expenses	11	189
Equity in losses of affiliates	-	102
Other	119	237
Total non-operating expenses	389	825
Ordinary income	23,749	25,368
Extraordinary gains		
Gains on sales of fixed assets	321	104
Gains on sales of investment securities	212	45
Gains on sales of shares of subsidiaries and affiliates	-	198
Compensation income	161	-
Gains on negative goodwill	1,200	406
Other	-	4
Total extraordinary gains	1,896	759
Extraordinary losses		
Losses on disposal of fixed assets	1,089	883
Losses on impairment of fixed assets	1,114	586
Losses on withdrawal from employees' pension fund	386	-
Other	649	82
Total extraordinary losses	3,240	1,551
Income before income taxes and minority interests	22,405	24,575
Income taxes	7,424	9,212
Income taxes - deferred	236	(82)
Total income taxes	7,660	9,130
Income before minority interests	14,744	15,445
Minority interests	2,176	2,078
Net income	12,567	13,366

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## (Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Previous fiscal year (From December 1, 2012 to November 30, 2013)	Current fiscal year (From December 1, 2013 to November 30, 2014)
Income before minority interests	14,744	15,445
Other comprehensive income		
Unrealized holding gains (losses) on securities	2,232	1,224
Unrealized gains (losses) on hedges	(20)	6
Foreign currency translation adjustments	2,294	2,289
Share of other comprehensive income of affiliates accounted for using equity method	5	2
Total other comprehensive income	4,511	3,522
Comprehensive income	19,256	18,968
(Breakdown)		
Comprehensive income attributable to owners of the parent	16,490	16,472
Comprehensive income attributable to minority interests	2,766	2,495



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## 3. Consolidated Statements of Changes in Net Assets

Previous fiscal year (From December 1, 2012 to November 30, 2013)

(Millions of yen)

	Shareholders' equity				
	Paid-in-capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	24,104	29,434	123,143	(3,389)	173,292
Changes during the current period					
Dividends from surplus			(3,219)		(3,219)
Net income			12,567		12,567
Repurchase of shares				(3)	(3)
Change in treasury stock arising from change in equity in affiliates accounted for using equity method					-
Allotment of treasury stock by share exchange					-
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	9,348	(3)	9,345
Balance at the end of the current period	24,104	29,434	132,491	(3,392)	182,638

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current period	2,646	7	(5,009)	-	(2,355)	24,991	195,928
Changes during the current period							
Dividends from surplus							(3,219)
Net income							12,567
Repurchase of shares							(3)
Change in treasury stock arising from change in equity in affiliates accounted for using equity method							-
Allotment of treasury stock by share exchange							-
Net changes of items other than shareholders' equity	2,124	(11)	1,809	-	3,922	1,089	5,012
Total changes during the current period	2,124	(11)	1,809	-	3,922	1,089	14,357
Balance at the end of the current period	4,771	(4)	(3,200)	-	1,566	26,080	210,285

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Current fiscal year (From December 1, 2013 to November 30, 2014)

(Millions of yen)

	Shareholders' equity				
	Paid-in-capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	24,104	29,434	132,491	(3,392)	182,638
Changes during the current period					
Dividends from surplus			(3,369)		(3,369)
Net income			13,366		13,366
Repurchase of shares				(4)	(4)
Change in treasury stock arising from change in equity in affiliates accounted for using equity method				(6)	(6)
Allotment of treasury stock by share exchange		875		2,253	3,128
Net changes of items other than shareholders' equity					
Total changes during the current period	-	875	9,997	2,242	13,114
Balance at the end of the current period	24,104	30,309	142,489	(1,150)	195,752

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current period	4,771	(4)	(3,200)	-	1,566	26,080	210,285
Changes during the current period							
Dividends from surplus							(3,369)
Net income							13,366
Repurchase of shares							(4)
Change in treasury stock arising from change in equity in affiliates accounted for using equity method							(6)
Allotment of treasury stock by share exchange							3,128
Net changes of items other than shareholders' equity	1,130	9	1,965	(5,373)	(2,268)	(734)	(3,002)
Total changes during the current period	1,130	9	1,965	(5,373)	(2,268)	(734)	10,111
Balance at the end of the current period	5,902	4	(1,234)	(5,373)	(701)	25,346	220,397

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## 4. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Previous fiscal year (From December 1, 2012 to November 30, 2013)	Current fiscal year (From December 1, 2013 to November 30, 2014)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	22,405	24,575
Depreciation and amortization	14,572	16,132
Losses on impairment of fixed assets	1,114	586
Amortization of goodwill	45	14
Equity in losses (earnings) of affiliates	(111)	102
Losses (gains) on valuation of investment securities	8	4
Gains on negative goodwill	(1,200)	(406)
Increase (decrease) in reserves for retirement benefits	(413)	(2,315)
Decrease (increase) in prepaid pension costs	189	15,736
Increase (decrease) in liabilities for retirement benefits	-	2,523
Decrease (increase) in assets for retirement benefits	-	(16,198)
Increase (decrease) in reserves for sales rebates	(83)	22
Increase (decrease) in reserves for directors' bonuses	9	(26)
Increase (decrease) in reserves for bonuses	113	(72)
Increase (decrease) in allowances for doubtful accounts	84	(77)
Interest and dividends income	(620)	(540)
Interest expenses	259	296
Losses (gains) on sales of investment securities	(2)	(45)
Losses (gains) on sales and disposal of fixed assets	783	784
Decrease (increase) in notes and accounts receivable - trade	(10,162)	(3,419)
Decrease (increase) in inventories	(940)	(3,215)
Increase (decrease) in notes and accounts payable - trade	8,760	2,613
Increase (decrease) in accounts payable - other	4,265	414
Increase (decrease) in accrued consumption taxes	143	2,473
Increase (decrease) in long-term accounts payable	(57)	(201)
Other	(111)	368
Subtotal	39,051	40,128
Interest and dividends income received	647	594
Interest paid	(260)	(296)
Income taxes paid	(12,068)	(6,034)
Net cash provided by (used in) operating activities	27,369	34,392

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(Millions of yen)

	Previous fiscal year (From December 1, 2012 to November 30, 2013)	Current fiscal year (From December 1, 2013 to November 30, 2014)
<b>Cash flows from investing activities</b>		
Purchases of securities	-	(10,000)
Proceeds from redemption of securities	-	10,000
Purchases of tangible fixed assets	(25,450)	(28,243)
Purchases of intangible fixed assets	(1,021)	(1,252)
Purchases of investment securities	(714)	(1,092)
Proceeds from sales of investment securities	659	133
Proceeds from redemption of investment securities	-	1,946
Purchases of shares of subsidiaries and affiliates	-	(2,184)
Acquisition of subsidiaries' shares	(697)	(35)
Proceeds from sales of subsidiaries' shares	623	432
Proceeds from acquisition of subsidiaries' shares resulting in change in scope of consolidation	-	70
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation	131	-
Payments of loans receivable	(138)	(146)
Collection of loans receivable	299	201
Payments into time deposits	(3)	(20)
Proceeds from withdrawal of time deposits	3,000	-
Other	1,415	(657)
<b>Net cash provided by (used in) investing activities</b>	<b>(21,897)</b>	<b>(30,847)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	310	(1,530)
Repayment of lease obligations	(1,120)	(1,332)
Proceeds from long-term loans payable	3,830	4,610
Repayment of long-term loans payable	(1,177)	(1,010)
Redemption of bonds	(500)	-
Cash dividends paid	(3,219)	(3,369)
Cash dividends paid to minority shareholders	(426)	(513)
Repurchase of shares	(3)	(4)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,307)</b>	<b>(3,149)</b>
Effects of exchange rate changes on cash and cash equivalents	411	429
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,576</b>	<b>825</b>
Cash and cash equivalents at the beginning of the period	40,387	43,963
Cash and cash equivalents at the end of the period	43,963	44,788

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## 5. Notes regarding consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Significant matters forming the basis for the preparations of consolidated financial statements)

### (1) Consolidated subsidiaries

The Company has fifty-two consolidated subsidiaries in the current fiscal year. The principal consolidated subsidiaries are Kewpie Egg Corporation, Deria Foods Co., Kewpie Jyozo Co., Ltd., K.R.S. Corporation, Ltd., Kanae Foods Co., Ltd., Gourmet Delica Co., Ltd. and Salad Club, Inc. In the current fiscal year, the number of consolidated subsidiaries increased by two because Green Message Co., Ltd. was newly established and the Company acquired additional shares of Tou Kewpie Co., Ltd. On the other hand, the number of consolidated subsidiaries decreased by one because Hanshin Delica Co., Ltd. and Kayaka Co., Ltd., consolidated subsidiaries, were merged into one company.

There are fifteen unconsolidated subsidiaries, and the principal company is Asato Logistics Corporation. These companies are excluded from the scope of consolidation, because their total amounts of total assets, net sales, net income and earned surplus (based on the Company's ownership percentage) do not have a significant effect on the consolidated financial statements.

### (2) Application of the equity method

The equity method is applied to the investments in five affiliated companies. The principal affiliates accounted for using equity method are Aohata Corporation and Summit Oil Mill Co., Ltd. In the current fiscal year, the number of affiliates decreased by one because Tou Kewpie Co., Ltd. became the Company's consolidated subsidiary by acquisition of additional shares.

The investments in fifteen unconsolidated subsidiaries including Asato Logistics Corporation and in five affiliated companies including Tohoku Aohata Co., Ltd. not to be accounted for by the equity method are excluded from the scope of application of equity method, because the total amounts of net income and earned surplus (based on the Company's ownership percentage) do not have a significant effect on the consolidated financial statements.

### (3) Closing date of consolidated subsidiaries

The closing date of Kewpie (Thailand) Co., Ltd., Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. is December 31, and that of Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., Henningsen Foods, Netherlands Inc., Kewpie Malaysia Sdn. Bhd., Kewpie Vietnam Co., Ltd. and PT. Kewpie Indonesia is September 30.

Kewpie (Thailand) Co., Ltd., Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. are consolidated based on their temporary financial statements as of September 30. Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., Henningsen Foods, Netherlands Inc., Kewpie Malaysia Sdn. Bhd., Kewpie Vietnam Co., Ltd. and PT. Kewpie Indonesia are consolidated based on the financial statements as of their balance sheet date.

Significant transactions for the period from October 1 to November 30 are reflected in the consolidated financial statements.

### (4) Accounting standards

A. Valuation basis and valuation methods for significant assets

a) Securities

- (i) Held-to-maturity bonds are calculated by the amortized cost method (straight-line method).
- (ii) Shares in subsidiaries and affiliates which are not accounted for under the equity method are stated at moving average cost.
- (iii) Other securities with readily determinable fair value are stated at fair value based on market price at the closing date. Valuation differences comprise net assets as unrealized holding gains on securities. When sold, cost of sales is determined by the moving average method. Other securities without readily determinable fair value are stated at moving average cost.

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b) Financial derivative instruments

Financial derivative instruments are stated at fair value.

Hedge accounting is adopted for financial derivative instruments which conform to requirements of hedge accounting.

c) Inventories

Purchased goods and products, work in process, raw materials and supplies are principally stated at monthly moving average cost (a method whereby book values are written down based on a decline in the revenue expected to be generated from these inventories). Some joint products are stated by the retail method (a method whereby book values are written down based on a decline in the revenue expected to be generated from these inventories).

B. Depreciation methods for significant depreciable assets

a) Tangible fixed assets (excluding lease assets)

Tangible fixed assets are mainly depreciated by the declining balance method except for the following assets.

Buildings (excluding equipment fixed inside buildings) acquired on and after April 1, 1998, are depreciated by the straight-line method.

The same basis with the Corporation Tax Act is mainly adopted for useful life and residual value.

b) Intangible fixed assets (excluding lease assets)

Intangible fixed assets are amortized by the straight-line method.

The same basis with the Corporation Tax Act is mainly adopted for useful life.

Computer software purchased for internal use is amortized by the straight-line method for five years based on the estimated useful life for internal use.

c) Lease assets

The straight-line method, which considers the lease period to be the useful life and the residual value to be zero, is applied to lease assets related to finance lease transactions that do not transfer ownership.

Finance lease transactions that do not transfer ownership whose start date falls on or before November 30, 2008 are accounted for by the same method as that applied to operating leases.

d) Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method.

C. Method of accounting for significant deferred assets

Business commencement expenses is recorded as expenses in full at the time of payment.

D. Accounting standards for significant reserves

a) Allowances for doubtful accounts

To provide for a possible bad-debt loss, the Group provides the expected uncollectible amount as allowances for doubtful accounts. The said amount is calculated by using credit-loss prediction ratios based on historical data for general accounts receivable, and by reference to the individual collectability for special receivables, such as those in danger of being uncollectible.

b) Reserves for sales rebates

To provide for the payment of rebates for the current fiscal year, reserves for sales rebates are provided on an accrual basis, multiplying the net sales and each company's standard (the percentage of the expected amount of rebates in net sales).

c) Reserves for bonuses

To provide for the payment of bonuses to employees, reserves for bonuses are provided according to the expected amount of the payment which attributes to the current fiscal year.

d) Reserves for directors' bonuses

To provide for the payment of bonuses to directors, reserves for directors' bonuses are provided according to the expected amount payable at the end of the current fiscal year.



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## E. Accounting for retirement benefits

### a) Periodic allocation method for projected retirement benefits

In calculating retirement benefit obligations, the method of allocating the projected retirement benefits at the end of the current fiscal year is based on a straight-line basis.

### b) Method of accounting for actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over twelve years (except for from ten to thirteen years of K.R.S Corporation) based on the average remaining employees' service years.

Actuarial gains or losses are amortized by the straight-line method over twelve years (except for from ten to thirteen years of K.R.S Corporation) based on the average remaining employees' service years at each fiscal year, and their amortizations start from the next year of the respective accrual years.

In addition, if the amount of pension fund assets exceed that of retirement benefit obligations for benefit pension plan, it is provided as assets for retirement benefits on consolidated balance sheet.

## F. Treatment for significant hedge accounting

### a) Deferral hedge is applied as the method of hedge accounting.

Allocation method is applied for transactions that meet the requirements for that method.

Special treatment is applied for the interest rate swap transactions that meet the requirements for the special treatment.

### b) Hedging instruments are forward exchange contracts and interest rate swap transactions.

### c) Hedged items are purchase transactions in foreign currencies and interest of loans.

### d) The Company and consolidated subsidiaries execute forward exchange contracts to hedge risks from fluctuation in foreign exchange rate and interest rate swap transactions to hedge risks from projected fluctuation in interest rate.

In addition, the Company and consolidated subsidiaries never make use of them for the purpose of speculative transactions.

### e) Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to each company's bylaw. The effectiveness of the hedge is analyzed by comparing movements in the fair value of the hedged items with those of the hedging instruments, assessed and strictly controlled.

However, the assessment of the effectiveness is omitted for interest rate swap transactions that meet the requirements for the special treatment.

## G. Method and period for amortization of goodwill

As a general rule, goodwill is amortized on a straight-line basis over its estimated useful life. However, trivial goodwill is fully amortized in the fiscal year in which it is incurred.

## H. Scope of cash in the consolidated statements of cash flows

Cash in the consolidated statements of cash flows (cash and cash equivalents) consists of cash in hand, bank deposits which can be withdrawn freely, and short-term investments which can be easily converted into cash and matures within three months from the acquisition date which are at little risk of changes in value.

## I. Other significant matter for the preparation of consolidated financial statements

Consumption taxes are recorded in separate accounts.

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## (Changes in accounting policies)

### *Adoption of accounting standard for retirement benefits*

The Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012; hereinafter, the "Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012; hereinafter, the "Guidance") from the end of the current fiscal year (except for stipulations in article 35 of the Accounting Standard and article 67 of the Guidance). Under the new standard, pension fund assets are deducted from retirement benefit obligations and the net amount is recognized as assets for retirement benefits or liabilities for retirement benefits, and unrealized actuarial gains and losses and unrealized prior service costs are recorded as assets for retirement benefits or liabilities for retirement benefits.

In accordance with transitional accounting as stipulated in article 37 of the Accounting Standard, the effect of the changes in accounting policies arising from the initial application is recognized in accumulated adjustments for retirement benefits as a component of accumulated other comprehensive income.

As a result of the above, assets for retirement benefits amounted to ¥8,207 million and liabilities for retirement benefits amounted to ¥2,581 million at the end of the current fiscal year. Accumulated other comprehensive income decreased by ¥5,373 million and minority interest decreased by ¥418 million.

In addition, net assets per share decreased by ¥35.38 in the current fiscal year.

## (Changes in presentation method)

### *Consolidated statements of income*

"Business commencement expenses" was included in "Other" account of "Non-operating expenses" for the previous fiscal year, but because its amount exceeded 10% of total non-operating expenses for the current fiscal year, it was changed to be presented as a separate account. In order to reflect this change in presentation method, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, in the consolidated statements of income for the previous fiscal year, ¥130 million that was presented in "Other" account of "Non-operating expenses" has been reclassified as ¥11 million in "Business commencement expenses" and ¥119 million in "Other."



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(Segment information)

## (1) Segment information

### A. Outline 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 Group and which are regularly examined by the Board of Directors for making decisions on the allocation of management resources and for assessing business performance. These segments are categorized by product and service, and consist of "Condiments products," "Egg products," "Delicatessen products," "Processed foods," "Fine chemical products," "Distribution system" and "Common business operations".

The following are the outline of each segment:

Condiments products:	Mayonnaise, dressings and vinegar
Egg products:	Liquid egg, frozen egg, dried egg, egg spread, thick omelet and shredded egg
Delicatessen products:	Salads, delicatessen foods, boxed lunches, rice balls and packaged salads
Processed foods:	Bottled and/or canned foods including jams, pasta sauces and sweet corn, baby foods and nursing care foods
Fine chemical products:	Hyaluronic acid and EPA
Distribution system:	Transportation and warehousing of food products
Common business operations:	Sale of food products

### B. Method used to calculate amounts of net sales, profit or loss, assets, liabilities and others by reported segment

Accounting treatment applied to the reported segments is much the same with what is described in "Significant matters forming the basis for the preparations of consolidated financial statements."

Profit of the reported segments is based on operating income. Intersegment net sales and transfers are based on prevailing market price.

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## C. Information on amounts of net sales, profit or loss, assets, liabilities and others by the reported segment Previous Fiscal Year (From December 1, 2012 to November 30, 2013)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distri- bution system	Common business operations	Total	Adjust- ments	Amount reported on the consolidated financial statements (Note)
Net sales										
Net sales to outside customers	145,367	91,158	97,983	58,431	9,676	120,320	7,612	530,549	-	530,549
Intersegment net sales or transfers	3,725	5,866	377	1,810	328	23,665	9,110	44,883	(44,883)	-
Total	149,093	97,024	98,360	60,241	10,004	143,985	16,723	575,433	(44,883)	530,549
Segment profit (loss)	11,519	3,414	3,460	(896)	909	3,208	781	22,396	5	22,402
Segment assets	88,235	49,113	32,419	30,420	9,623	71,531	8,252	289,595	45,059	334,655
Others										
Depreciation and amortization	4,219	2,536	1,674	1,225	621	3,704	590	14,572	-	14,572
Investment in affiliates accounted for by equity method	1,076	258	-	1,358	-	-	138	2,831	-	2,831
Increase in tangible and intangible assets	6,973	5,573	4,026	2,057	1,408	6,054	1,028	27,122	-	27,122

(Notes) 1. "Adjustments" of ¥45,059 million in "Segment assets" mainly include company-wide assets of ¥50,585 million and elimination of intersegment receivables and payables of ¥(4,134) million.

Major items in company-wide assets are surplus operating funds of the Company (cash and deposits and securities) and long-term investment funds (investment securities).

2. Adjustments are made between "Segment profit (loss)" and "Operating income" reported in the consolidated statements of income.

3. "Depreciation and amortization" and "Increase in tangible and intangible assets" include "Long-term prepaid expenses".

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Current Fiscal Year (From December 1, 2013 to November 30, 2014)

(Millions of yen)

	Condi-ments products	Egg products	Delica-tesse products	Processed foods	Fine chemical products	Distri-bution system	Common business operations	Total	Adjust-ments	Amount reported on the consolidated financial statements (Note)
Net sales										
Net sales to outside customers	151,465	99,513	102,225	57,152	10,726	126,789	5,531	553,404	-	553,404
Intersegment net sales or transfers	5,948	6,020	360	1,812	273	23,916	9,447	47,779	(47,779)	-
Total	157,413	105,534	102,586	58,964	11,000	150,706	14,979	601,184	(47,779)	553,404
Segment profit	11,510	3,756	3,279	164	1,030	3,613	982	24,336	7	24,343
Segment assets	91,279	51,842	40,609	33,419	10,663	75,046	9,802	312,663	44,331	356,994
Others										
Depreciation and amortization	4,809	2,745	1,933	1,216	744	4,080	602	16,132	-	16,132
Investment in affiliates accounted for by equity method	1,071	194	-	3,454	-	-	173	4,893	-	4,893
Increase in tangible and intangible assets	8,528	3,551	7,102	2,195	908	6,446	1,379	30,111	-	30,111

(Notes) 1. "Adjustments" of ¥44,331million in "Segment assets" mainly include company-wide assets of ¥50,623 million and elimination of intersegment receivables and payables of ¥(5,192) million.

Major items in company-wide assets are surplus operating funds of the Company (cash and deposits and securities) and long-term investment funds (investment securities).

2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.

3. "Depreciation and amortization" and "Increase in tangible and intangible assets" include "Long-term prepaid expenses".

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## (2) Related information

Previous Fiscal Year (From December 1, 2012 to November 30, 2013)

### A. Information by product and service

It is omitted here since similar information is disclosed in "Segment information."

### B. Information by region

#### a) Net sales

It is omitted here since net sales to outside customers in Japan is more than 90% of net sales reported in the consolidated statements of income.

#### b) Tangible fixed assets

It is omitted here since the amount of tangible fixed assets located in Japan is more than 90% of tangible fixed assets reported in the consolidated balance sheets.

### C. Information by main customer

It is omitted here since there is no customer occupying 10% or more of net sales reported in the consolidated statements of income.

Current Fiscal Year (From December 1, 2013 to November 30, 2014)

### A. Information by product and service

It is omitted here since similar information is disclosed in "Segment information."

### B. Information by region

#### a) Net sales

It is omitted here since net sales to outside customers in Japan is more than 90% of net sales reported in the consolidated statements of income.

#### b) Tangible fixed assets

It is omitted here since the amount of tangible fixed assets located in Japan is more than 90% of tangible fixed assets reported in the consolidated balance sheets.

### C. Information by main customer

It is omitted here since there is no customer occupying 10% or more of net sales reported in the consolidated statements of income.

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## (3) Information on losses on impairment of fixed assets by reported segment

Previous Fiscal Year (From December 1, 2012 to November 30, 2013)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distribution system	Common business operations	Total	Adjustments	Total
Losses on impairment of fixed assets	-	-	120	936	-	57	-	1,114	-	1,114

Current Fiscal Year (From December 1, 2013 to November 30, 2014)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distribution system	Common business operations	Total	Adjustments	Total
Losses on impairment of fixed assets	235	350	-	-	-	-	-	586	-	586

## (4) Information on amortization and unamortized balance of goodwill by reported segment

Previous Fiscal Year (From December 1, 2012 to November 30, 2013)

There was no significant amortization and unamortized balance of goodwill.

Current Fiscal Year (From December 1, 2013 to November 30, 2014)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distribution system	Common business operations	Total	Adjustments	Total
Amortization in the current fiscal year	-	-	-	-	7	6	-	14	-	14
Unamortized balance at the end of the current fiscal year	-	-	-	-	140	43	-	183	-	183

## (5) Information on gains on negative goodwill by reported segment

Previous Fiscal Year (From December 1, 2012 to November 30, 2013)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distribution system	Common business operations	Total	Adjustments	Total
Gains on negative goodwill	-	-	-	1,200	-	-	-	1,200	-	1,200

Current Fiscal Year (From December 1, 2013 to November 30, 2014)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distribution system	Common business operations	Total	Adjustments	Total
Gains on negative goodwill	104	301	-	-	-	-	-	406	-	406

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## (Per share information)

	Previous fiscal year (From December 1, 2012 to November 30, 2013)	Current fiscal year (From December 1, 2013 to November 30, 2014)
Net assets per share (yen)	1,230.32	1,284.36
Net income per share (yen)	83.94	88.69

(Notes) 1. "Net income per share - diluted" is not presented because of no issue of potential shares.

2. Calculation basis of net assets per share is as follows.

	Previous fiscal year (From December 1, 2012 to November 30, 2013)	Current fiscal year (From December 1, 2013 to November 30, 2014)
Total net assets (millions of yen)	210,285	220,397
Amount subtracted from total net assets (millions of yen)	26,080	25,346
[Minority interests]	[26,080]	[25,346]
Net assets attributable to common stock at the end of the fiscal year (millions of yen)	184,204	195,051
Number of common stock at the end of the fiscal year (thousand shares)	149,721	151,867

3. Calculation basis of net income per share is as follows.

	Previous fiscal year (From December 1, 2012 to November 30, 2013)	Current fiscal year (From December 1, 2013 to November 30, 2014)
Net income (millions of yen)	12,567	13,366
Amounts not attributable to common shareholders (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	12,567	13,366
Weighted average number of common stock (thousand shares)	149,722	150,703

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(Significant subsequent events)

## Organization restructuring

(Making a company a consolidated subsidiary by company split)

The Company and Aohata Corporation (“Aohata”) made a contract of absorption-type company split on December 24, 2013, which made Aohata as a successor company of the business of selling bread-related products such as jams, whipped cream and spread, to the Company by a company split (the “Company Split”), and it became effective on December 1, 2014. As a result of the Company Split, the Company came to own 45.64% of Aohata's issued shares and Aohata became the Company's consolidated subsidiary because it came to be under the substantial control of the Company.

### (1) Outline of the Company Split

A. Name and description of business of the acquired company

- a) Name Aohata Corporation
- b) Description of business Production and sale of jams

B. Main reason of the Company Split

The Company conducted the Company Split because this would enable Aohata to operate both manufacturing and selling businesses, which would promote its prompt decision-making, unique selling system and rapid product development in consideration of diversifying customer needs and changing preferences. It would also enable the Processed foods business of the Company as a whole to improve market competitiveness. Both companies agreed to the idea that making Aohata a consolidated company would contribute to the further growth and development of them and to the enhancement of corporate value, because it would lead to many positive changes, such as the further active utilization of each others' management know-how as to endless promotion of the rationalization, integration of both companies' sales channels in and outside of Japan, enhancement of partnership between them in processing fruits, strengthening the Processed foods business and improving profitability of the Company, and strengthening the management base of Aohata through further utilizing the management resources of the Company more than ever.

C. Effective date of the Company Split

December 1, 2014

D. Legal form of the Company Split

Absorption-type company split that positions the Company as a transferring company and Aohata as a succeeding company in exchange for shares

E. Ratios of voting rights owned immediately before the date of the Company Split, additionally acquired on the date of the Company Split, and owned after the acquisition

- a) Ratio of voting rights owned immediately before the date of the Company Split 36.24%
- b) Ratio of voting rights additionally acquired on the date of the Company Split 9.40%
- c) Ratio of voting rights owned after the acquisition 45.64%

F. Principal basis for determining the acquiring company

The Company was determined as the acquiring company because the Company came to exert effective control over Aohata by owning 45.64% of its total voting rights after the Company Split.

### (2) Calculation of acquisition cost

Cost of acquisition of the acquired company and the breakdown of the cost

Market value of the common stocks held by the Company immediately before the date of the Company Split	4,229 million yen
Market value of the common shares additionally acquired by the Company on the date of the Company Split	2,020 million yen
Acquisition cost	6,250 million yen

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## (3) Amounts of assets acquired and liabilities assumed as of the date of the Company Split and major components of them

Current assets	8,800 million yen
Fixed assets	5,184 million yen
Total assets	13,984 million yen
Current liabilities	5,093 million yen
Non-current liabilities	546 million yen
Total liabilities	5,640 million yen

## (4) Outline of accounting treatment applied

In the Company Split, the Company is a transferring company and Aohata is a succeeding company. However, as Aohata has become the Company's subsidiary, this company split is a reverse acquisition that positions the Company as an acquiring company and Aohata as an acquired company based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 issued on December 26, 2008.)



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## II. Supplementary data

- (Notes) 1. Except for "10. Transition of principal management indices", fraction errors may occur due to rounding figures less than 100 million.  
2. The forecast information in this supplementary data is reported based on available information as of the date hereof and assumptions on uncertain factors which may have an effect on the future operating results. It could differ significantly from the actual operating results due to various factors.

### 1. Summary of net sales and operating income and factors behind changes in operating income [Result]

<Net sales>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Accumulated)	3rd quarter	3rd quarter (Accumulated)	4th quarter	Year
Fiscal Year 2012	Condiments products	32.8	35.7	68.5	36.5	104.9	33.6	138.6
	Egg products	21.1	21.7	42.8	20.7	63.5	22.1	85.6
	Delicatessen products	20.9	23.2	44.1	24.6	68.7	22.8	91.6
	Processed foods	14.0	15.6	29.6	14.7	44.3	14.8	59.1
	Fine chemical products	1.7	1.9	3.6	2.3	5.8	2.5	8.3
	Distribution system	28.1	28.8	56.9	29.4	86.3	29.4	115.7
	Common business operations	1.4	1.6	3.0	1.4	4.4	1.8	6.2
	Total	119.9	128.5	248.4	129.5	377.9	127.1	505.0
Fiscal Year 2013 (A)	Condiments products	33.1	38.6	71.7	37.8	109.5	35.9	145.4
	Egg products	21.8	22.3	44.1	22.2	66.3	24.8	91.2
	Delicatessen products	22.7	24.4	47.2	26.1	73.3	24.7	98.0
	Processed foods	13.8	15.4	29.1	14.8	43.9	14.5	58.4
	Fine chemical products	2.3	2.2	4.5	2.3	6.8	2.9	9.7
	Distribution system	28.4	29.9	58.4	31.1	89.5	30.9	120.3
	Common business operations	2.8	1.7	4.5	1.4	5.9	1.7	7.6
	Total	124.9	134.5	259.5	135.7	395.1	135.4	530.5
Fiscal Year 2014 (B)	Condiments products	35.9	40.2	76.1	38.6	114.7	36.7	151.5
	Egg products	24.1	25.3	49.4	24.0	73.4	26.1	99.5
	Delicatessen products	24.2	25.5	49.7	26.8	76.5	25.7	102.2
	Processed foods	13.6	15.0	28.6	14.1	42.7	14.5	57.2
	Fine chemical products	2.3	2.8	5.1	2.3	7.5	3.2	10.7
	Distribution system	30.0	31.2	61.2	32.7	93.9	32.9	126.8
	Common business operations	1.3	1.5	2.8	1.3	4.1	1.4	5.5
	Total	131.5	141.5	273.0	139.8	412.8	140.6	553.4
Changes (B) - (A)	Condiments products	2.8	1.6	4.4	0.8	5.3	0.8	6.1
	Egg products	2.2	3.0	5.2	1.9	7.1	1.3	8.4
	Delicatessen products	1.5	1.1	2.6	0.7	3.2	1.0	4.2
	Processed foods	(0.2)	(0.4)	(0.5)	(0.7)	(1.3)	(0.0)	(1.3)
	Fine chemical products	0.0	0.6	0.6	0.1	0.7	0.3	1.1
	Distribution system	1.6	1.3	2.9	1.6	4.5	2.0	6.5
	Common business operations	(1.4)	(0.2)	(1.7)	(0.1)	(1.8)	(0.3)	(2.1)
	Total	6.6	7.0	13.5	4.1	17.7	5.2	22.9

- (Notes) 1. Figures of "2nd quarter" are differences between "2nd quarter (Accumulated)" and "1st quarter".  
2. Figures of "3rd quarter" are differences between "3rd quarter (Accumulated)" and "2nd quarter (Accumulated)".  
3. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Accumulated)".

# Kewpie Corporation

Sengawa Kewport, 2-5-7, Sengawa-cho, Chofu-shi, Tokyo 182-0002, Japan. Tel:03-5384-7780



## <Operating income>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Accumulated)	3rd quarter	3rd quarter (Accumulated)	4th quarter	Year
Fiscal Year 2012	Condiments products	2.3	3.1	5.4	3.8	9.3	2.2	11.5
	Egg products	1.3	1.4	2.7	1.2	4.0	0.9	4.9
	Delicatessen products	0.5	0.9	1.5	1.1	2.5	0.6	3.1
	Processed foods	(0.3)	(0.1)	(0.4)	(0.2)	(0.6)	(0.5)	(1.0)
	Fine chemical products	0.2	0.2	0.4	0.3	0.6	0.3	1.0
	Distribution system	0.7	1.0	1.6	1.1	2.8	0.5	3.2
	Common business operations	0.2	0.2	0.5	0.2	0.7	0.1	0.8
	Total	5.0	6.7	11.7	7.5	19.2	4.2	23.4
Fiscal Year 2013 (A)	Condiments products	2.3	4.0	6.3	2.9	9.2	2.3	11.5
	Egg products	0.6	1.1	1.8	1.1	2.9	0.5	3.4
	Delicatessen products	0.4	1.0	1.4	1.3	2.7	0.7	3.5
	Processed foods	(0.4)	(0.0)	(0.4)	(0.1)	(0.5)	(0.4)	(0.9)
	Fine chemical products	0.3	0.2	0.5	0.1	0.6	0.3	0.9
	Distribution system	0.3	1.1	1.3	1.0	2.4	0.8	3.2
	Common business operations	0.3	0.3	0.6	0.2	0.8	(0.0)	0.8
	Total	3.9	7.6	11.5	6.6	18.1	4.3	22.4
Fiscal Year 2014 (B)	Condiments products	2.3	3.6	5.9	3.3	9.1	2.4	11.5
	Egg products	(0.1)	1.1	1.0	1.5	2.5	1.3	3.8
	Delicatessen products	0.4	1.1	1.5	1.1	2.6	0.7	3.3
	Processed foods	(0.1)	0.2	0.2	0.1	0.3	(0.1)	0.2
	Fine chemical products	0.2	0.3	0.5	0.1	0.6	0.4	1.0
	Distribution system	0.6	0.9	1.5	1.0	2.5	1.1	3.6
	Common business operations	0.3	0.3	0.5	0.3	0.8	0.2	1.0
	Total	3.6	7.5	11.1	7.3	18.4	5.9	24.3
Changes (B) - (A)	Condiments products	(0.1)	(0.4)	(0.4)	0.4	(0.0)	0.0	(0.0)
	Egg products	(0.7)	(0.0)	(0.7)	0.3	(0.4)	0.8	0.3
	Delicatessen products	(0.0)	0.1	0.1	(0.2)	(0.1)	(0.1)	(0.2)
	Processed foods	0.3	0.3	0.6	0.2	0.8	0.3	1.1
	Fine chemical products	(0.1)	0.1	(0.0)	0.0	0.0	0.1	0.1
	Distribution system	0.3	(0.1)	0.2	(0.1)	0.1	0.3	0.4
	Common business operations	(0.1)	(0.0)	(0.1)	0.1	(0.0)	0.2	0.2
	Total	(0.3)	(0.1)	(0.4)	0.7	0.3	1.6	1.9

(Notes) 1. Figures of "2nd quarter" are differences between "2nd quarter (Accumulated)" and "1st quarter".

2. Figures of "3rd quarter" are differences between "3rd quarter (Accumulated)" and "2nd quarter (Accumulated)".

3. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Accumulated)".

# Kewpie Corporation

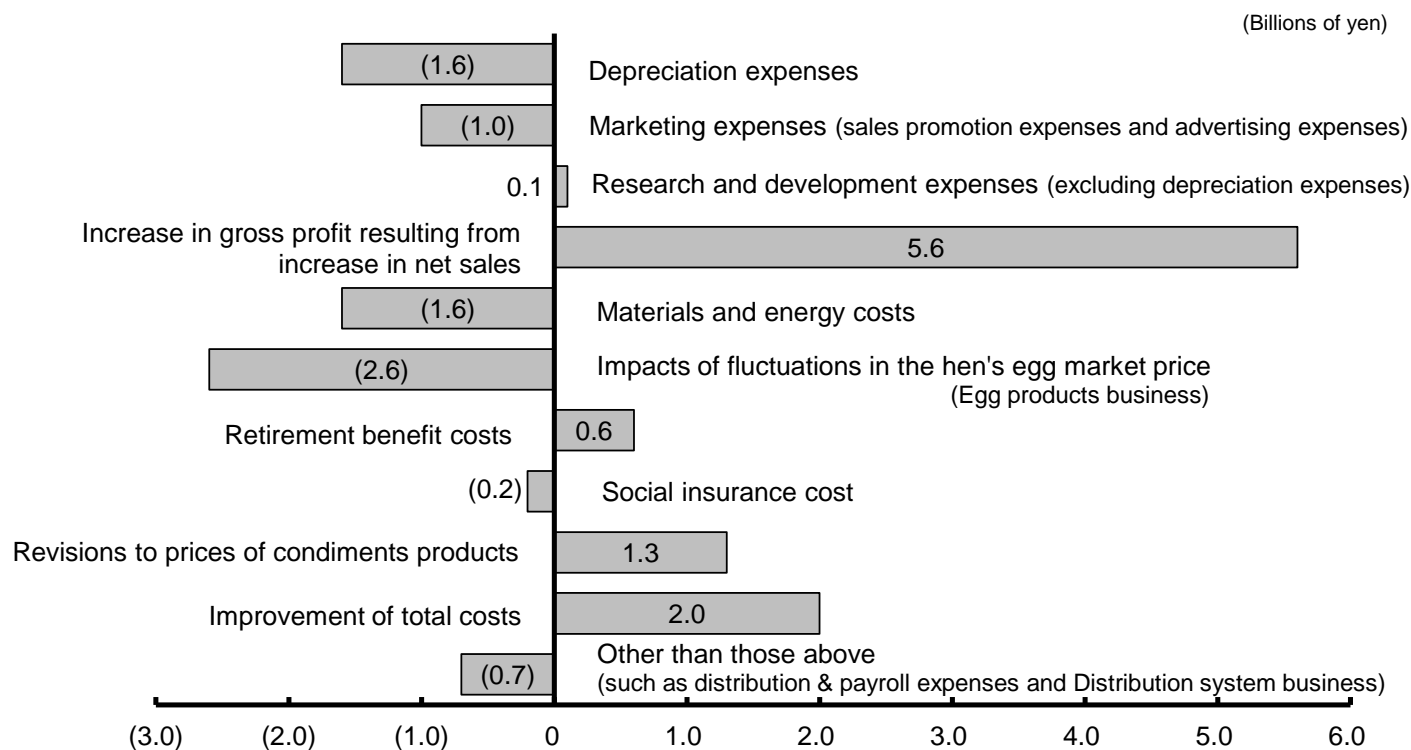
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## <Factors behind changes in operating income (comparison with the previous fiscal year)>

(Billions of yen)

	Fiscal year 2013 (A)	Fiscal year 2014 (B)	Change (B) - (A)
Operating income	22.4	24.3	1.9



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## 2. Net sales and operating income, and factors behind changes [Forecast]

### <Net sales>

(Billions of yen)

Segment	Fiscal year 2014 (A)	Fiscal year 2015 (Forecast) (B)	Change (B) - (A)
Condiments products	151.5	158.5	7.0
Egg products	99.5	98.0	(1.5)
Delicatessen products	102.2	107.0	4.8
Processed foods	57.2	63.0	5.8
Fine chemical products	10.7	13.5	2.8
Distribution system	126.8	127.0	0.2
Common business operations	5.5	6.0	0.5
Total	553.4	573.0	19.6

### <Operating income>

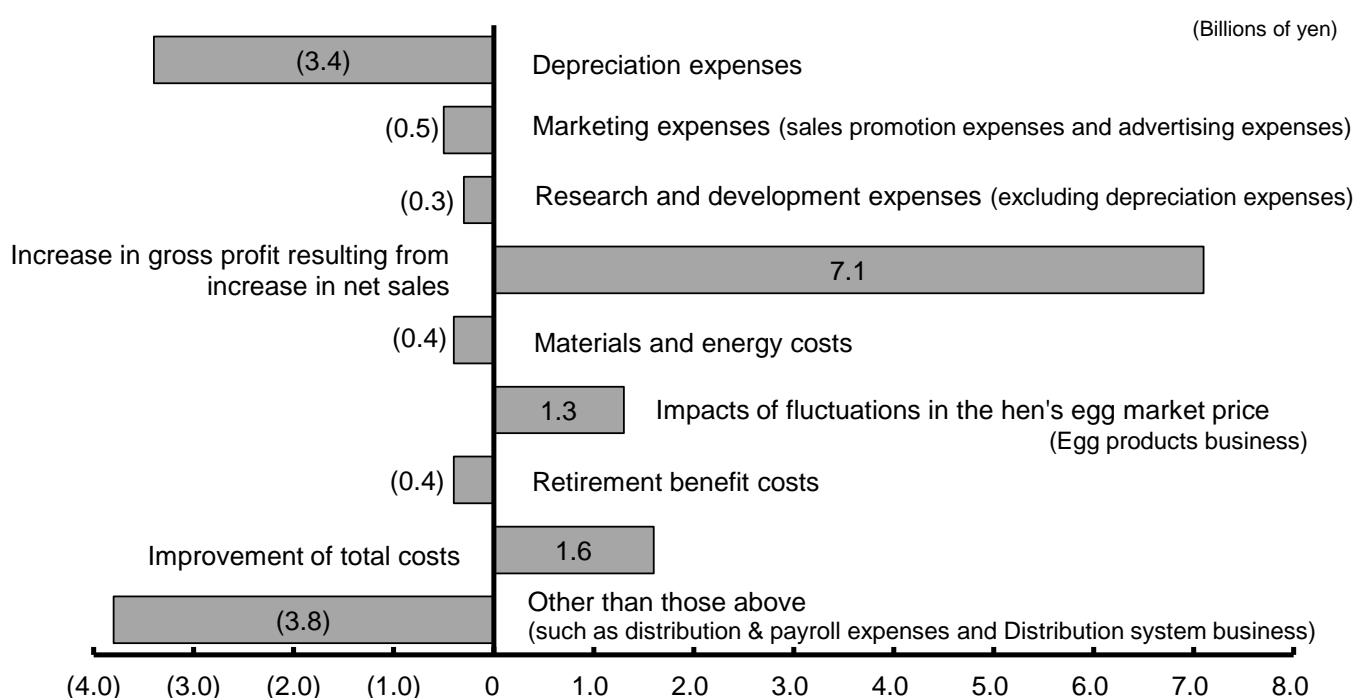
(Billions of yen)

Segment	Fiscal year 2014 (A)	Fiscal year 2015 (Forecast) (B)	Change (B) - (A)
Condiments products	11.5	12.7	1.2
Egg products	3.8	4.7	0.9
Delicatessen products	3.3	3.4	0.1
Processed foods	0.2	(0.8)	(1.0)
Fine chemical products	1.0	1.0	0.0
Distribution system	3.6	3.6	0.0
Common business operations	1.0	0.9	(0.1)
Total	24.3	25.5	1.2

### <Factors behind changes in operating income (comparison with the previous fiscal year)>

(Billions of yen)

	Fiscal year 2014 (A)	Fiscal year 2015 (Forecast) (B)	Change (B) - (A)
Operating income	24.3	25.5	1.2



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## 3. Capital investments and main components of selling, general and administrative expenses

### [Result and forecast]

(Billions of yen)

	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014 (A)	Fiscal year 2015 (Forecast) (B)	Change (B) - (A)
Capital investments	20.9	27.1	30.1	41.2	11.1
Depreciation expenses	14.1	14.6	16.1	19.5	3.4
Sales promotion expenses	19.5	20.5	21.4	20.7	(0.7)
Advertising expenses	7.9	7.9	8.0	9.3	1.3
Transportation and warehousing expenses	28.9	30.5	32.0	33.2	1.2
Payroll expenses	24.3	25.4	26.5	29.6	3.1
Research and development expenses	3.4	3.7	3.9	4.2	0.3

## 4. Domestic sales volume and amount of salads condiments by category type (Kewpie Corporation) [Result]

		Fiscal year 2012	Fiscal year 2013 (A)	Fiscal year 2014 (B)	Change (B) - (A)
For household use	Volume (Thousands of ton)	127	128	125	(3)
	Amount (Billions of yen)	73.8	75.4	76.1	0.7
For commercial use	Volume (Thousands of ton)	107	107	105	(2)
	Amount (Billions of yen)	40.9	41.5	41.8	0.3

\* Results for the fiscal year 2012 have been reclassified in accordance with the change in product categories made in the fiscal year 2013.

## 5. Summary of net sales and operating income in overseas operations [Result and forecast]

(Billions of yen)

	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014 (A)	Fiscal year 2015 (Forecast) (B)	Change (B) - (A)
Net sales in overseas operations	18.4	23.8	31.6	37.0	5.4
China*	5.8	8.1	11.0	14.4	3.4
South-east Asia*	3.6	5.2	6.4	8.6	2.2
North America*	7.2	8.4	11.7	11.2	(0.5)
Export from Japan	1.7	2.1	2.6	2.8	0.2
Operating income in overseas operations	0.8	1.2	2.8	3.1	0.3

\* For overseas subsidiaries, shown as China, South-east Asia and North America, figures are results from October to September.

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## 6. Results of non-operating income and expenses, extraordinary gains and losses and principal items of changes in comparison with the fiscal year 2013 [Result]

(Billions of yen)

	Fiscal year 2013	Fiscal year 2014	Principal items of changes (Comparison with the fiscal year 2013)	
Non-operating income and expenses, net	1.3	1.0	Decrease in equity in earnings of affiliates	(0.2)
			Increase in business commencement expenses	(0.2)
Extraordinary gains and losses, net	(1.3)	(0.8)	Increase in gains on sales of shares of subsidiaries and affiliates	0.2
			Decrease in gains on negative goodwill	(0.8)
			Decrease in losses on disposal of fixed assets and losses on impairment of fixed assets	0.7
			Decrease in losses on withdrawal from employees' pension fund	0.4

## 7. Forecasts of non-operating income and expenses, extraordinary gains and losses and principal items of changes in comparison with the fiscal year 2014 [Forecast]

(Billions of yen)

	Fiscal year 2014	Fiscal year 2015 (Forecast)	Principal items of changes (Comparison with the fiscal year 2014)	
Non-operating income and expenses, net	1.0	0.7	Decrease in other non-operating income	(0.4)
Extraordinary gains and losses, net	(0.8)	0.6	Increase in extraordinary gains resulting from making Aohata Corporation a consolidated subsidiary	1.9
			Decrease in gains on sales of shares of subsidiaries and affiliates	(0.2)
			Decrease in gains on negative goodwill	(0.4)

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## 8. Principal items of changes in balance sheets in comparison with the end of the fiscal year 2013 [Result]

(Billions of yen)

	Fiscal year 2013	Fiscal year 2014	Change	Principal items of changes (Comparison with the fiscal year 2013)
(Assets)				
Current assets	146.4	154.6	8.2	Increase in notes and accounts receivable - trade 4.0 Increase in inventories 3.6
Fixed assets				
Tangible and intangible fixed assets	138.5	156.9	18.4	Increase resulting from purchases 33.0 Decrease resulting from depreciation (16.1) Decrease resulting from impairment (0.6)
Investments and other assets	49.7	45.5	(4.3)	Increase in investment securities 3.0 Decrease in prepaid pension costs and assets for retirement benefits (7.5)
(Liabilities)				
	124.4	136.6	12.2	Increase in notes and accounts payable - trade 3.0 Increase in accounts payable - other 5.2 Increase in loans payable 2.5
(Net assets)				
	210.3	220.4	10.1	Increase in earned surplus 10.0 Decrease in treasury stock 2.2 Increase in foreign currency translation adjustments 2.0 Decrease in accumulated adjustments for retirement benefits (5.4)

## 9. Results of cash flows and principal items of changes in comparison with the fiscal year 2013 [Result]

(Billions of yen)

	Fiscal year 2013	Fiscal year 2014	Principal items of changes (Comparison with the fiscal year 2013)
Cash flows from operating activities	27.4	34.4	Increase in income before income taxes and minority interests 2.2 Decrease in notes and accounts receivable - trade 6.7 Decrease in notes and accounts payable - trade (6.1) Decrease in income taxes paid 6.0
Cash flows from investing activities	(21.9)	(30.8)	Increase in purchases of tangible and intangible fixed assets (3.0) Increase in purchases of shares of subsidiaries and affiliates (2.2) Decrease in proceeds from withdrawal of time deposits with maturity over 3 months (3.0)
Cash flows from financing activities	(2.3)	(3.1)	Decrease in loans payable (0.9) Decrease in redemption of bonds 0.5 Increase in cash dividends paid (0.2)



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## 10. Transition of principal management indices

	Fiscal year 2010	Fiscal year 2011	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014
Net sales (millions of yen)	471,010	486,435	504,997	530,549	553,404
V.S. previous year (%)	4.2	3.3	3.8	5.1	4.3
Operating income (millions of yen)	22,119	20,816	23,368	22,402	24,343
V.S. previous year (%)	24.7	(5.9)	12.3	(4.1)	8.7
Operating income to net sales (%)	4.7	4.3	4.6	4.2	4.4
Ordinary income (millions of yen)	22,762	21,912	24,467	23,749	25,368
Ordinary income to net sales (%)	4.8	4.5	4.8	4.5	4.6
Net income (millions of yen)	10,613	9,449	12,291	12,567	13,366
Net income ratio (%)	2.3	1.9	2.4	2.4	2.4
Net assets (millions of yen)	180,901	185,293	195,928	210,285	220,397
Total assets (millions of yen)	287,957	275,790	306,515	334,655	356,994
Equity ratio (%)	54.2	58.0	55.8	55.0	54.6
Cash flows from operating activities (millions of yen)	25,731	23,405	33,246	27,369	34,392
Cash flows from investing activities (millions of yen)	(15,120)	(12,166)	(24,434)	(21,897)	(30,847)
Cash flows from financing activities (millions of yen)	(5,381)	(19,583)	7,022	(2,307)	(3,149)
Free cash flow (millions of yen) (operating cash flow + investing cash flow)	10,611	11,239	8,811	5,471	3,545
Cash and cash equivalents at the end of the fiscal year (millions of yen)	33,121	24,509	40,387	43,963	44,788
Interest-bearing debt (millions of yen)	23,923	10,909	23,185	25,882	29,110
Paid-in-capital (millions of yen)	24,104	24,104	24,104	24,104	24,104
Number of issued shares (thousands of shares)	155,464	153,000	153,000	153,000	153,000
Net assets per share (yen)	1,029.26	1,068.67	1,141.68	1,230.32	1,284.36
Net income per share (yen)	69.97	62.63	82.09	83.94	88.69
Free cash flow per share (yen)	69.95	74.50	58.85	36.55	23.52
Return on equity (%)	7.0	6.0	7.4	7.1	7.0
Ordinary income to total assets (%)	8.1	7.8	8.4	7.4	7.3
Annual dividend per share (including interim dividend)	18.0	18.0	20.0	22.0	23.0
[Interim dividend per share] (yen)	[8.0]	[9.0]	[9.5]	[11.0]	[11.5]
Price earnings ratio (times)	14.6	16.9	14.6	17.3	21.9
Dividend payout ratio (%)	25.7	28.7	24.4	26.2	25.9
Dividend on equity ratio (%)	1.8	1.7	1.8	1.9	1.8
Number of regular full-time employees	11,732	12,028	12,425	12,598	12,933
Average number of temporary employees	10,923	10,830	11,154	11,316	11,840
Stock price at the end of the fiscal year (yen)	1,019	1,056	1,200	1,454	1,942

(Note) Consumption taxes are not included in net sales.