

Creating New Values for Local Communities

2016 Annual Report

Fiscal Year Ended March 31, 2016



We have been offering new values for local communities through multi-format retailing and business process integration.

Corporate Philosophy

The Valor Group has defined its philosophy, **“Creation, Advance & Challenge”** in mission statements. Shared with all the employees since 1958, they have been considered as guiding principles in management.

Mission Statements

All the employees of the Valor Group should be aware of its social responsibilities for advancement of local communities and culture. To fulfill them, we perform our duties sincerely; set challenging goals in the spirit of the philosophy “Creation, Advance & Challenge”; and put together our wisdom and power. There is only one truth, “Pursuing prosperity is good”.

Corporate Value Initiatives

1958–

Startup Supermarket and Subsidiaries of Manufacturing, Wholesale & Logistics Businesses



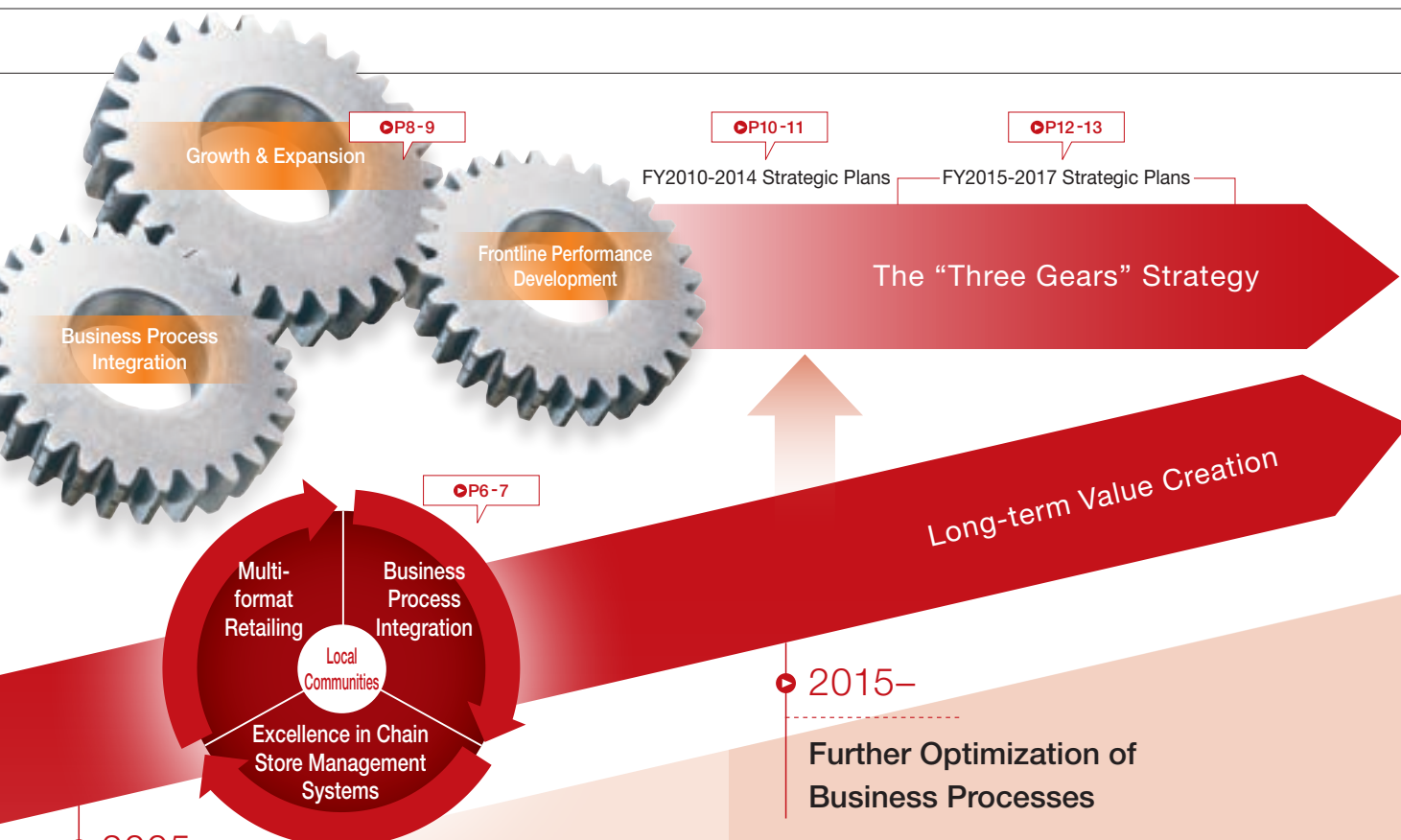
In 1958, we established Shufu-no-Mise Co.,Ltd. and opened the first supermarket in Ena-shi, Gifu (changed the company name to Valor Co.,Ltd. in 1974). We also established Chubu Yakuhin Co.,Ltd., a drugstore subsidiary, Chubu Foods Co.,Ltd., a prepared food manufacturing subsidiary and started a materials wholesale business for stores by Chubu Ryutu Co.,Ltd. We entered into a logistics business by Chubu Kosan Co., Ltd., a logistics subsidiary and in 1989, established the first distribution center in Tajimi-shi, Gifu.

1995–

Rolling out of Multi-format Retailing and Establishment of Distribution Network



While we expanded the scale of supermarket business, we built the bases for multi-format retailing. We merged with Fujiya Co.,Ltd., a home improvement center company and established AXTOS Co.,Ltd. and spun off a sports club business. We also established a distribution network in Hokuriku region in response to expanding business areas.



2005-

Expansion of Supermarket Business and Integration of Business Processes



In the supermarket business, we expanded our scale through organic growth and M&As. The major companies acquired are as follows: Tachiya Co.,Ltd., Youth Co., Ltd. and Sun-Friend Co.,Ltd. (currently Shokusenkan-Taiyo Co.,Ltd.). We also integrated business processes between manufacturing and retailing by establishing sourcing subsidiaries, production bases and distribution centers.

2015-

Further Optimization of Business Processes



In October 2015, we made a transition to a holding company to promote growth of business companies and improve corporate governance.

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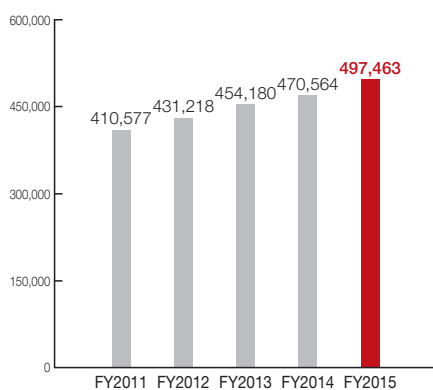
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V 11-year Summary of Financial Results

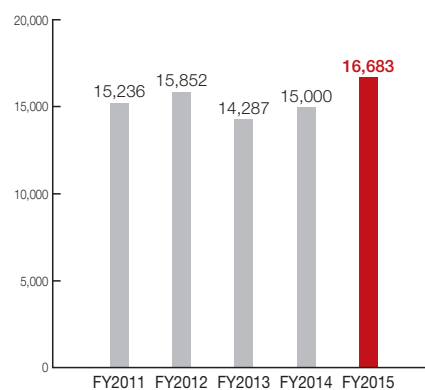
Valor Holdings Co.,Ltd. and its consolidated subsidiaries for the financial year ended March 31.

	FY2005	FY2006	FY2007	FY2008
For the year:				
Revenues from operations	255,321	288,168	318,026	336,342
Operating income	8,934	9,282	10,491	9,795
Ordinary income	9,824	9,965	10,835	10,186
Net income	1,653	3,915	4,136	3,387
At year-end:				
Total assets	128,629	156,086	164,609	170,328
Net assets	48,261	50,889	53,774	55,354
Shareholders' equity	48,261	50,164	53,341	54,560
Interest-bearing debt	40,819	57,557	61,710	69,631
Cash Flows:				
Cash flows from operating activities	9,561	11,422	13,942	11,408
Cash flows from investing activities	(8,280)	(20,520)	(16,869)	(15,929)
Free cash flows	1,281	(9,098)	(2,927)	(4,520)
Cash flows from financial activities	(1,776)	8,515	3,643	6,150
Cash and cash equivalents at the end of fiscal year	7,237	6,655	7,372	9,000
Capital Expenditures:				
Capital expenditures (based on payment)	13,692	21,400	19,607	16,988
Breakdown of expenditures:				
for new store openings	9,746	14,615	15,243	13,072
for refurbishing existing stores	2,278	4,530	3,025	2,562
for others	1,668	2,255	1,339	1,354
Depreciation and amortization (CF)	5,300	5,956	7,030	8,081
Per Share data:				
Net assets per share (BPS) (yen)	1,844.74	965.90	1,027.07	1,071.19
Net income per share (EPS) (yen)	63.01	74.97	79.66	65.57
Cash dividends per share (yen)	28	15	18	20
Dividend payout ratio	44.4%	20.0%	22.6%	30.5%
Financial indicators:				
Return on total assets (ROA)	8.1%	7.0%	6.8%	6.1%
Return on equity (ROE)	3.9%	8.0%	8.0%	6.3%
Shareholders' equity ratio	37.5%	32.1%	32.4%	32.0%
Debt equity ratio (times)	0.8	1.1	1.2	1.3

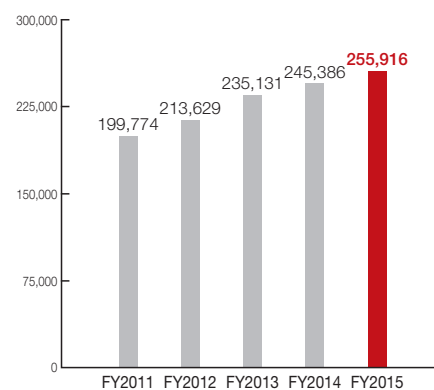
Revenues from operations (millions of yen)



Operating income (millions of yen)



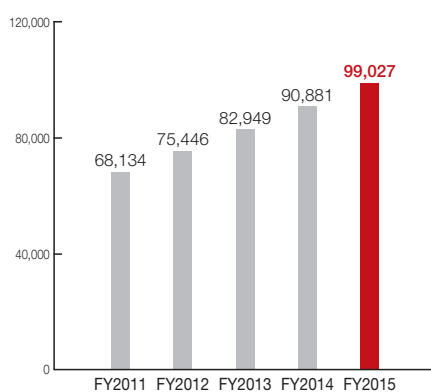
Total assets (millions of yen)



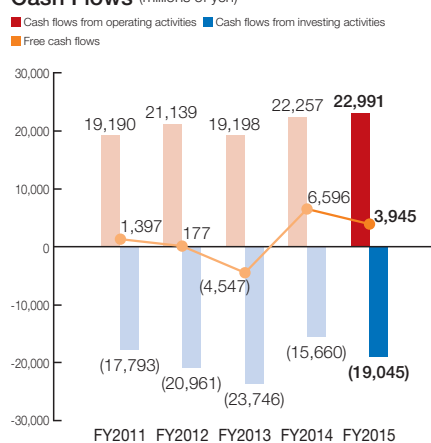
(Millions of yen)

FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
344,900	379,172	410,577	431,218	454,180	470,564	497,463
9,452	12,347	15,236	15,852	14,287	15,000	16,683
9,916	12,817	16,020	16,844	15,311	16,108	17,586
3,945	4,232	7,149	8,184	9,162	9,214	10,759
176,440	190,065	199,774	213,629	235,131	245,386	255,916
58,578	61,821	68,134	75,466	82,949	90,881	99,027
57,760	60,998	67,243	74,887	82,395	90,301	98,408
69,107	69,746	69,383	75,679	87,265	86,880	84,952
16,004	20,324	19,190	21,139	19,198	22,257	22,991
(10,453)	(14,428)	(17,793)	(20,961)	(23,746)	(15,660)	(19,045)
5,550	5,895	1,397	177	(4,547)	6,596	3,945
(5,291)	(1,608)	(2,283)	2,914	5,983	(3,745)	(6,758)
9,259	13,547	12,676	15,764	17,055	19,960	17,103
11,537	15,245	17,859	22,101	25,226	20,225	20,041
8,267	8,995	11,230	14,414	12,851	12,763	11,628
2,663	5,007	4,114	1,788	2,306	2,237	3,650
607	1,243	2,515	5,899	10,069	5,225	4,763
8,399	9,017	9,612	10,255	11,090	12,168	12,683
1,134.05	1,197.67	1,320.33	1,454.43	1,600.25	1,751.57	1,925.45
77.46	83.10	140.38	159.56	177.95	178.91	208.87
20	22	26	29	31	33	36
25.8%	26.5%	18.5%	18.2%	17.4%	18.4%	17.2%
5.7%	7.0%	8.2%	8.1%	6.8%	6.7%	7.0%
7.0%	7.1%	11.2%	11.5%	11.7%	10.7%	11.4%
32.7%	32.1%	33.7%	35.1%	35.0%	36.8%	38.5%
1.2	1.1	1.0	1.0	1.1	1.0	0.9

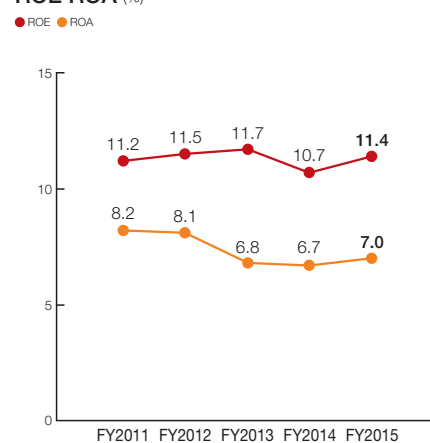
Net assets (millions of yen)



Cash Flows (millions of yen)



ROE-ROA (%)



Shifting gears from supply chain investment to business development will be shaped by the



Record-breaking results due to higher sales and profits across all business segments

The fiscal year ended March 31, 2016 (FY2015) marked a new starting point for the Valor Group in two ways: we adopted a holding company structure and began implementing new three-year strategic plans. We achieved new records for consolidated revenues from operations and earnings, along with higher sales and profits across all business segments.

In our core supermarket business, we opened nine new stores and refurbished eleven, while focusing on upgrading our existing store network. We commenced operations at a new processing center in Kani-shi, Gifu, that now supplies packed fresh meat to the Valor supermarkets. This center completes the upgrading of our supply chain infrastructure. While we saw Valor's same-store sales dip slightly, the new support systems are contributing to improved efficiency and have helped our Tachiya supermarket chain become more competitive.

Regarding the other business segments, we opened 33 new drugstores, more than ever, and made further progress in developing our home improvement center business centering on large-scale specialist stores. We posted double-digit gains in profit in both of these segments. Our sports club segment also generated solid growth with the development of a new fitness gym format. Supported by the increased scale of our retail operations, the distribution-related segment also made an excellent contribution to consolidated earnings.

We plan to open 62 new Valor Group stores in FY2016, including 40 new drugstores, which is more than the stores we opened in FY2015. We expect to achieve higher sales and profits on a consolidated basis, on the foundation of continued growth in the drugstore and home center segments and anticipated improvements in the profitability of our core supermarket operations.

Using resources to leverage the strengths of business process integration

The objective of moving to a holding company structure is to increase corporate value through a business strategy made efficient and flexible by our governance

frontline HR training, our medium- to long- term “Three Gears” strategy.

structure. Our new three-year strategic plans that began in FY2015 seek to correct the previous situation where our growth was primarily a function of scale expansion in our supermarket chain, and focus instead on improving profitability. Under these plans, we will establish the new business base for the Group, as targeted under the holding company structure.

Through business development based on this policy, the drugstore and home improvement center chains have steadily expanded to the point where they are now growth drivers for the Group. However, we also aim to reposition the supermarket business as a growth driver for the future since it is the essence of who we are as Valor Group and how we ought to address social issues.

Social issues are making a serious impact on retailing in Japan's regions. Demographic factors such as low birth rates and aging, food supply instability caused by a lack of people willing to inherit farms and continue cultivating the land, and a lack of jobs caused by lower population densities make retail operations tougher in the provinces than in the cities. Our response to these challenges has been to create competitive formats while trying to leverage business process integration from sourcing to retailing.

Regarding peripheral operations such as procurement, production, processing and distribution, which have contributed to improvements in the efficiency of our operations, we aim to expand sales to external parties to secure a new source of earnings. We intend to pursue business process integration from sourcing to retailing while securing gains in productivity.

Shifting emphasis from supply systems to training of frontline staff

In an environment where supermarkets are competing not only with one another, but also with other retail formats, we need to develop stores that can attract customers who come from afar to help deepen our customer base. Going forward, we aim to create supermarkets into category killers for fresh produce by offering everyday low pricing and being capable of evolving sales approaches in line with shifting customer preferences.

This shift in emphasis, however, requires in-store staff with a high degree of sales expertise, which is something that takes time to develop. Consequently, now that we have finished upgrading our supply chain infrastructure, the Valor Group's next policy is in investing more resources in the training of frontline personnel. We are currently developing new training facilities; and as we expand our recruitment efforts, we will focus on developing excellent frontline staff.

Implementing “Three Gears” strategy based on medium- to long-term perspective

The policies I have outlined are a continuation of our “Three Gears” strategy that comprises “Growth and Expansion,” “Business Process Integration from sourcing to retailing,” and “Frontline Performance Development.” We have pursued the development of the Valor Group consistently from a medium- to long-term perspective based on this strategy. As a holding company, we can now optimally allocate business resources to achieve consistent growth while continuing to improve profitability.

In line with the strong performance in FY2015, we raised the year-end dividend to ¥19 per share, an increase of ¥2 compared with the previous year. Combined with the interim dividend of ¥17 per share, this resulted in total annual dividends for FY2015 of ¥36 per share (a payout ratio of 17.2%), an overall year-on-year increase of ¥3 per share.

We expect to raise the annual dividends in FY2016 further to ¥40 per share (interim of ¥19, year-end of ¥21). Our goal over the longer term is to increase the payout ratio to 25%. As we strive to improve performance further, we are committed to increasing returns to shareholders.

In closing, I would like to ask all of the shareholders and investors for their continued support of the Group for years to come.

Chairman & CEO

Masami Tashiro

Corporate Value Initiatives

The Valor Group has developed its business strategies and adjusted them to social changes by assuming upcoming needs and demands. Our corporate values have been derived from the following initiatives:

excellence in chain store management systems, multi-format retailing and business process integration.

1 Excellence in Chain Store Management Systems

Firstly, chain store management systems have been effective for us to achieve rapid growth and sufficient scale for providing goods at reasonable costs and quality. Under the systems, we have defined operational requirements for headquarters and stores, and then simplified and standardized operational processes at stores. We also have established a distribution network and production bases to improve efficiency. It enables us to operate stores by a limited number of staff and reduce operational costs. Under the recent changes such as aging and decline in workforce, simplifying and standardizing operational processes remains crucial for achieving sustainable growth.

2 Multi-format Retailing

Since the early stage of our history, we have rolled out multi-format retailing. It was closely related to our locations with lower population densities. Multi-format retailing has been useful for us to bring richness of lives in local communities as well as gain better brand recognition and market shares through a broad assortment of products and services.

The recent fierce competition between formats, technological advancements in shopping behavior and decreasing local suppliers force us to rethink our roles in local communities. Under these changes, we intend to provide customers with products and services through our all resources. In the fiscal year 2015, the home improvement center launched life support services and Chubu Foods Co.,Ltd. accelerated to receive sales orders for local festivals.

3 Business Process Integration

In the food distribution industry, we have struggled for lean margins, which were shared by many intermediates. To optimize the entire processes from sourcing to retailing, we have established an efficient distribution network. As many of our stores are located in lower population density, we have pursued operational efficiency and reduced the break-even point.

In our business processes, we are also responsible for maintaining sustainable societies through controlling carbon dioxide emissions, reducing food waste and encouraging recycling. We take such environmental-friendly initiatives in our production bases and distribution centers as well as in our stores.

Social Issues

Imbalance between Food Supply and Demand

- Intense competition between formats
- Aging and lack of successors in regional agriculture
- Possible impact of TPP agreement on local suppliers



Changes in Labor Market

- Aging and decline in workforce
- Changing labor-related policies
- Impact of increasing labor costs



Changing Consumers & Retail Market

- Aging and declining population
- Impact of IT innovation on shopping behavior
- Decreasing local suppliers serving local communities



Changing Global Environment

- Global warming and climate change



Long-term Value Initiatives



Creating New Values for Local Communities

- We aim to
- achieve sustainable growth against 'law of diminishing return'
 - provide customers with goods & services of desired quality at reasonable costs
 - serve the local communities through leveraging our resources

Fine-tuning into Strategies

The "Three Gears" strategy



Our Solutions

Stable Procurement

- Collaboration with suppliers to secure a stable supply of produces



Human Resource Development & Recruitment

- Simplification of operational processes by utilizing infrastructures
- Professional development
- Increasing diversity in the workplace



Maintenance of Living Environment for Local Communities

- Format development
- Taking over functions performed by local suppliers



Recycling-oriented Economic System

- Carbon dioxide emissions control
- Reduction of food waste
- Recycling encouragement



Business Strategies “Three Gears”

Offering New Values for Local Communities

Based on corporate value initiatives, the Valor Group has created its unique business model that optimizes the entire process from sourcing to retailing. It is sustained by business strategies called the “Three Gears”:

1. Growth & Expansion
2. Business Process Integration between manufacturing and retailing
3. Frontline Performance Development

We make the gears mesh properly to obtain sustainable growth and increase corporate values.

Our business model requires a sufficient scale of operations to provide value-added products at reasonable costs. We have expanded our store network around distribution centers, while raising density of coverage. It allows us to capture an overwhelming market share and increase operational efficiency.



2 Business Process Integration between manufacturing and retailing

Controlling the entire process enables us to share demand forecast & production plan and eliminate waste in supply chains. We have designed effective distribution channels by coordinating our own sourcing companies, production bases and distribution centers.

We have developed private labels, which offer value for money and better margin than national brands. They are sold under the brand names of “V-Select”, low-priced and “V-Quality”, value-added. In June 2014, we launched new brand, “V-Premium”. It contains ingredients, which are selected and available at limited seasons. We provide the brands for supermarkets, drugstores, home improvement centers and other companies through V-Solution Co., Ltd., a subsidiary. We manage the risk of demand-supply mismatches by highly accurate sales plans and outstanding sales capabilities.

In the fresh meat category, we provide stores with packaged meat from our five processing centers, which source raw materials from Chubu Meat Co., Ltd., a subsidiary. It brings us to reserve intermediate margins within the Valor Group. We also reduce costs at stores by eliminating operating processes such as trimming and cutting meat and decreasing spaces for processing.

The recent changes in fresh produce distribution forced us to secure stable procurement as well. They are mainly caused by aging & lack of successors in regional agriculture and climate changes connected with global warming. We intend to collaborate with local suppliers and develop value-added products together.

V select

“V Select” covers basic items which are indispensable to your daily life. Under this brand name, we offer good-quality products at low prices.

Sliced Ham 160g

Tea 500ml

V Quality

“V Quality” represents tasty food items made from carefully chosen ingredients. We deliver fine quality at an affordable price.

Japanese Soy Beans Tofu

Sesame Dressing

V premium

“V Premium” refers to premium food made from handpicked and superior ingredients and recipes. Turn your meal into fine dining with this brand!

Black Pork Dumplings

Coarsely Ground White Sausage

1

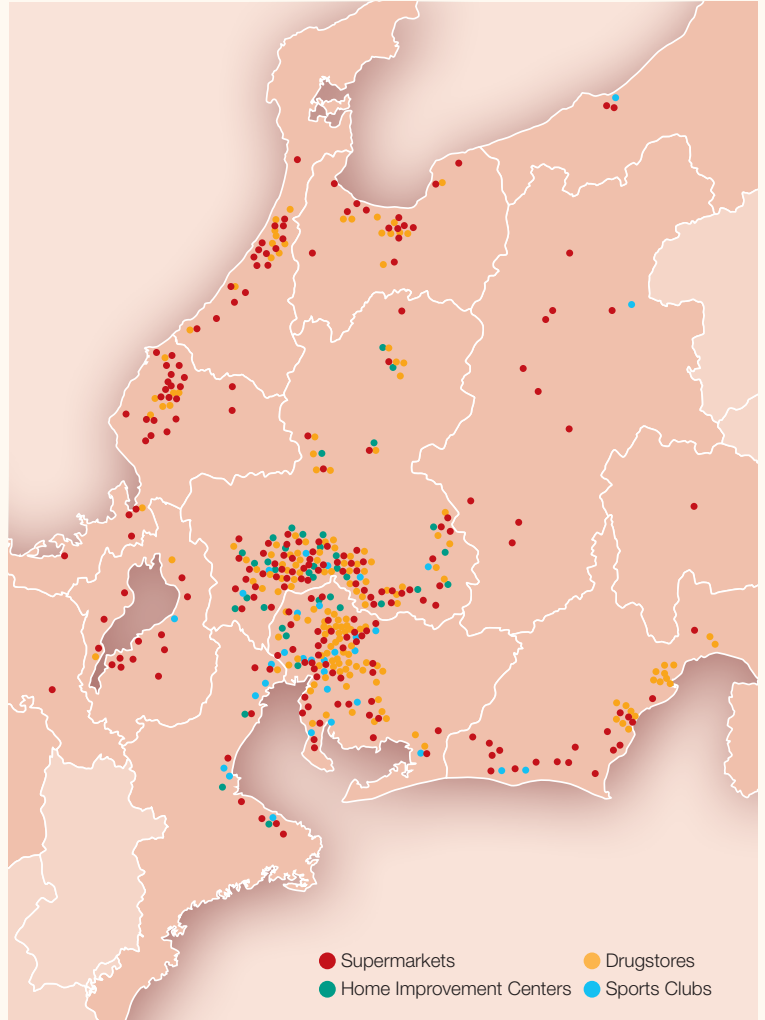
Growth & Expansion

Frontline Performance Development

In addition to the supermarket business, we also consider our drugstore and home improvement center businesses as key drivers for growth. “V-drug”, a drugstore chain has also focused on establishing store network to gain shares and achieve economies of scale.

V-drug collaborates with local nursing homes to support their health care, while it meets customers' needs for convenience through a broad range of food.

“Home Center Valor”, a home improvement center chain has developed relatively large stores over 10,000 square meters, which carry a professional assortment of building and farming materials for business customers.



3

Frontline Performance Development

To gain benefit from expanding scale of operations, we must upgrade skills of frontline employees and improve productivity at stores. The skills combine a thorough knowledge of store operations with abilities to implement sales plan and provide outstanding customer services.



FY2010-2014 Strategic Highlights

The FY2010-2014 strategic plans focused on expanding scale. We assumed that a certain volume was necessary to provide customers with value-added products through efficient supply chains.

In the FY2010-2014 strategic plans, we planned to open 80 supermarkets and 100 drugstores. We also set financial targets as bellows to achieve sustainable growth against 'law of diminishing return'. Although we could not reach the targets, we gained sufficient volume and established a network of infrastructures to improve productivity and supply stores located in expanding areas.

FY2010-2014 Financial Results

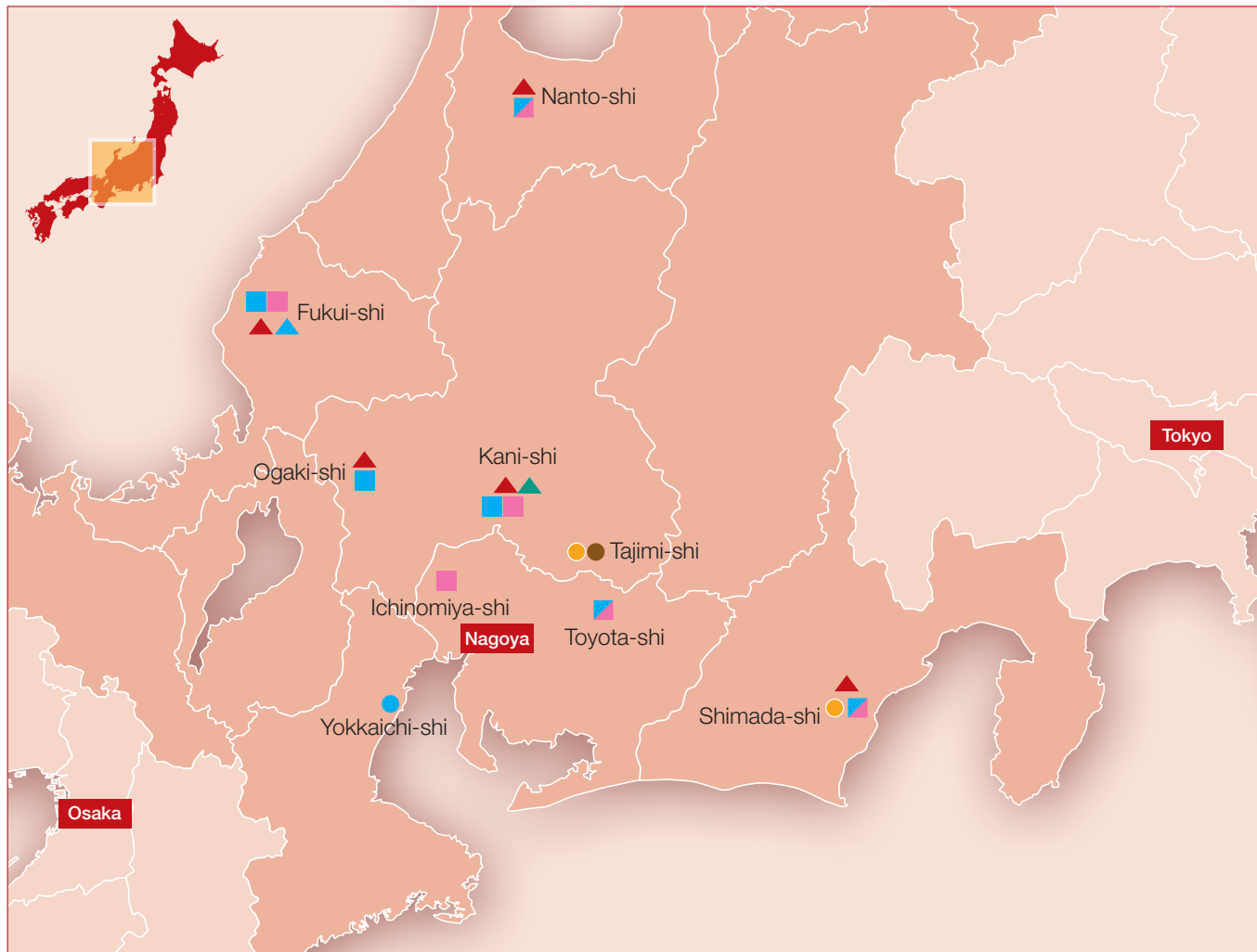
(Millions of yen)

	FY2009	FY2014 targets	FY2014
Business strategies	The "Three Gears" Strategy		
Strategic goals		Business scale expansion	
Revenues from operations	344,900	500,000	470,564
Operating income	9,452	—	15,000
Ordinary income	9,916	20,000	16,108
Net income	3,945	10,000	9,214
CAGR (Revenues from operations)			6.4%
ROA	5.7%	8.0%	6.7%
ROE	7.0%	—	10.7%
Dividend payout ratio	25.8%	—	18.4%

Progress in FY2010-2014

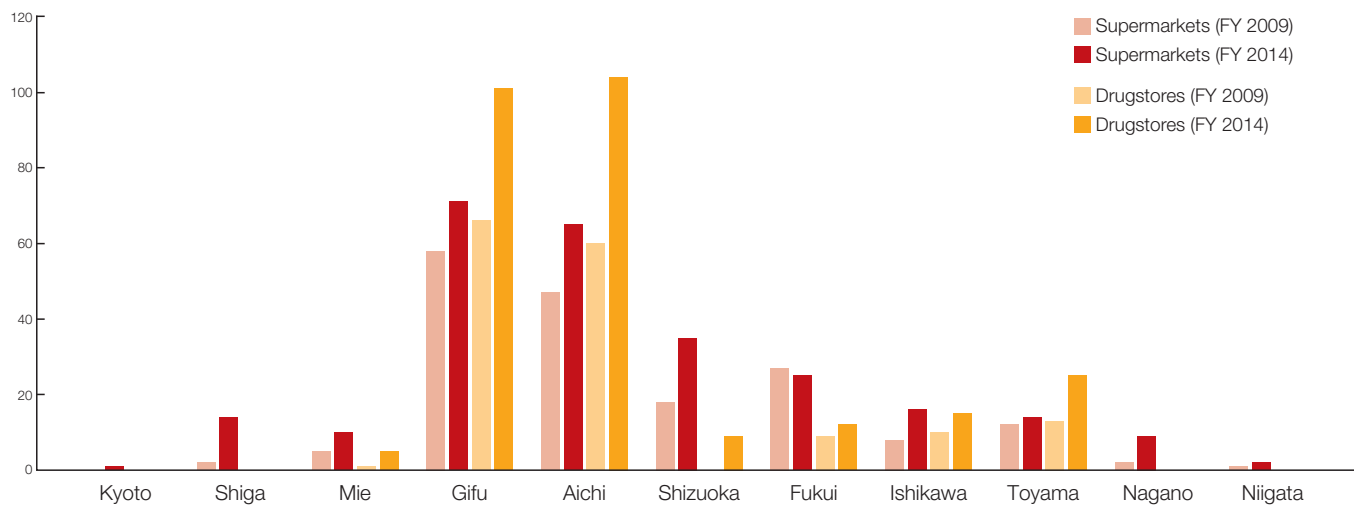
Expanding Sale	Net increase in stores	76 supermarkets and 112 drugstores
Development of Infrastructures	Processing centers	- Developed 4 processing centers (3 for fresh meat and 1 for fresh vegetables & fruits) and acquired 2 processing centers (1 for fresh meat and 1 for fresh fish)
	Production base	- Established another production base for prepared food and renovated existing factory for fish products
	Distribution centers	- Relocated 2 centralized distribution centers to improve sourcing and productivity - Developed 3 distribution centers for serving stores located in expanding areas - Refurbished distribution centers for drugstores and home improvement centers to handle broad range of products
Business Process Integration		- Established whole subsidiaries of fresh meat, flowers and others to source high quality of products at low costs - Entered into an agricultural business by running mushroom and tomato farms

Locations of Infrastructures related to the Supermarket Business



Distribution Centers : ■ for chilled products ■ for ambient- temperature products ■ for chilled & ambient- temperature products
 Processing Centers : ▲ for fresh meat ▲ for fresh vegetables & fruits ▲ for fresh fish
 Production Bases : ● for prepared food ● for fresh bakery ● for fish products

Distribution of Supermarket and Drugstores (as of FY2009 & FY 2014)



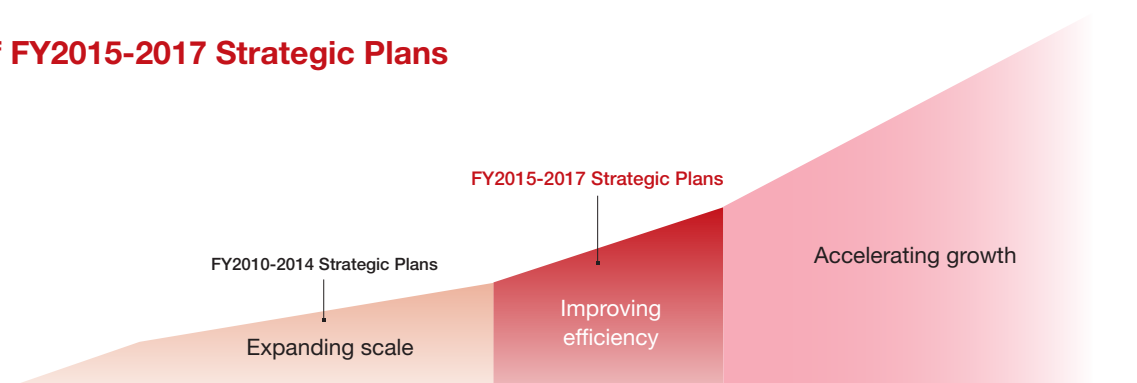
FY2015-2017 Strategic Plans

Improving Efficiency and establishing a Solid Foundation for Growth

The FY2015-2017 strategic plans focus on improving efficiency through reforming the supermarket segment, our core business. It could bring us to next long-term targets, which are projected to accelerate growth with profitability. Thoroughly executing the FY2015-2017 plans, we intend to build a strong relationship with stakeholders such as customers, business partners and shareholders.

The FY2015-2017 strategic plans consist of three major sections. Firstly, we improve profitability by strengthening existing supermarkets through refurbishing stores and improving assortment. We also increase quality of products and productivity through utilizing infrastructures. Secondly, we identify drugstore and home improvement center as key drivers for growth. Thirdly, we sustain growth of each business unit and strengthen corporate governance by reforming organizational structures.

Positioning of FY2015-2017 Strategic Plans



(Millions of yen)

	FY2009	FY2014	FY2015	FY2017 target	Long-term target
Business strategies	The "Three Gears" strategy				
Strategic goals		Business scale expansion	Improving efficiency		Accelerating growth
Revenues from operations	344,900	470,564	497,463	550,000	1,000,000
Operating income	9,452	15,000	16,683	21,000	
Ordinary income	9,916	16,108	17,586	22,000	
Net income	3,945	9,214	10,759	13,000	
CAGR (Revenues from operations)		6.4%	5.7%	5.3%	7-8%
ROA	5.7%	6.7%	7.0%	8.0%	
ROE	7.0%	10.7%	11.4%	above 11.0%	
D/E ratio	1.2	1.0	0.9	below 0.9	
Dividend payout ratio	25.8%	18.4%	17.2%	Over 25% (medium & long-term target)	

Strategic Plan Progress Report (FY2015)

1 Structural reforms

In the Valor supermarket chain, we worked to make existing stores more competitive by using the fresh produce section to attract customers, while also improving merchandising and refurbishing stores. Capitalizing on our supply infrastructure, we endeavored to bolster productivity and improve our value proposition. With the opening of the Kani Processing Center, our fifth fresh meat processing center, we can now supply fresh meat to all Valor supermarket stores, making store operations more efficient and optimizing personnel assignments. Chubu Foods Co., Ltd., which handles production and sales of prepared foods, promoted product development using the vegetable washing and sterilization equipment newly installed at its Shizuoka facility; it began in-house production of seasonings for prepared foods as well. Furthermore, we enhanced our product development systems and began fostering a category in which we can achieve competitive advantage over other retail formats.

TOPICS

Upgrading the product development capabilities of Chubu Foods



Newly developed product: Chinese-style fried chicken

2 Development of key growth drivers

In the drugstore business, we focused on upgrading the lineup of food merchandise and on expanding drug dispensary operations. We used the logistics functions developed in FY2014 to expand the distribution of frozen foods and perishables, while improving cosmetics sales counters and adding beauty counseling functions to boost our stores' specialty appeal. New store openings were mainly in Aichi and Gifu prefectures; and after opening a record high of 33 new stores and closing three outlets, we have expanded the chain to 301 stores as of the end of March 2016.

The Valor home improvement center business posted strong sales of agricultural supplies and DIY products. In October 2015, we opened Home Center Valor Kitagata Store on an 8,200m² site, offering an expanded lineup of building materials and horticultural supplies.

TOPICS

Chubu Yakuhin with more than 300 drugstores



3 Organizational reforms

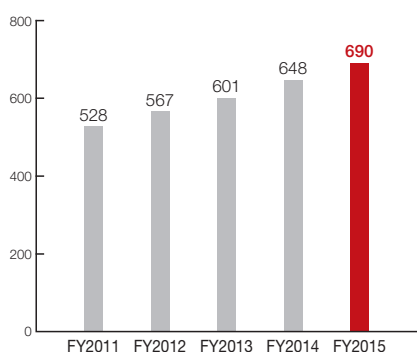
The Valor Group adopted a holding company structure on October 1, 2015. The holding company comprises operational management functions such as general affairs, HR and finance; strategic Group functions such as development, logistics and IT systems; and risk management and other corporate governance functions. In March 2016, we opened a new HQ in Nagoya. Some headquarters functions have been transferred to Nagoya as part of upgrading HR, training and other strategic Group functions.

TOPICS

Some headquarters functions have been transferred to the Nagoya HQ

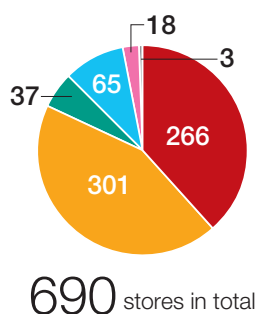


Number of stores



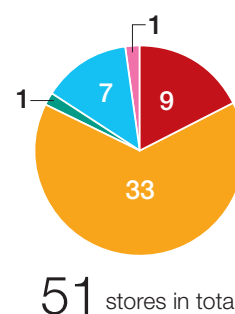
Number of stores by format

● Supermarkets ● Drugstores ● Home Improvement Centers
● Sports Clubs ● Pet Shops ● Others



New store openings by format

● Supermarkets ● Drugstores ● Home Improvement Centers
● Sports Clubs ● Pet Shops



(Millions of yen)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Supermarkets							
Revenues from operations	240,138	269,918	293,505	303,521	313,208	321,458	329,266
Operating income	7,683	9,580	10,783	11,028	8,443	9,760	9,887
Total assets	105,438	114,693	119,293	127,490	142,260	144,604	153,045
Capital expenditures	7,477	12,012	9,199	12,915	17,931	12,078	10,506
Depreciation and amortization	5,283	5,430	5,978	6,346	6,826	7,381	7,556
Drugstores							
Revenues from operations	48,373	50,651	54,850	62,497	73,028	80,470	95,152
Operating income	1,009	1,357	2,294	1,934	2,449	1,961	2,736
Total assets	21,493	22,814	26,501	29,065	33,649	38,557	44,602
Capital expenditures	947	1,400	2,547	3,134	3,893	4,333	5,776
Depreciation and amortization	817	860	979	1,183	1,454	1,780	2,114
Home Improvement Centers							
Revenues from operations	36,919	38,928	41,734	43,810	46,559	46,556	48,629
Operating income	677	1,269	1,677	1,869	2,330	2,011	2,450
Total assets	17,633	17,479	18,553	19,456	19,068	22,430	22,499
Capital expenditures	166	730	1,943	1,259	464	2,276	1,478
Depreciation and amortization	983	876	867	899	875	910	945
Sports Clubs							
Revenues from operations	8,371	8,514	8,604	8,788	8,955	9,271	9,838
Operating income	40	77	247	420	419	463	532
Total assets	13,023	12,009	11,287	10,760	10,382	10,611	10,634
Capital expenditures	1,755	146	124	319	338	527	791
Depreciation and amortization	747	770	669	666	636	655	711
Distribution-related operations							
Revenues from operations	5,282	5,929	6,383	6,699	7,228	7,638	8,590
Operating income	1,943	2,410	2,761	3,062	2,995	3,395	3,647
Total assets	11,456	15,339	17,514	18,809	22,351	24,082	23,961
Capital expenditures	28	439	1,659	1,888	2,155	624	478
Depreciation and amortization	40	381	439	550	784	819	716

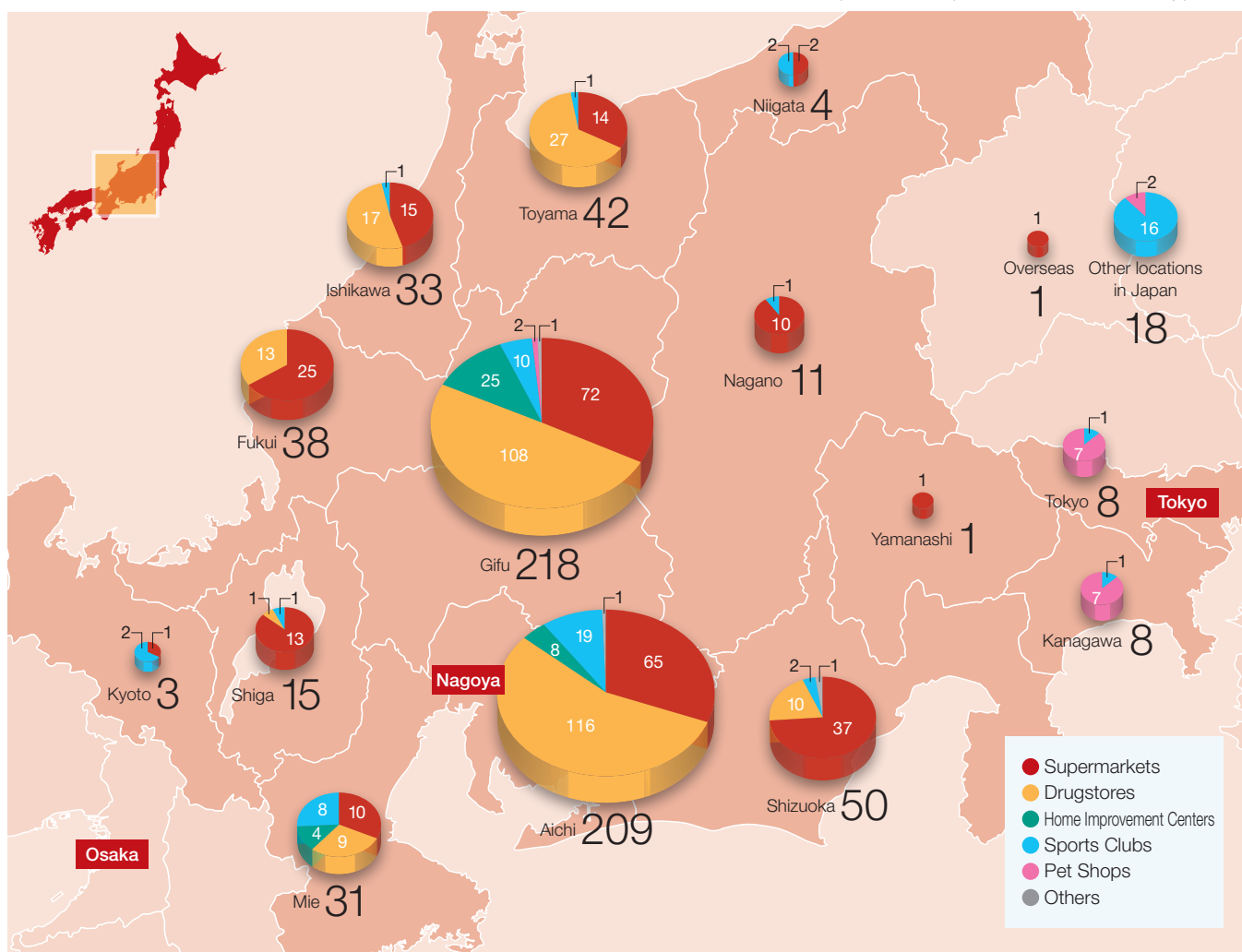
Store Network

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Supermarkets	187	202	218	238	251	263	266
Valor	131	147	163	179	221	232	235
Tachiya	10	10	11	11	13	13	13
Youth*	29	28	29	31	—	—	—
Shokusenkan-Taiyo	10	17	15	15	15	17	17
Varo Mart	—	—	—	2	2	1	1
Other	7	—	—	—	—	—	—
Drugstores	159	174	193	214	241	271	301
Home Improvement Centers	36	36	34	35	35	36	37
Sports Clubs	51	51	51	52	54	58	65
Pet Shops	17	16	17	17	17	17	18
Others	12	15	15	11	3	3	3
Total	462	494	528	567	601	648	690

Note: *merged into Valor in October, 2013.

Stores by format and by prefecture (FY2015)

The figures indicate the number of stores; the size of the pie charts corresponds to the number of stores by prefecture.



Supermarket Business

This business segment includes the operations of supermarket operators Valor Co., Ltd., Tachiya Co., Ltd. and Shokusenkan-Taiyo Co., Ltd.; food processing subsidiaries Chubu Foods Co., Ltd. and Daien Foods Co., Ltd.; and food wholesalers Shufu-no-Mise Shoji Chubu Honsha Co., Ltd., Chubu Meat Co., Ltd. and V-Solution Co., Ltd. The target business model is one that optimizes the entire business process from sourcing to retailing.

Besides opening new stores, operating companies in this segment have expanded in scale through M&A. The main companies that have been converted into subsidiaries are Tachiya Co., Ltd., Youth Co., Ltd. (merged into Valor in October 2013), and SunFriend Co., Ltd. (currently Shokusenkan-Taiyo). Valor Co., Ltd. has stores in 12 prefectures, centering in Gifu and Aichi prefectures; Tachiya Co., Ltd. has stores in Aichi, Gifu and Mie prefectures; and Shokusenkan-Taiyo Co., Ltd. operates in Shizuoka Prefecture. The Group is looking to increase store density steadily across each of these parts of Japan.

► FY2015 Results

Segment revenues from operations increased 2.4% year on year to ¥329,266 million, while operating income rose 1.3% to ¥9,887 million. Efforts in this segment focused on making existing stores more competitive by using the fresh produce section to attract customers, as well as improving the merchandise lineup and refurbishing stores. Amid increasingly fierce competition to secure sites for new stores, the Group worked to secure well-located premises with fixtures and equipment and also vacant sites. New Valor supermarkets were opened in Takatsuka, Hamamatsu in October 2015 and in Hinode-cho, Anjo in December 2015. The Kitanomori and Akiwa supermarkets were relocated to larger sites in October 2015 and November 2015, respectively, to accommodate a greater choice of merchandise.

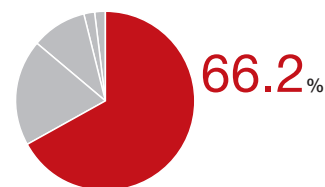
The Group sought to leverage its supply infrastructure to improve productivity and raise the quality of merchandise. With the opening of the Kani Processing Center, our fifth fresh meat processing center, we can now supply fresh meat to all Valor supermarkets, making store operations more efficient and optimizing personnel assignments. Chubu Foods Co., Ltd., which handles production and sales of prepared foods, promoted product development using the vegetable washing and sterilization equipment newly installed at its Shizuoka facility; it began in-house production of seasonings for prepared foods as well. Furthermore, we enhanced our product development systems and began fostering a category in which we can achieve competitive advantage over other retail formats.

After of nine store openings and six closures in FY2015, the Valor supermarket chain stands at 266 stores at the end of March 2016. The 0.2% year-on-year fall in same-store sales was more than offset by the increased competitiveness of Tachiya and of the stores we opened in FY2014 to FY2015, resulting in higher sales and profits at the segment level.



No. of stores **266**
 Ave. floor space **1,723** m²
(Valor Co., Ltd.)

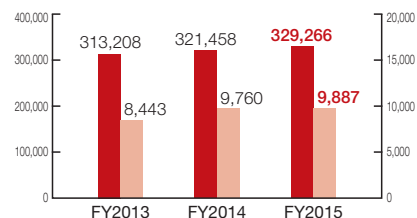
● Revenues from operations by segment



● Revenues from operations/operating income

Revenues from operations ... **¥329,266** million
 Operating income **¥9,887** million

■ Revenues from operations ■ Operating income (millions of yen)



Drugstore Business



Established in February 1984 as a retailer of medicines, Chubu Yakuhin Co., Ltd. has since steadily expanded its network of drugstores. Surpassing 100 stores in 2003, 200 stores in 2012, and 300 stores in 2016, the chain now extends across eight prefectures, centering in Aichi and Gifu.

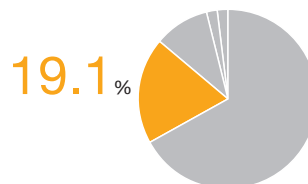
► FY2015 Results

Segment revenues from operations increased 18.2% year on year to ¥95,152 million, while operating income rose 39.5% to ¥2,736 million. Same-store sales grew 10.6%, reflecting the efforts to upgrade the lineup of food merchandise and to expand dispensary operations. The Group also used the logistics systems developed in FY2014 to expand distribution of frozen foods and perishables, while improving sales counters using ID-POS systems technology. In other initiatives, the Group developed themed product displays to improve cosmetics sales counters and added beauty counseling to boost the specialty appeal of these stores.

The drugstore chain has 301 stores as of the end of March 2016, with a record of 33 new outlets opened in FY2015 along with the closure of three stores. Most of the new stores were located in the prefectures of Aichi and Gifu to help boost the Group's market share in these areas. Efforts also focused on upgrading personnel systems to support continued chain development through recruitment and training, with the overall aim of retaining more pharmacists, sales staff and store managers with the relevant qualifications and experience.

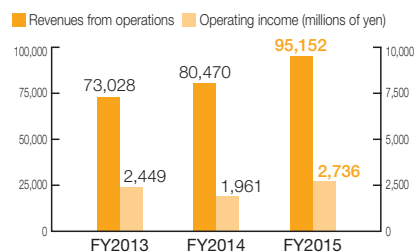
No. of stores **301**
Ave. floor space **821** m²

● Revenues from operations by segment



● Revenues from operations/operating income

Revenues from operations **¥95,152** million
Operating income **¥2,736** million



Home Improvement Center Business



The home improvement center business began operations in August 1990 after the transfer of assets from the other Group companies. It grew in scale in October 1995 resulting from a merger with Fujiya. Located mainly in Gifu Prefecture, the chain is also expanding in Aichi and Mie prefectures.

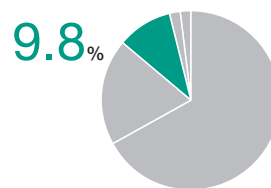
► FY2015 Results

Segment revenues from operations increased 4.5% year on year to ¥48,629 million, while operating income surged 21.8% to ¥2,450 million. Home Center Valor's same-store sales rose 2.1%, boosted by brisk sales of agricultural supplies and home renovation products. In October 2015, the Group opened Home Center Valor Kitagata on an 8,200m² site in Kitagata, Motosu-gun, Gifu Prefecture, offering an expanded lineup of merchandise including building materials and horticultural supplies. The network has 37 outlets as of the end of March 2016.

The Group sought to reinforce its position as a specialty retailer by investing in product and service categories which require more specialist knowledge and expertise. In November 2015, a pet products section was opened at Home Center Valor Takayama. In March 2016, a "Tire Ichiba (Market)" facility opened inside Home Center Valor Mizunami-Chuo, the seventh facility offering sales and maintenance services for automobile tires within the network.

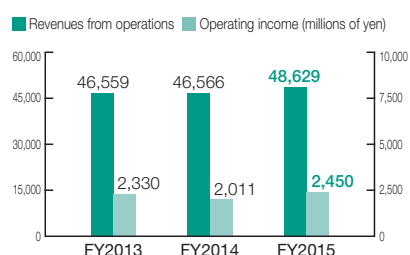
No. of stores **37**
Ave. floor space **5,467** m²

● Revenues from operations by segment



● Revenues from operations/operating income

Revenues from operations **¥48,629** million
Operating income **¥2,450** million



Sports Club Business



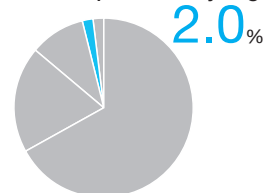
The sports club business commenced operations in April 1998 following the transfer of assets from Valor. Its clubs feature a combination of training gyms, swimming pools, tennis courts and other facilities. It also began operating the low-investment chain of “Will_G” fitness gyms in September 2013, which offers memberships on a relatively low monthly subscription basis. The network of clubs is mainly based in the prefectures of Aichi and Gifu, but is also expanding into other regions with higher population densities such as the Kanto and Kansai regions.

FY2015 Results

Segment revenues from operations increased 6.1% year on year to ¥9,838 million, while operating income grew 14.7% to ¥532 million. After a full-scale expansion in the previous year, the “Will_G” chain of fitness gyms recorded steady progress. Seven new clubs were opened, including a major facility called “AXTOS Will_G Icora Mall Izumisano” in Izumisano-shi, Osaka Prefecture in May 2015. The chain comprised 65 outlets as of the end of March 2016. The business posted higher sales and profits due to increasing revenue from club membership fees and the various contributions from the facilities opened from FY2014 to FY2015.

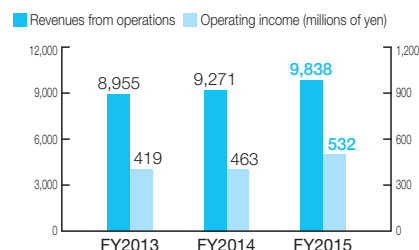
No. of stores 65

Revenues from operations by segment



Revenues from operations/operating income

Revenues from operations ¥9,838 million
 Operating income ¥532 million



Distribution-related operations

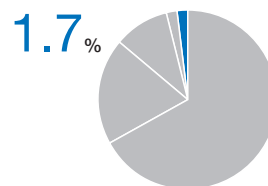


The principal subsidiaries operating in this segment are the logistics operator Chubu Kosan Co., Ltd.; food, sundries and materials wholesaler Chubu Ryutu Co., Ltd.; and the facilities maintenance services provider Mentex Co., Ltd. Besides helping to increase the operational efficiency of other Group companies, these firms also engage in transactions with external customers.

FY2015 Results

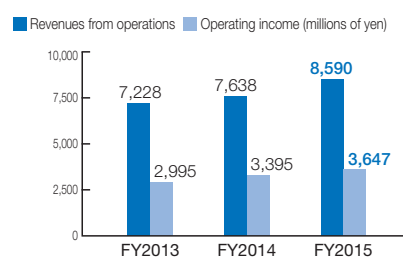
Segment revenues from operations increased 12.5% year on year to ¥8,590 million, while operating income rose 7.4% to ¥3,647 million. Responding to the increasing scale of the Group’s retail operations, subsidiaries operating in this segment focused on improving the Group’s infrastructure while maintaining and raising the level of services.

Revenues from operations by segment



Revenues from operations/operating income

Revenues from operations ¥8,590 million
 Operating income ¥3,647 million



The Valor Group is engaged in sustainability management using two approaches, namely 1) sustainability of business activities and 2) management of the social and environmental impacts of business activities to contribute to realization of a sustainable society, to enhance its corporate value over the medium to long term.

Regarding corporate governance, human resources development and the environment, we have clarified the organizational structure of the Group and key issues concerning the business model. We are cultivating a corporate culture in which continuous improvement is pursued.

	Key issues	Activities to secure sustainability of business or activities to manage impact of business	The Company's characteristics and improvements
Governance	1. Management transparency	· Organizational design	· Transition to a company with audit & supervisory committee · Change of the composition of the Board of Directors and change of the quorum of Outside Directors
	2. Speedy decision-making		· Framework for decision-making concerning business execution
	3. Risk management in relation to the business model	· Compliance systems · Risk management systems	· Relations with organs · Expansion of the scope of application to include operating companies · Integrated information management · Expansion of the scope of application to include operating companies
Human resources development	Human resources development to sustain growth	· Recruitment and fostering of human resources · Supporting diverse people to enable them to maximize their capabilities	· Increase in the number of sites where recruitment is conducted · Support of female workers to enable them to maximize their capabilities, employment of the disabled
Environment	Reduction of environmental impacts	· Reduction of CO ² emissions · Waste reduction · Promotion of recycling	· Reduction of power consumption, energy-saving operations · Reduction of food waste · Promotion of recycling of food waste

Constructive Dialogues with Shareholders

The IR Office represents the Company in its constructive dialogues with shareholders. It actively engages in dialogues with shareholders and provides feedback to management. For effective IR activities, the IR Office has identified the composition of the Company's shareholders and endeavors to reflect it in the dialogues. Appropriate disclosure in a timely manner is also emphasized, hence the establishment of a disclosure policy coinciding with the relaunch of the Company's website in October 2015. Both financial information and non-financial information are posted, including the management philosophy, business strategies, and the mid-term business plan.

Dialogues with shareholders in FY2015

58th Ordinary General Meeting of Shareholders (Held June 25, 2015)	955 shareholders attended
Dialogues with institutional investors	Direct dialogues: 150 times (In addition to business results presentations and small meetings attended by top management, includes individual meetings, facility tours, teleconferences, etc.)

Basic Policy

The fundamental objectives of the Company's corporate governance are to achieve efficient management and faster decision-making and enhance corporate value continuously, while ensuring management transparency and fairness, thorough risk management as well as timely and appropriate disclosure from the viewpoints of shareholders, customers and all other stakeholders. Having established the basic policy on corporate governance consisting of five points, namely 1. Upholding shareholders' rights and equality, 2. Appropriate collaboration with non-shareholding stakeholders, 3. Appropriate disclosure and securing of transparency, 4. Responsibility of the Board of Directors etc., and 5. Dialogues with shareholders, we are working to strengthen our corporate governance.

Corporate Governance Systems

In October 2015, the Company transitioned to a holding company structure. The Company as the holding company is responsible for the Group's strategic planning and for oversight of business execution of operating companies. The objectives are to maximize corporate value through the optimum allocation of resources and to enhance governance. To realize these objectives, we have reviewed the organizational structure of the holding company and operating companies and clarified responsibilities and authority for faster business execution and strengthened oversight. For faster business execution, we have established the Group Management Executive Committee where decisions are made on investment projects of operating companies and management issues of operating companies are discussed.

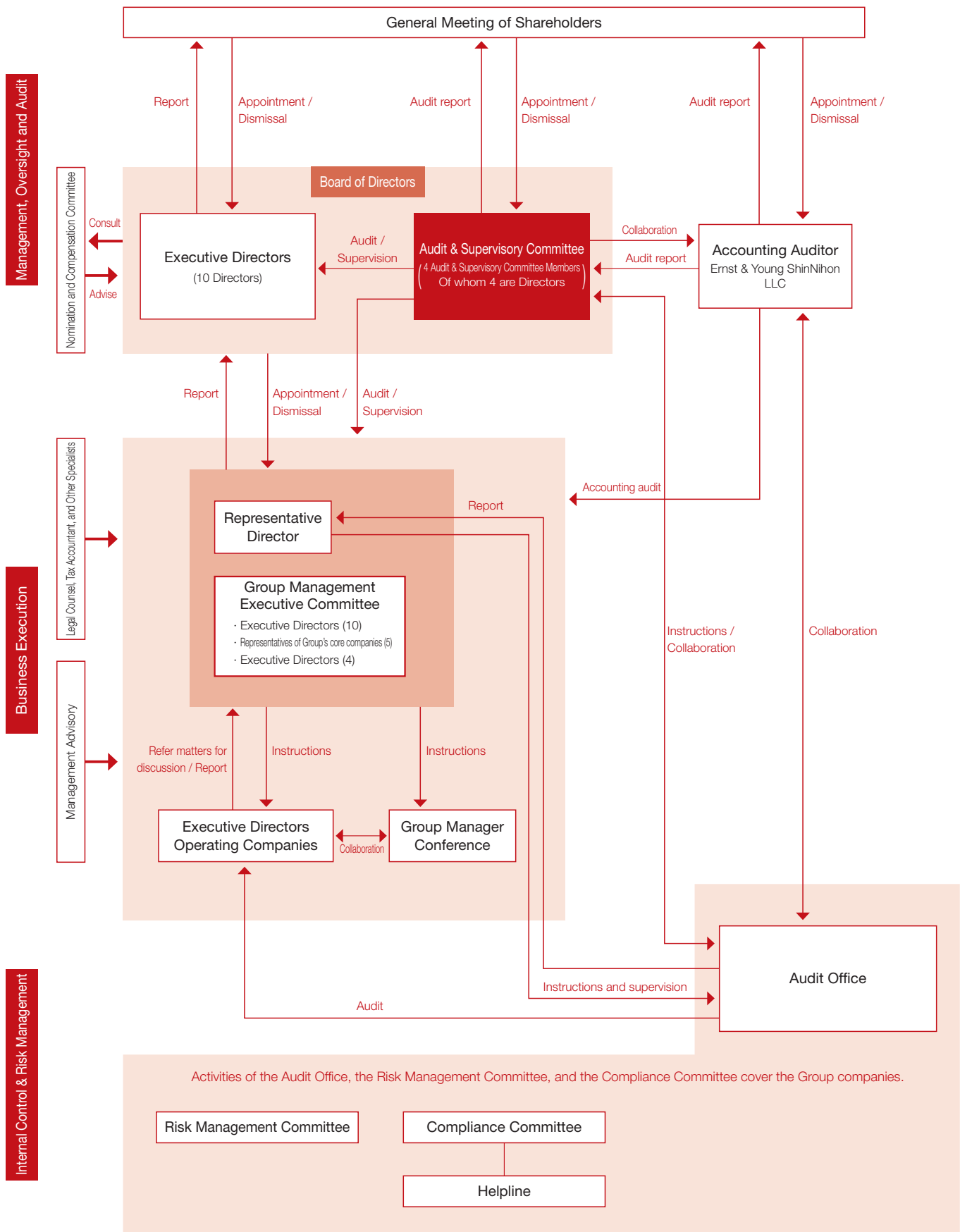
To ensure management transparency, we elected two Outside Directors at the Ordinary General Meeting of Shareholders held in June 2015 and notified their appointment as independent directors to the Tokyo Stock Exchange. At the 59th Ordinary General Meeting of Shareholders held in June 2016, a partial amendment to the Articles of Incorporation was approved and the Company transitioned to a company with audit & supervisory committee system. The Board of Directors consists of 14 Directors: 10 Executive Directors and four Directors who are Audit & Supervisory Committee Members (of whom three are Outside Directors).

Corporate Governance Initiatives

	Initiatives	Basic Policy on Corporate Governance*				
		1	2	3	4	5
April 2015	Establishment of the IR Office					○
June 2015	Appointment of two Outside Directors				○	
October 2015	Transition to a holding company structure				○	
	Relaunch of the Company's website			○		
December 2015	Establishment of Basic Policy on Corporate Governance and a policy on constructive dialogues with shareholders	○	○	○	○	○
	Establishment of the Nomination and Compensation Committee (voluntary advisory organ consisting of two Outside Directors and two Executive Directors)				○	
January-February 2016	Performance evaluation of the Board of Directors Discussion at the Board of Directors meeting based on the results of analysis and evaluation				○	
June 2016	Transition to a company with audit & supervisory committee Change of the composition of the Board of Directors (total of 14 Directors consisting of 10 Executive Directors and four Directors who are Audit & Supervisory Committee Members)				○	
August 2016	Issuance of the annual report (Japanese and English)	○	○	○		

*1. Upholding shareholders' rights and equality, 2. Appropriate collaboration with stakeholders other than shareholders, 3. Appropriate disclosure and securing of transparency, 4. Responsibility of the Board of Directors etc., and 5. Dialogues with shareholders.

Overview of Valor's Corporate Governance Structure



Policy and procedures for election of management executives by the Board of Directors and for nomination of candidates for Director, and explanation of reasons for election and nomination

(1) Policy

- Regarding Directors who are not Audit & Supervisory Committee Members, people with specialized knowledge and with excellent management capabilities and decision-making capabilities or people who execute important businesses or are responsible for key operating companies are nominated as candidates.
- Regarding Directors who are Audit & Supervisory Committee Members, in order to ensure accurate auditing of compliance and appropriateness of business execution, people who are knowledgeable about finance and accounting, knowledgeable about the Group's business, and can offer diverse viewpoints about corporate management are nominated as candidates. For Outside Directors, people who have abundant experience in their respective fields, excellent character, and high level of insight, in addition to being capable of providing objective and multifaceted advice and suggestions about management, are nominated as candidates.

(2) Procedures

- Regarding Directors who are not Audit & Supervisory Committee Members, candidates shall be determined by the Board of Directors after consideration by the Nomination and Compensation Committee consisting of two Executive Directors and two Outside Directors.
- Regarding Directors who are Audit & Supervisory Committee Members, candidates shall be determined by the Board of Directors, after consideration by the Nomination and Compensation Committee and subsequently, after securing the consent of the Audit & Advisory Committee.

(3) Explanation about election and nomination

- Reasons for election of each candidate for Director are disclosed in the reference document for the General Meeting of Shareholders etc.

Independence criteria

Our criteria for selecting Outside Directors are that they satisfy the requirements for independent officers pursuant to the Companies Act and as stipulated by the stock exchanges where the Company's shares are listed; that they are unlikely to have conflicts of interest with general shareholders; that they are not affiliated with a supplier or a customer of the Company with which transactions exceed an amount equal to 2% of the Company's consolidated net sales or exceed 10 million yen in direct individual transactions; and they have specialized knowledge about finance, accounting, law, management, etc. or experience in corporate management etc. If an Outside Director concurrently serves as an officer of other listed companies, the number of companies where he/she serves as an officer shall not exceed four including the Company, considering the time and effort required for fulfilling the role and responsibilities as an Outside Director of the Company.

Policy for determining the amount of compensation and the calculation method

(1) Basic policy

1 For Directors who are not Audit & Supervisory Committee Members

- Compensation consists of basic compensation, bonuses, and retirement benefits.
- Compensation shall be, in principle, provided in an amount that is adequate for securing (recruiting) excellent people as managers and shall be determined based on comprehensive evaluation of the Company's financial performance, each Director's status of performance of duties, achievements, degree of contribution, etc.
- Regarding Directors who are also employees, the salary as an employee is paid in accordance with the Rules for Wages for Employees.
- The amount of bonuses shall be determined within the maximum amount of compensation approved at the General Meeting of Shareholders and by considering the previous amount of bonuses paid and the company's financial performance for the current year.
- The amount of retirement benefits shall be determined in accordance with the Rules for Payment of Retirement Benefits for Officers and payment shall be subject to approval at the General Meeting of Shareholders.
- The Company has a stock option program for the Company's Executive Directors and employees, as well as the directors and employees of the Company's subsidiaries, in order to enhance their motivation and morale with a view to achieving better financial performance of the Group.

2 For Directors who are Audit & Supervisory Committee Members

- Compensation consists only of basic compensation, in view of their roles and independence.

(2) Procedures

- The amount of compensation for Directors shall be an agenda item of the General Meeting of Shareholders and shall be determined within the maximum amount approved at the General Meeting of Shareholders.
- Regarding the amount of compensation for Directors, in order to increase transparency and objectiveness, the Nomination and Compensation Committee, which is an advisory organ for the Board of Directors consisting of two Executive Directors and two Outside Directors, shall examine and review the details, after which the amount of compensation for Directors who are not Audit & Supervisory Committee Members shall be determined by the Board of Directors; the amount of compensation for Directors who are Audit & Supervisory Committee Members shall be determined by the Audit & Supervisory Committee Members.

Numbers of meetings of the Board of Directors and the Audit & Supervisory Board held and attendance status (FY 2015)

		Meetings of the Board of Directors	Meetings of the Audit & Supervisory Board
Number of meetings		10	8
Attendance	Outside Directors*	100%	—
	Outside Audit & Supervisory Board Members	100%	100%

Note: *Regarding the two Outside Directors (elected at the Ordinary General Meeting of Shareholders held in June 2015), the rate of attendance is calculated based on the number of meetings of the Board of Directors held after their appointment (seven meetings).

Directors (as of June 30, 2016)

Name	Title	Concurrent positions at major subsidiaries
Masami Tashiro	Chairman & CEO	
Junji Nakamura	Senior Managing Director Store Development & Property Management	
Akira Shinohana	Managing Director Human Resource Management & General Affairs and Risk Management	
Yukihiko Shizu	Director Finance & Information System	
Chikayo Yasuhara	Director Corporate Strategy	
Satoshi Yoneyama	Director	Managing Director Valor Co., Ltd.
Masami Shidara	Director	Director, Sourcing and Merchandise Valor Co., Ltd.
Morisaku Wagato	Director	CEO Home Center Valor Co.,Ltd.
Satoru Yokoyama	Director	CEO AXTOS Co.,Ltd.
Katsuyuki Mori	Director	CEO Tachiya Co.,Ltd.
Koichiro Kubo	Director Audit & Supervisory Committee member	
Mutsuo Masuda	Outside Director Audit & Supervisory Committee member	
Hirofumi Hata	Outside Director Audit & Supervisory Committee member	
Tokimitsu Ito	Outside Director Audit & Supervisory Committee member	

Compliance system

The Company considers ensuring compliance to be an important management issue and has articulated the Corporate Philosophy, the basic management policy, and the Action Guidelines for Corporate Ethics. Efforts are made to ensure that all officers and employees comply with them as well as the Compliance Rules. The Compliance Committee is convened when deemed necessary to improve, maintain, and develop the compliance system.

Relationship between the Company's organs and the internal control system

The Audit Office conducts operational audits based on an audit plan. Audit results are reported to Directors and the relevant departments to ensure sound business operation. The main role of Audit & Supervisory Board Members (currently Audit & Supervisory Committee Members) is to oversee performance of duties by the Board of Directors and investigate operations and the financial positions of the Company and of the operating companies. They attend meetings of the Board of Directors and monitor details surrounding management.

The Audit & Supervisory Board Members (currently Audit & Supervisory Committee Members), the Audit Office, and the Accounting Auditor meet periodically and exchange information and views on matters including reporting and explanation of their respective audit plans, progress, and results. The Audit & Supervisory Board Members (currently Audit & Supervisory Committee Members), the Audit Office, and the Accounting Auditor receive reports from Directors and departments in charge of internal control, and discuss and consider appropriateness of the design of the internal control system.

Reinforcement of the system following the transition to a holding company

The Company has established the rules for whistleblowing and operates a whistleblowing system as part of internal control systems concerning violations of the law and other compliance issues. Following the transition to the holding company structure in October 2015, the Audit Office has thoroughly notified all operating companies of the whistleblowing system and expanded its operation.

In order to ensure appropriateness of operation of all operating companies, manufacturing and processing sites established in recent years are also subject to operational audits, in addition to the headquarters and stores that have been subject to operational audits. Group-wide audits are also conducted systematically in line with the transition to the holding company structure.

Operational audit

	FY2013	FY2014	FY2015
Number of operational audits	181	268	258
Of which the number of Group audits*	28	30	32

Note: * Excluding audits of Valor Co., Ltd. before transition to the holding company structure, and audits of Valor Holdings Co., Ltd., Valor Co., Ltd., and Home Center Valor Co., Ltd. following transition to the holding company structure.

Risk management system

The Company has established the basic rules for risk management and manages Company-wide risk of losses in a comprehensive, integrated manner under a clearly defined risk management system. The Audit Office audits risk management statuses when deemed necessary and reports the audit results to the Board of Directors and the Audit & Supervisory Board (currently Audit & Supervisory Committee).

Business risks

The Company considers that the following matters may have a significant impact on investors' decisions concerning the Company's statuses of operations and accounting.

1. Factors that may have an impact on the Group's financial performance

- (1) External environment of the retail business (economic trends, competition, taxation on consumption, climate change, etc.)
- (2) Store opening policies (difficulty in securing land or premises satisfying the store opening criteria, regulatory restrictions, etc.)
- (3) Food safety (quality incidents such as food poisoning and contamination, erroneous food labeling, etc.)
- (4) Entry to new businesses (in the event that anticipated results cannot be achieved because of changes in the external environment, etc.)
- (5) Natural disasters, etc.

2. Regulatory restrictions concerning the Group

- (1) Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment (in the event that it is not possible to open new stores or increase the floor space of existing stores as planned)
- (2) Leakage of personal information
- (3) Other regulatory restrictions

3. Accounting standard for impairment of fixed assets

Commitment to Food Safety

Risk concerning food safety has a great bearing on the business model that optimizes the entire process from sourcing to retailing, which is pursued by the Group. The mainstay supermarket business includes not only the supermarket outlets but also many other sites that handle food, such as sites for food production and processing and production of agricultural produce. Moreover, the drugstore and home improvement center businesses also sell food. Much of the information concerning this risk is gained from customers and we believe sharing such information throughout the Group leads to enhancement of the level of overall control of the Group.

Taking the opportunity of the transition to a holding company, the Company established the Risk Management Department comprising the Quality Control Office, the Customer Relations Office, and the Legal Affairs Office.

Meetings are held periodically in which the Risk Management Department, the Audit Office and the personnel responsible for quality control and customer relations at operating companies participate; we are also establishing systems for information sharing and improvement.

We emphasized the following activities in FY2015.

- Setting of risk levels for information provided by customers
- Establishment of an information sharing system for customers' requests etc.
- On-site inspection of stores and factories by the Quality Control Office and sharing of the inspection results
- Improvement concerning content and methods of food quality inspection

Human resources development fuels growth

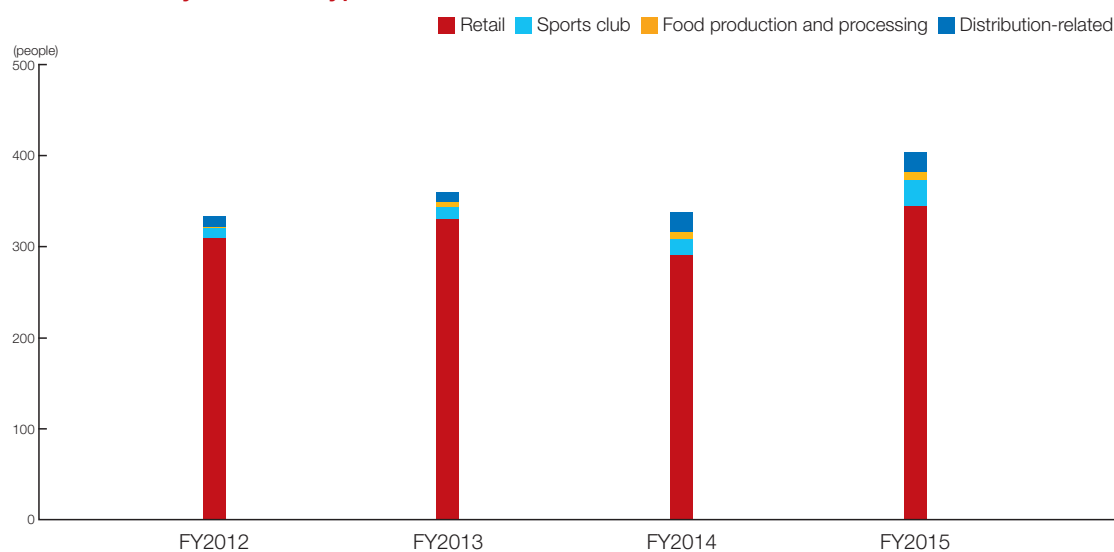
Based on its Corporate Philosophy of “Creation, Advance & Challenge,” Valor seeks individuals who are ambitious and eager to take up challenges. We are actively recruiting people with expertise in such areas as food production and processing and distribution, in order to establish a business model that optimizes the entire process from sourcing to retailing, as well as in preparation for expansion of the scope of the supermarket, drugstore, and home improvement center businesses.

More recruiting offices

In order to respond to expansion of the scope of the business and diversification of the expertise required for operations, we are creating an environment that facilitates recruitment, making it easier for recruitment staff to conduct interviews and enhancing convenience of the recruitment process for the candidates. In April 2014, we opened the relatively accessible Valor Recruiting Office Meieki in Nagoya, Aichi Prefecture. In February 2015, in line with the expansion of our geographical coverage, we opened the Valor Recruiting Satellite Kyoto Shijo-Karasuma in Nakagyo-ku, Kyoto. Additionally, with the opening of the Company’s Nagoya Headquarters in March 2015, we took the opportunity of integrating the recruiting office in Nagoya into the Nagoya Headquarters.



Recruitment by business type



Education & training system

The Group’s education & training system is based on Group-wide standard education & training programs plus programs on the expertise needed at each operating company. Group-wide programs include a program focused on the Corporate Philosophy (DNA) offered to new employees and managerial personnel, as well as position-based programs offered to personnel who have been promoted as a result of passing the Group’s qualification exams. The DNA program is an opportunity to connect philosophy and practice by cultivating the attitude and mindset concerning work expressed in the Corporate Philosophy advocated by Valor’s founder Yoshimi Ito and from lectures by the current management. The curriculum of the position-based programs puts emphasis on practicality, with several instructors invited from outside the Group. The objective is to equip personnel with the attributes required for managerial positions.

HR systems to help diverse people flourish

We support people who are highly motivated and whose experience and backgrounds are diverse. The principal HR systems are as described below.

Status	Results in FY2015*
<p>Promoting female workers</p>  <p>Aside from offering all our employees opportunities to display their personalities and their capabilities, we also aim to enhance the workplace environment where female workers can flourish in their careers. The key initiatives are as follows:</p> <ol style="list-style-type: none"> 1. Development of potential candidates for managerial positions (buyers, deputy store managers, managers, etc.) 2. Improvement of the workplace environment corresponding to the phase of the individual's life and career <ul style="list-style-type: none"> - Raising awareness about maternity leave, child care leave, and family care leave - Creation of a workplace environment that facilitates easy return to work 	<p>Ratio of female managerial personnel to all managerial personnel (managers or higher) 7.4% (Valor Holdings Co., Ltd: 5.6%)</p> <p>Number of female workers who took maternity leave or child care leave</p> <p>Maternity leave 97 people (including 62 part-time workers)</p> <p>Child care leave 118 people (including 73 part-time workers)</p>
<p>Hiring of the disabled</p>  <p>We are actively recruiting people with disabilities who wish to work for regular companies and be independent. The Gifu Prefectural Government established a registration system in November 2011 to enable companies to support the employment of people with disabilities in cooperation with schools for learners with special needs. Valor registered in February 2012.</p> <p>In order to facilitate employment of people with disabilities also in other regions and support them so that they can work at Valor for a long time, we intend to promote education and training of our store staff and while facilitating collaborations with regional recruitment centers and the social welfare departments of municipalities.</p>	 <p>Contracted by Gifu Prefecture Adviser for people with disabilities seeking jobs (from FY2013 to present) Adviser for employment of people with disabilities (from FY2015 to present) Member of Gifu Prefecture taskforce for abolition of discrimination against people with disabilities (from FY2015 to present)</p>
<p>Post-retirement reemployment program</p>  <p>Against the backdrop of population aging, Valor has introduced a post-retirement reemployment program whereby Valor reemploys all the employees who are willing to work after retirement, in principle. Eligible employees may be reemployed after they retire until they reach 65 years old if they wish to do so.</p>	<p>Usage rate of post-retirement reemployment program 93.1%</p>
<p>Promotion to full-time employees</p>  <p>Six of the nine key operating companies of the Group have programs to promote part-time workers to full-time employees. Part-time workers have periodic opportunities for promotion to full-time employees. Part-time workers who satisfy the criteria can apply for promotion and, after screening, successful applicants are promoted to full-time employees. In addition, heads of departments can recommend part-time workers as candidates for promotion to full-time employees.</p>	<p>Number of part-time workers promoted to full-time employees 123 people</p>

Note*: Valor Holdings Co., Ltd. and key operating companies (Valor Co., Ltd., Home Center Valor Co., Ltd., Chubu Yakuin Co., Ltd., Tachiya Co., Ltd., Shokusenkan-Taiyo Co., Ltd., AXTOS Co., Ltd., Chubu Foods Co., Ltd., Chubu Kosan Co., Ltd., and Chubu Ryutu Co., Ltd.), which account for about 90% of the Valor Group's workforce.

Environmental Policy

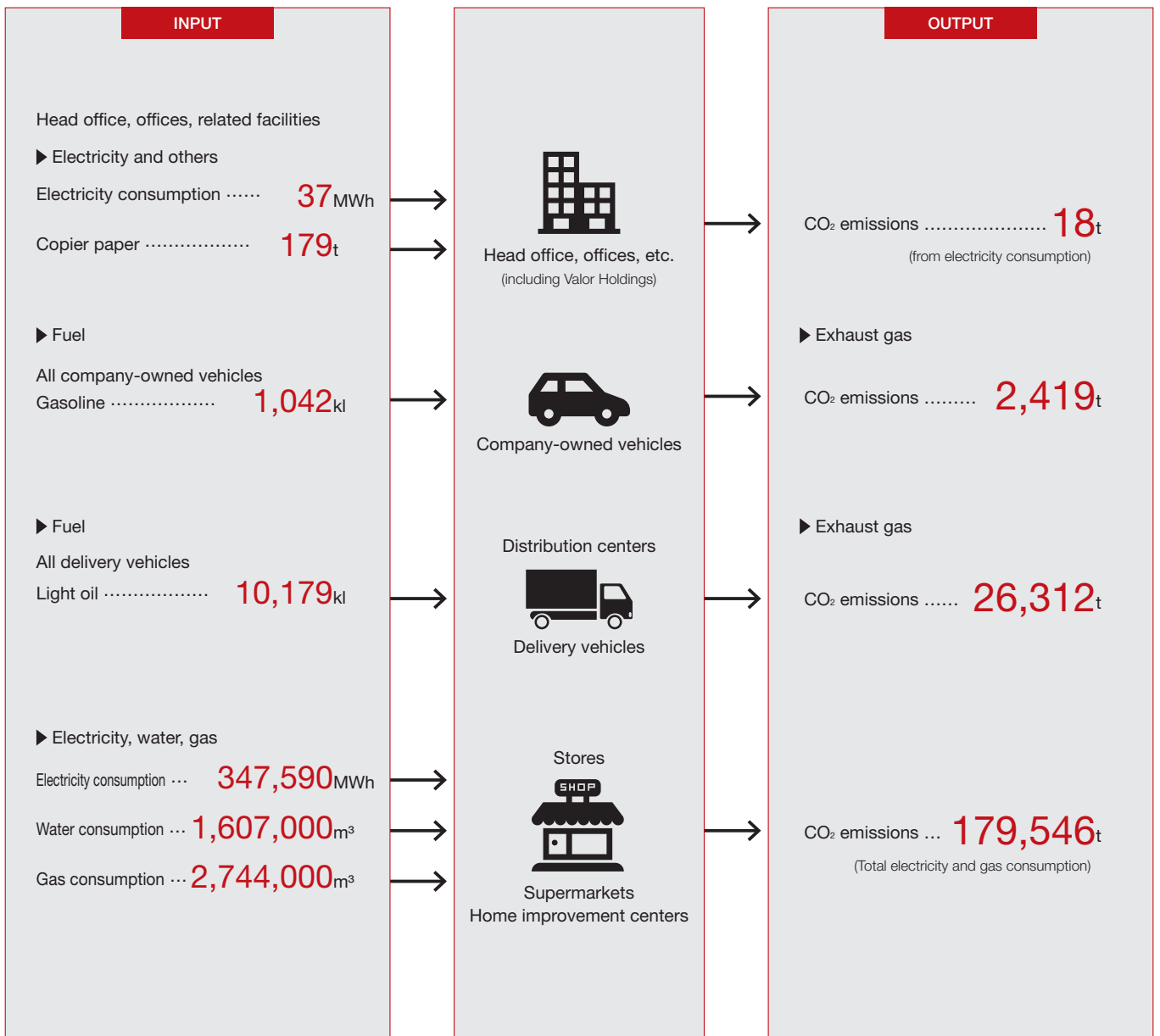
We recognize that reducing the environmental impacts of our business activities is an important task. And for us to achieve reductions, we identified issues that need to be addressed and tackle them in cooperation with local communities.

Issues to be tackled

1. Reduction of CO₂ emissions mainly through energy saving and resource saving
2. Reduction of food waste and other waste
3. Expansion of sales of environmentally friendly products
4. Promotion of green purchasing



Material Flow



Note: *Calculation covers Valor Co., Ltd. and Home Center Valor Co., Ltd. For fuel, calculation covers all delivery vehicles including those owned by and chartered by Chubu Kosan Co., Ltd.

Activity Highlights

Results of the major management items for the year under review will be the basis for performance indicators for the next year and subsequent years. We pursue initiatives in order to contribute to the environment, society and our customers.

Environmental Performance

	Management items	Specific initiatives	FY2015 targets	FY2015 results	Evaluation	Results	FY2016 targets
Reduction of CO ₂ emissions	Reduction of power consumption	<ul style="list-style-type: none"> Demand management Management of air-conditioning temperature Turning off of unnecessary lighting Product display that does not interrupt the flow of refrigeration Introduction of highly efficient facilities and equipment 	Consumption rate: 525 (excluding DC usage) (1% reduction of the consumption rate compared with the previous year)	Consumption rate: 508 (excluding DC usage) (3.2% reduction of the consumption rate compared with the previous year)	◎	Lighting of supermarket stores was changed to LED lighting to enhance the efficiency of electricity usage. Improved usage of electricity is the key to reducing consumption.	Consumption rate: 503 (excluding DC usage) (1% reduction of the consumption rate compared with the previous year)
	Energy-efficient driving	<ul style="list-style-type: none"> Trucks for logistics Turning off engines when vehicles are stationary Instructions and education for energy-efficient driving 	1% reduction of fuel consumption	Compared with the previous year <ul style="list-style-type: none"> Driving distance: 107% Amount of fuel used: 110% Fuel consumption: 103% 	×	Because of store openings at distant locations, driving distance, fuel consumption, and fuel economy all increased compared with the previous year.	1% reduction of fuel consumption
Reduction of waste	Increase of the proportion of customers avoiding use of plastic bags	<ul style="list-style-type: none"> Charging for plastic bags Implementation of "My Bag" campaign "No Plastic Bag Day" 	Proportion of customers avoiding use of plastic bags: 87% (All stores of Valor Co., Ltd.)	Proportion of customers avoiding use of plastic bags: 84.7% (All stores of Valor Co., Ltd.)	×	The proportion of customers avoiding the use of plastic bags at all stores of Valor Co., Ltd. as of March 2016 fell 2.3 percentage points compared with the figure for the previous year. The number of stores charging plastic bag fees increased from 220 to 224 , but 11 stores have yet to introduce such fees. We will cooperate with our customers to reduce the use of plastic bags.	Proportion of customers avoiding use of plastic bags: 87% (All stores of Valor Co., Ltd.)
	Reduction of food waste	<ul style="list-style-type: none"> Planned production Early small discounts Review of merchandise mix for the evening and adjustment of volume 	Ratio of waste generated to net sales 99% compared with the previous year (Rate: 0.0484)	Ratio of waste generated to net sales 109.7% compared with the previous year (Rate: 0.0536)	×	Continued efforts to reduce unsold products and other waste are necessary.	Ratio of waste generated to net sales 99% compared with the previous year (Rate: 0.0530)
Promotion of recycling	Promotion of recycling of food waste	<ul style="list-style-type: none"> Reduction of products to be disposed of More departments conducting recycling More products to be recycled 	Number of stores recycling food waste: 192 (110% compared with the previous year)	Number of stores recycling food waste: 223 (127% compared with the previous year)	◎	We will increase the number of stores where food waste is recycled. Efforts to further reduce the volume of products for disposal are necessary.	Number of stores recycling food waste: 230 (103% compared with the previous year)
	Promotion of recycling of used paper	<ul style="list-style-type: none"> Sorting and storage of used paper at designated places More stores to recycle used paper 	<ul style="list-style-type: none"> Number of stores recycling used paper: 92 (128% compared with the previous year) Recycling volume: 100,000 kg (210% compared with the previous year) 	<ul style="list-style-type: none"> Number of stores recycling used paper: 67 (93% compared with the previous year) Recycling volume: 52,318 kg (110% compared with the previous year) 	△	The recycling volume exceeded the previous year's result. We will revise the system for recovery of used paper to further reduce waste.	<ul style="list-style-type: none"> Number of stores recycling used paper: 80 (119% compared with the previous year) Recycling volume: 52,500 kg (100% compared with the previous year)
	Promotion of recycling of containers and packaging	<ul style="list-style-type: none"> Installation of more recycling boxes Expansion of the scope of recyclable items Review of recycling stations 	Increase in the number of stores where recycling boxes are installed	Number of stores where recycling boxes are installed <ul style="list-style-type: none"> Milk cartons: 235 Aluminum/steel cans: 226 Plastic trays: 226 PET bottles: 223 	○	The next step is to introduce more large recycling boxes and increase the number of recyclable items.	Increase in the number of stores where recycling boxes are installed

Note: * Calculation of "Reduction of CO₂ emissions" covers Valor Co., Ltd. and Home Center Valor Co., Ltd. Calculation of other items covers Valor Co., Ltd.

Summary of consolidated results and financial conditions

In FY2015, the first year of the three-year strategic plans, the Valor Group worked to improve operational efficiency and focused on three key policies: 1) structural reforms centering on reinforcement of the existing stores in the supermarket segment and efficient utilization of infrastructure, 2) development of key growth drivers to expand drugstore and home improvement center operations, and 3) reform of the organizational structure to achieve growth of operating companies and strengthen governance. Targets on a consolidated basis for FY2017, the final year of the three-year strategic plans, are revenues from operations of ¥550.0 billion, operating income of ¥21.0 billion, ordinary income of ¥22.0 billion, and net income of ¥13.0 billion. Targets for efficiency indicators are a return on assets (ROA) of 8.0% and a return on equity (ROE) of 11.0% or higher, and as a financial target, the Group pursues a debt equity ratio of 0.9 or lower.

Consolidated operating results for FY2015 were revenues from operations of ¥497,463 million, an increase of 5.7% year on year, operating income of ¥16,683 million, an increase of 11.2%, ordinary income of ¥17,586 million, an increase of 9.2%, and net income of ¥10,759 million, an increase of 16.8%. Revenues from operations increased for the 21st consecutive year and earnings were the highest ever.

The breakdown of the increase in revenues (¥26,899 million) was ¥14,682 million for the drugstore business, ¥7,807 million for

the supermarket business, and ¥2,073 million for the home improvement center business. In particular, in the drugstore business, growth rate of existing stores increased to 10.6% and new store openings, the highest for the second consecutive year, also contributed. The breakdown of the increase in earnings (¥1,683 million) was ¥775 million for the drugstore business, ¥438 million for the home improvement center business, and ¥126 million for the supermarket business. Expansion of the drugstore and home improvement center businesses and improved infrastructure efficiency boosted profit.

Whereas the gross profit ratio was unchanged from the previous year, the expense ratio decreased 0.1 percentage points from the previous year owing to reduction of utilities cost (decrease of ¥495 million) and curtailment of advertising expenses. A reduced effective corporate tax rate and a merger of subsidiaries with deficits also contributed to higher profitability. ROA improved from 6.7% for the previous year to 7.0% owing to improvement of the ratio of ordinary income to revenues from operations, ROE improved from 10.7% to 11.4% owing to increase in net income and purchase of treasury shares, and the debt equity ratio improved from 1.0 to 0.9 as a result of promoting the repayment of interest-bearing debts.

Financial position

Total assets increased ¥10,529 million from the end of the previous year to ¥255,916 million. The main factors were an increase of ¥2,575 million in inventories because of new store openings and an increase of ¥6,658 million in property, plant and equipment.

Total liabilities increased ¥2,383 million from the end of the previous year to ¥156,889 million, mainly due to an increase of

¥2,346 million in notes and accounts payable-trade and an increase of ¥1,051 million in income taxes payable despite a decrease of ¥2,525 million in loans payable. Net assets excluding non-controlling interests and subscription rights to new shares increased ¥8,106 million from the end of the previous year to ¥98,408 million and the shareholders' equity ratio increased from 36.8% for the previous year to 38.5%.

Cash flows

Cash and cash equivalents at March 31, 2016 were ¥17,103 million, a decrease of 14.3% year on year. Although free cash flow (cash flows from operating activities minus cash flows from investing activities) was positive at ¥3,945 million, cash flows from financing activities was negative at ¥6,758 million.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥22,991 million, having increased ¥733 million compared with the previous year. This increase was mainly attributable to income before income taxes amounting to ¥16,443 million, depreciation and amortization amounting to ¥12,683 million, and an increase in notes and accounts payable-trade amounting to ¥2,357 million, despite cash outlays including an increase in inventories amounting to ¥2,580 million and income taxes paid amounting to ¥5,116 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥19,045 million, having increased ¥3,384 million compared with the previous year. The main factors were purchase of property, plant and equipment amounting to ¥15,895 million for new store openings and refurbishment and payments for guarantee deposits amounting to ¥1,853 million, despite proceeds from collection of guarantee deposits amounting to ¥507 million.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥6,758 million, having increased ¥3,013 million compared with the previous year. The main factors were a net decrease in short-term loans payable amounting to ¥700 million, repayments of long-term loans payable amounting to ¥11,925 million, cash dividends paid amounting to ¥1,753 million, and proceeds from sales of treasury stock amounting to ¥1,253 million, despite proceeds from long-term loans payable amounting to ¥10,100 million.

Policy on Profit Distribution and Dividends for FY2015

The Company's basic policy is to ensure stable and continuous returns of profit to shareholders while increasing the internal reserves to strengthen its corporate structure in preparation for stable business development over the long term. In accordance with this policy, our medium- to long-term target is to achieve a consolidated payout ratio of 25%.

In view of the strong performance in FY2015, the Company increased the year-end dividend by ¥2, compared with the previous year to ¥19 per share. Combined with the interim dividend of ¥17 per share, this resulted in total annual dividends for FY2015 of ¥36 per share, ¥3 higher than for the previous year. The payout ratio was 17.2%.

Forecasts for FY2016

The Valor Group will continue its efforts to achieve the three-year strategic plan with the aim of improving operational efficiency and establish the foundations for further growth. In the supermarket business, the drugstore business, and the home improvement center business, we will focus on establishing competitive formats; at the same time, we will work to improve profitability through efficient utilization of infrastructure, which we have been upgrading in recent years, and through the optimum allocation of resources via the holding company system.

In FY2016, the plan calls for opening of a total of 62 stores in the Group: 10 supermarket stores, 40 drugstores, one home improvement center, 10 sports clubs, and one pet shop. In addition to expansion of the existing stores, we also intend to expand our operations. The plan calls for capital expenditure of

¥22.0 billion, consisting of investment in new stores of ¥15.9, investment in existing stores of ¥3.0 billion, and other investment of ¥3.1 billion.

Based on the above-mentioned assumption, forecasts for consolidated financial performance for FY2016 are as follows: revenues from operations of ¥520.0 billion, an increase of 4.5% year on year; operating income of ¥18.4 billion, an increase of 10.3%; ordinary income of ¥19.4 billion, an increase of 10.3%; and net income of ¥11.5 billion, an increase of 6.9%. For dividends, the Company intends to pay annual dividends of ¥40 per share, an increase of ¥4 compared with FY2015, consisting of an interim dividend of ¥19 per share, an increase of ¥2 compared with FY2015, and a year-end dividend of ¥21 per share, an increase of ¥2.

Consolidated Financial Statements (Summary)

Valor Holdings Co., Ltd. and Subsidiaries
The financial year ended March 31, 2015 and 2016

Consolidated Balance Sheet

	(Millions of yen)			(Millions of yen)	
	FY2014	FY2015		FY2014	FY2015
(Assets)			(Liabilities)		
Current assets			Current liabilities		
Cash and deposits	20,100	17,247	Notes and accounts payable-trade	33,030	35,376
Notes and accounts receivable-trade	5,744	6,348	Short-term loans payable	17,670	16,970
Merchandise and finished goods	28,218	30,774	Current portion of bonds	42	7,000
Raw materials and supplies	485	505	Current portion of long-term loans payable	12,010	12,892
Deferred tax assets	1,631	1,569	Lease obligations	1,052	1,182
Other	8,165	10,223	Income taxes payable	2,601	3,653
Allowance for doubtful accounts	(9)	(52)	Provision for bonuses	2,164	2,357
Total current assets	64,336	66,615	Provision for directors' bonuses	161	163
Noncurrent assets			Provision for point card certificates	424	484
Property, plant and equipment			Provision for loss on recollection of gift certificates	182	200
Buildings and structures	173,586	184,277	Other	14,758	15,177
Accumulated depreciation	(87,606)	(94,822)	Total current liabilities	84,098	95,459
Buildings and structures, net	85,979	89,454	Noncurrent liabilities		
Machinery, equipment and vehicles	6,314	7,067	Bonds payable	7,000	—
Accumulated depreciation	(3,400)	(4,026)	Long-term loans payable	41,191	38,483
Machinery, equipment and vehicles, net	2,914	3,041	Lease obligations	7,913	8,423
Land	36,146	37,415	Deferred tax liabilities	312	239
Lease assets	10,677	12,294	Provision for directors' retirement benefits	936	853
Accumulated depreciation	(3,925)	(4,953)	Provision for retirement benefits	2,714	2,738
Lease assets, net	6,751	7,341	Asset retirement obligations	4,606	5,014
Construction in progress	2,260	2,912	Long-term deposits received	5,600	5,559
Other	25,202	27,905	Other	131	117
Accumulated depreciation	(18,996)	(21,153)	Total noncurrent liabilities	70,407	61,429
Other, net	6,206	6,752	Total liabilities	154,505	156,889
Total property, plant and equipment	140,260	146,918	(Net assets)		
Intangible assets			Shareholders' equity		
Goodwill	248	173	Capital stock	11,916	11,916
Lease assets	68	19	Capital surplus	12,699	12,713
Other	6,488	7,105	Retained earnings	66,834	75,841
Total intangible assets	6,804	7,298	Treasury stock	(1,416)	(2,596)
Investments and other assets			Total shareholders' equity	90,034	97,875
Investment securities	1,898	2,306	Accumulated other comprehensive income		
Long-term loans receivable	871	785	Valuation difference on available-for-sale securities	306	368
Deferred tax assets	4,143	3,995	Deferred gains (loss) on hedges	4	(23)
Guarantee deposits	24,068	24,960	Foreign currency translation adjustment	131	161
Other	3,518	3,261	Remeasurements of defined benefits plan	(175)	26
Allowance for doubtful accounts	(515)	(225)	Total accumulated other comprehensive income	267	533
Total investments and other assets	33,986	35,084	Subscription rights to shares	38	52
Total noncurrent assets	181,050	189,301	Minority interests	540	565
Total assets	245,386	255,916	Total net assets	90,881	99,027
			Total liabilities and assets	245,386	255,916

Consolidated Statement of Income

(Millions of yen)

	FY2014	FY2015
Net sales	454,052	479,934
Cost of sales	341,024	360,223
Gross profit	113,028	119,711
Operating revenues	16,511	17,529
Operating gross profit	129,539	137,240
Selling, general and administrative expenses		
Advertising expenses	5,913	5,946
Packaging expenses	77	73
Supplies expenses	479	537
Distribution expenses	536	618
Provision for point card certificates	1,372	1,679
Provision of allowance for doubtful accounts	4	60
Directors' remuneration	515	475
Salaries and wages	45,034	47,361
Bonuses	3,329	3,614
Provision for bonuses	2,052	2,181
Provision for directors' bonuses	161	163
Retirement benefit expenses	567	598
Provision for directors' retirement benefits	78	90
Welfare expenses	6,875	7,241
Utilities expenses	8,609	8,114
Rent expenses	17,979	19,488
Repair and maintenance	2,468	2,571
Depreciation	10,646	11,250
Amortization of goodwill	168	164
Other	7,667	8,323
Total selling, general and administrative expenses	114,539	120,556
Operating income	15,000	16,683
Non-operating income		
Interest income	208	113
Office work fee	814	878
Rent income	993	811
Other	1,553	1,433
Total non-operating incomes	3,569	3,235
Non-operating expenses		
Interest expenses	801	791
Rent cost of real estate	1,481	1,034
Other	179	506
Total non-operating expense	2,461	2,332
Ordinary income	16,108	17,586
Extraordinary income		
Subsidy income	577	97
Other	188	90
Total extraordinary income	765	188
Extraordinary loss		
Loss on sales of noncurrent assets	55	1
Loss on retirement of noncurrent assets	252	35
Impairment loss	841	681
Loss on reduction of noncurrent assets	572	151
Loss on valuation of investment securities	15	1
Provision of allowance for doubtful accounts	46	196
Other	56	263
Total extraordinary loss	1,840	1,331
Income before income taxes	15,032	16,443
Income taxes-current	5,276	5,655
Income taxes-deferred	492	51
Total income taxes	5,768	5,706
Net income	9,264	10,736
Profit (loss) attributable to non-controlling interests	49	(23)
Profit attributable to owners of parent	9,214	10,759

Consolidated Financial Statements (Summary)

Valor Holdings Co., Ltd. and Subsidiaries
(Fiscal years ended March 31, 2015 and 2016)

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2014	FY2015
Cash flows from operating activities		
Income before income taxes	15,032	16,443
Depreciation and amortization	12,168	12,683
Impairment loss	841	681
Amortization of goodwill	134	166
Increase (decrease) in allowance for doubtful accounts	(688)	(229)
Gain on bargain purchase	(116)	—
Increase (decrease) in defined benefit liabilities	206	321
Increase (decrease) in provision for directors' retirement benefits	55	(83)
Increase (decrease) in provision for point card certificates	39	60
Interest and dividends income paid	(240)	(131)
Interest expenses received	801	791
Loss on retirement of noncurrent assets	252	35
Loss on reduction of noncurrent assets	572	151
Loss (gain) on valuation of investment securities	15	1
Equity in losses (earnings) of affiliates	(34)	71
Subsidy income	(577)	(97)
Decrease (increase) in notes and accounts receivable-trade	591	(616)
Decrease (increase) in inventories	(4,397)	(2,580)
Increase (decrease) in notes and accounts payable-trade	(421)	2,357
Increase (decrease) in accrued consumption taxes	3,723	(849)
Increase (decrease) in accounts payable-other and accrued expenses	375	90
Other	362	(419)
Subtotal	28,698	28,847
Interest and dividends income received	55	27
Interest expenses paid	(784)	(766)
Income taxes paid	(5,712)	(5,116)
Net cash provided by operating activities	22,257	22,991
Cash flows from investing activities		
Payments into time deposits	(136)	(60)
Proceeds from withdrawal of time deposits	102	53
Purchase of property, plant and equipment	(17,263)	(15,895)
Proceeds from sales of property, plant and equipment	75	22
Purchase of intangible assets	(679)	(1,191)
Purchase of investment securities	(1)	(41)
Proceeds from sales of investment securities	924	—
Payments of loans receivable	(0)	(110)
Proceeds from collection of loans receivable	30	115
Payments for guarantee deposits	(1,742)	(1,853)
Proceeds from collection of guarantee deposits	3,211	507
Proceeds from guarantee deposits received	186	282
Repayments of guarantee deposits received	(402)	(335)
Purchase of stocks of affiliates	—	(390)
Subsidy income	577	97
Other	(539)	(245)
Net cash provided by investing activities	(15,660)	(19,045)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,205)	(700)
Proceeds from long-term loans payable	16,664	10,100
Repayments of long-term loans payable	(13,454)	(11,925)
Redemption of bonds	(85)	(42)
Repayments of finance lease obligations	(1,104)	(1,254)
Purchase of treasury stock	(0)	(1,253)
Proceeds from sales of treasury stock	87	72
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(2)
Cash dividends paid	(1,646)	(1,753)
Net cash provided by financing activities	(3,745)	(6,758)
Effect of exchange rate change on cash and cash equivalents	53	(43)
Net increase (decrease) in cash and cash equivalents	2,904	(2,856)
Cash and cash equivalents at beginning of period	17,055	19,960
Cash and cash equivalents at end of period	19,960	17,103

Consolidated Statements of Changes in Net Assets

FY2014

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital Stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (loss) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefits plan	Total accumulated other comprehensive income			
Balance, March 31, 2014	11,916	12,676	59,161	(1,500)	82,254	145	—	121	(126)	140	58	495	82,949
Cumulative effects of changes in accounting policies			106		106								106
Restated balance, March 31, 2014	11,916	12,676	59,268	(1,500)	82,360	145	—	121	(126)	140	58	495	83,055
Changes of items during the period													
Dividends from surplus			(1,647)		(1,647)								(1,647)
Net income			9,214		9,214								9,214
Purchase of treasury stock				(0)	(0)								(0)
Disposal of treasury stock		22		84	106								106
Net changes of items during the period						161	4	10	(49)	126	(19)	44	151
Total changes of items during the period	—	22	7,566	84	7,673	161	4	10	(49)	126	(19)	44	7,825
Balance, March 31, 2015	11,916	12,699	66,834	(1,416)	90,034	306	4	131	(175)	267	38	540	90,881

FY2015

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital Stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (loss) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefits plan	Total accumulated other comprehensive income			
Balance, March 31, 2015	11,916	12,699	66,834	(1,416)	90,034	306	4	131	(175)	267	38	540	90,881
Changes of items during the period													
Equity transaction with noncontrolling interests		(0)			(0)								(0)
Dividends from surplus			(1,753)		(1,753)								(1,753)
Net income			10,759		10,759								10,759
Purchase of treasury stock				(1,253)	(1,253)								(1,253)
Disposal of treasury stock		14		74	88								88
Net changes of items during the period						61	(27)	29	202	265	13	25	305
Total changes of items during the period	—	13	9,006	(1,179)	7,840	61	(27)	29	202	265	13	25	8,146
Balance, March 31, 2016	11,916	12,713	75,841	(2,596)	97,875	368	(23)	161	26	533	52	565	99,027

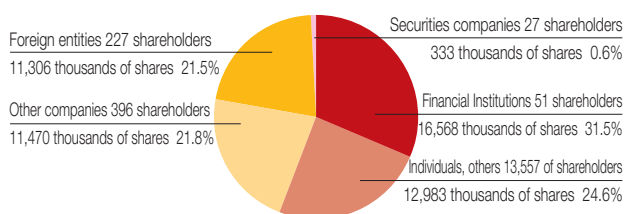
Corporate Data

Name	Valor Holdings Co., Ltd. (Changed from Valor Co., Ltd. in 1 October, 2015)
Registered head office	180-1 Oi-cho, Ena-shi, Gifu 509-7201 Japan
Headquarters	661-1 Ohari-cho, Tajimi-shi, Gifu 507-0062 Japan
Established	July 1958
Representative	Masami Tashiro Chairman & CEO
Paid-in-capital	¥11,916 million

Share Information (as of March 31, 2016)

Number of authorized shares	200,000,000
Number of outstanding shares	52,661,699
Number of shareholders	14,258
Stock exchange listings	Tokyo Stock Exchange, first section Nagoya Stock Exchange, first section

Distribution of shareholders by Type

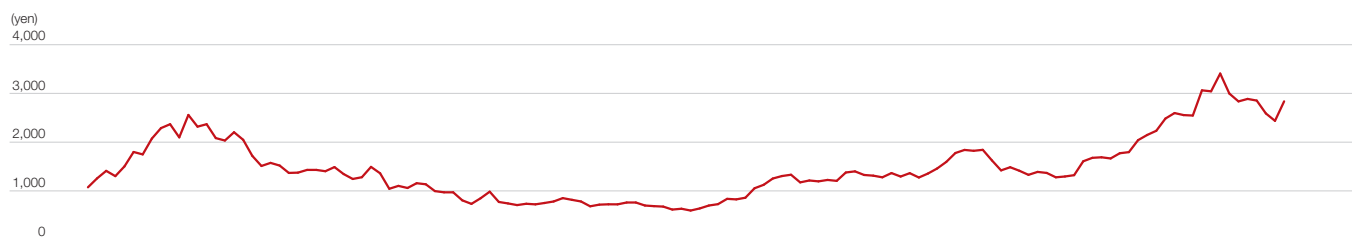


Major Shareholders

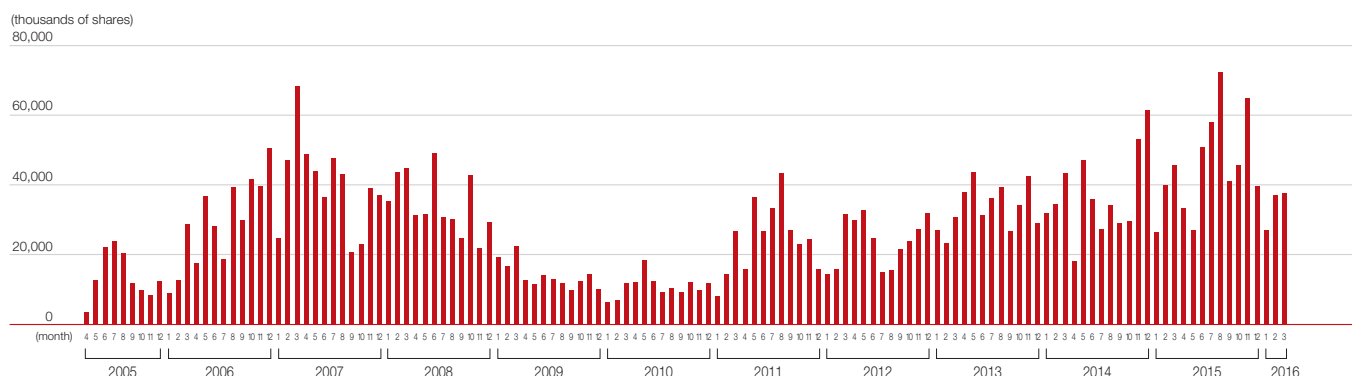
Shareholder	Number of Shares Held (Thousands)	Percentage of Shares Held
The Norinchukin Bank	2,542	4.8%
The Juroku Bank	2,536	4.8%
Ito Youth Scholarship Foundation	2,400	4.5%
Masami Tashiro	1,570	2.9%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,449	2.7%
Tomoko Ito	1,346	2.5%
Shiunsha Co., Ltd.	1,326	2.5%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,256	2.3%
Chubu Agent Co., Ltd.	1,103	2.0%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,080	2.0%

Stock price and trading volume

Stock price (closing price after adjustment)



Volume



Note: The Company conducted a 1.2-for-1 stock split on September 27, 2005 and a 2-for-1 stock split on March 28, 2006. The stock prices are retrospectively adjusted to reflect the aforementioned stock splits.

Valor Group

Segment	Subsidiaries	
● Supermarkets	Valor Co.,Ltd. Tachiya Co., Ltd. Shokusenkan-Taiyo Co.,Ltd. Chubu Foods Co., Ltd. Daiei Foods Co., Ltd. Shufu-no-Mise Shoji Chubu Honsha Co.,Ltd. Fukui Chuo Tsukemono Co., Ltd. V-Solution Co., Ltd.	Chubu Taisei Co., Ltd. Chubu Meat Co., Ltd. Hida-Osaka Buna-Shimeji Co., Ltd. Gujo Kinoko Farm Co., Ltd. Toho Sangyo Co., Ltd. Valor Farm Kaizu Co., Ltd. VARO Co., Ltd.
● Drugstores	Chubu Yakuhin Co., Ltd. V-drug International Co., Ltd.	V-drug Hong Kong Co., Ltd. V-drug Chungdu Co., Ltd.
● Home Improvement Centers	Home Center Valor Co., Ltd.	Morosada Agri Co., Ltd.
● Sports Clubs	AXTOS Co., Ltd.	
● Distribution-related operations	Chubu Ryutu Co., Ltd. Chubu Kosan Co., Ltd. MENTEX Co., Ltd. Seiso Co., Ltd.	VMC (Vending Machine Corporation) V-Flower Co., Ltd. Shanghai Valor co., Ltd.
● Others	Home Center Valor Co., Ltd.* Gito Family Department Co., Ltd. Chubu Hoken Service Co., Ltd.	

Note*: Pet Shop Business

History

1958	Established Shufu-no-Mise Co., Ltd. in Ena-shi, Gifu and opened the first supermarket.
1969	Established Chubu Kosan Co., Ltd., a logistics subsidiary.
1970	Changed the company name to Shufu-no-Mise Valor Co., Ltd.
1974	Changed the company name to Valor Co., Ltd.
1977	Relocated the headquarters from Ena- shi to Tajimi- shi, Gifu.
1984	Established Chubu Yakuhin Co., Ltd., a drugstore subsidiary.
1985	Established Chubu Foods Co., Ltd., a prepared food manufacturing subsidiary.
1989	Established a distribution center in Tajimi- shi. Started a material wholesale business for stores by Chubu Ryutu Co., Ltd.
1993	Listed on the Second Section of the Nagoya Stock Exchange.
1995	Merged with Fujiya Co., Ltd., a home improvement center company.
1996	Relocated the headquarters and the distribution center to the current location in Tajimi- shi.
1998	Established AXTOS Co., Ltd. and spun off the sports club business.
1999	Established MENTEX Co., Ltd., a facility maintenance service subsidiary.
2001	Established Hokuriku distribution center in Nanto- shi, Toyama.
2005	Acquired Tachiya Co., Ltd. and Youth Co., Ltd., supermarket subsidiaries. Assigned to the First Section of Tokyo Stock Exchange and Nagoya Stock Exchange
2007	Acquired Sun Friend Co., Ltd (currently Syokusenkan- Taiyo Co., Ltd.), a supermarket subsidiary.
2010	Established Ichinomiya distribution center in Ichinomiya- shi, Aichi.
2012	Established Hokuriku processing center for fresh meat in Nanto- shi, Toyama. Established Kani distribution center for products stored at ambient temperatures in Kani- shi, Gifu.
2013	Established Shizuoka integrated center in Shimada- shi, Shizuoka. Established Kani distribution center for chilled products. Established Ogaki processing center for fresh meat in Ogaki- shi, Gifu and Kani processing center for fresh vegetables and fruits in Kani- shi.
2015	Made a transition to a holding company and changed the company name to Valor Holdings Co.,Ltd.



“Valor” is derived from a Late Latin word meaning ‘a person of courage’.

We believe in courage as essential to fulfill our social responsibilities.

Forward Looking Statement

This report’s coverage extends beyond current information and date for the Valor Group to future forecasts. These forecasts represent assumptions and viewpoint based on information available at the time of publication. The actual results may differ from the forecasts due to various circumstances and external environmental factors.

Valor Holdings Co.,Ltd.

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URL: <http://valorholdings.co.jp/> IR Site URL: <http://valorholdings.co.jp/ir/>