

(Translation)

October 31, 2014

BRIEF STATEMENT OF ACCOUNTS
FOR THE SECOND QUARTER OF THE YEAR ENDING MARCH 31, 2015
(Based on the accounting principles generally accepted in the United States)
(Consolidated)

Name of listed company: NH Foods Ltd. (the "Company")

Listing exchange: Tokyo Stock Exchange

Code number: 2282

URL: <http://www.nipponham.co.jp/en/>

Representative: Noboru Takezoe
President and Representative Director

Further inquiries: Yoshihide Hata
Director and Managing Executive Officer,
General Manager of Corporate Management
Division

Scheduled date of filing of quarterly report: November 7, 2014

Scheduled date of payment of dividends: -

Preparation of supplementary information on quarterly statement of accounts: Yes

Holding of quarterly results briefing: Yes (results briefing for institutional investors and analysts)

(Figures are indicated by counting fractions of 1/2 or more of a million yen as one and discarding the rest.)

1. Consolidated business results for the second quarter of the year ending March 31, 2015 (April 1, 2014 through September 30, 2014):

(1) Consolidated operating results:

(The percentages indicate the rates of increase (decrease) from the second quarter of the previous fiscal year.)

	Net sales		Operating income		Income before income taxes and equity in earnings of associated companies		Net income attributable to NH Foods Ltd.	
	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%
Second quarter of the year ending March 31, 2015	587,623	7.6	22,345	87.2	20,947	96.0	15,067	97.7
Second quarter of the year ended March 31, 2014	546,191	10.0	11,935	21.3	10,689	34.5	7,620	96.3

(Note) Quarterly comprehensive income attributable to NH Foods Ltd.:

Second quarter of the year ending March 31, 2015:	¥17,629 million	61.1%
Second quarter of the year ended March 31, 2014:	¥10,941 million	219.4%

	Earning per share attributable to NH Foods Ltd. shareholders (basic)	Earning per share attributable to NH Foods Ltd. shareholders (diluted)
Second quarter of the year ending March 31, 2015	73.98	69.44
Second quarter of the year ended March 31, 2014	38.30	34.31

(yen)

(Note) Operating income is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales in accordance with the Japanese accounting practices.

(2) Consolidated financial position:

	Total assets	Total equity	Total NH Foods Ltd. shareholders' equity	NH Foods Ltd. shareholders' equity ratio	Total NH Foods Ltd. shareholders' equity per share
	(millions of yen)	(millions of yen)	(millions of yen)	(%)	(yen)
Second quarter of the year ending March 31, 2015	668,721	333,980	331,067	49.5	1,625.34
Year ended March 31, 2014	627,220	323,975	320,984	51.2	1,575.97

(Note) The "shareholders' equity" represents the amount of "Total NH Foods Ltd. shareholders' equity".

2. State of dividends:

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2014	—	—	—	37.00	37.00
Year ending March 31, 2015	—	—	—	—	—
Year ending March 31, 2015 (forecast)	—	—	—	35.00	35.00

(yen)

(Note) Adjustment to the most recently publicized forecast of dividends: None

3. Forecast of consolidated business results for the year ending March 31, 2015 (April 1, 2014 through March 31, 2015):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year.)

	Net sales		Operating income		Income before income taxes and equity in earnings of associated companies		Net income attributable to NH Foods Ltd.		Earnings per share attributable to NH Foods Ltd. shareholders (basic)
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Whole-year period	1,160,000	3.4	43,000	20.4	38,000	7.6	26,000	6.0	127.65

(Note) Adjustment to the most recently publicized forecast of business results: Yes

* Notes:

- (1) Changes in significant subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the period under review: None
- (2) Application of simplified accounting treatments and special accounting treatments: None
- (3) Changes in accounting policies:
- 1) Changes associated with changes in accounting standards: None
- 2) Other changes: Yes

For more information, please refer to "2. Other Information: (3) Changes in Accounting Policies and (4) Basis of Preparation of Consolidated Quarterly Financial Statements" on pages 11 and 12 hereof.

- (4) Number of shares issued (shares of common stock):
- 1) Number of shares issued (including shares of treasury stock) as of the end of the period:
- Second quarter of the year ending March 31, 2015: 204,000,000 shares
 Year ended March 31, 2014: 228,445,350 shares
- 2) Number of shares of treasury stock as of the end of the period:
- Second quarter of the year ending March 31, 2015: 309,641 shares
 Year ended March 31, 2014: 24,771,582 shares

3) Average number of shares outstanding during the period:

Second quarter of the year ending March 31, 2015: 203,677,784 shares
Second quarter of the year ended March 31, 2014: 198,988,262 shares

* Statement on the state of performance of quarterly review procedures:

This brief statement of accounts for the period under review is not subject to quarterly review procedures under the Financial Instruments and Exchange Act of Japan. The review procedures of quarterly financial statements in accordance with the Financial Instruments and Exchange Act have not been completed at the time of disclosure hereof.

* Explanation for the appropriate use of the forecast of business results and other special instructions

The descriptions herein about the future, including the forecast of business results, are based on the information currently available to the Company and certain assumptions considered reasonable by the Company and are not contemplated to ensure the fulfillment thereof. The actual results may materially differ from such forecast and plans depending on various factors. The Company, therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, the Company will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any result arising therefrom, or publicize such revised information. For information on the conditions precedent to the forecast of business results and cautionary notes for the use of the forecast of business results, please refer to "1. Qualitative Information on the Consolidated Business Results and Others for the Second Quarter of the Fiscal Year under Review: (3) Qualitative Information on the Forecast of Consolidated Business Results" on page 9.

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* The Company is planning to hold a briefing for investors as follows. All materials to be distributed at the briefing will be disclosed on TDnet and posted on its website today.

- November 5, 2014 (Wednesday): Results briefing for institutional investors and analysts

* In addition to the above-mentioned briefing, the Company will hold briefings of its operations and business results for individual investors from time to time. For information on the schedules of such briefings, etc., please make sure on its website.

1. Qualitative Information on the Consolidated Business Results and Others for the Second Quarter of the Fiscal Year under Review

(1) Qualitative Information on the Consolidated Operating Results:

Overview of Operating Results in General

The Japanese economy during the second quarter of the fiscal year under review registered a tone of slow recovery owing partly to the government's economic policies. Consumer spending, however, was affected by a rebound from the rush demand prior to the consumption tax rate hike to commence in April 2014, the broken weather in summer and price hikes resulting from the abrupt depreciation of the yen.

In the food and fresh meats industry, prices of domestic pork and poultry were higher in comparison with the corresponding period of the previous fiscal year. Prices of imported fresh meats also were higher than those for the corresponding period of the previous fiscal year and remained in good shape. On the other hand, business conditions have remained severe due to rising prices of raw materials and fuel, higher prices of feedstuffs and intensifying sales competition, among others.

Under these circumstances, the NH Foods Group (the "Group"), with its "New Medium-Term Management Plan Part IV", which commenced in April 2012, has conducted business activities based on its three management policies "Brush up the concept of Management for No. 1 Quality", "Allocate management resources in prioritized areas" and "Enhance the Group brand value" to pursue the theme listed in the plan "Improve the profitability of domestic operations and reinforce the foundation of overseas operations". To be specific, the Group has implemented various measures, including the reinforcing of its domestic farm business, establishment of its marketing bases in Brazil and Hong Kong, development and sales expansion of new products and cultivation of human resources, among others. In addition, while the Group has continued to promote restructuring to strengthen its cost competitiveness, it made price revisions for some hams and sausages and processed foods in July 2014 in response to cost rises. In August and September 2014, the Group held "Nippon Ham Group Fairs" at supermarket stores and put commercial messages on television to raise awareness of the Group and expand sales.

In relation to the management policy "Enhance the Group brand value," the Group changed the Group brand logo and the corporate brand logo of the Company in April 2014 for the purpose of promoting brand management as part of the Group's global strategy. The Company also obtained approval for the change of its trade name in English at the 69th Ordinary General Meeting of Shareholders held on June 26, 2014, as of which its trade name was changed from "Nippon Meat Packers, Inc." to "NH Foods Ltd."

As a result of these activities, for the second-quarter period of the fiscal year under review, on a consolidated basis, net sales amounted to ¥587,623 million, up 7.6% from the corresponding period of the previous fiscal year. Operating income increased 87.2% from the corresponding period of the previous fiscal year to ¥22,345 million. Income before income taxes and equity in earnings of associated companies increased 96.0% from the corresponding period of the previous fiscal year to ¥20,947 million. Net income attributable to NH Foods Ltd. increased 97.7% from the corresponding period of the previous fiscal year to ¥15,067

million.

Overview of Operating Segments

(Processed Foods Business Division)

In the hams and sausages business, the division promoted multifaceted sales/marketing of its "SCHAU ESSEN" series, which celebrated its 30th anniversary since its debut, by running television commercials and sales promotions at retail shops, as well as the opening of tie-up shops and experience-based pavilions. In addition, in the summer gift season, the Group actively engaged in television commercials, as well as promotional activities at retail shops, for its flagship brand of gift products "Utsukushi-no-Kuni". Consequently, sales of gift products in units increased in comparison with the corresponding period of the previous fiscal year and sales of hams and sausages on the whole exceeded those in the corresponding period of the previous fiscal year.

In the processed foods business, sales volume of new products in the chilled pouch-packed prepared foods category, chilled hamburg category and room-temperature curry increased. However, competition intensified in commercial-use products and sales of processed foods were almost on a par with those in the corresponding period of the previous fiscal year.

With regard to profits, the price revisions made in July 2014 progressed as planned and cost reductions were made as well. However, due partly to the serious impact of higher prices of raw materials and fuel, profitability decreased in comparison with the corresponding period of the previous fiscal year.

As a result, for the second-quarter period of the fiscal year under review, on a consolidated basis, net sales of the processed foods business division amounted to ¥177,079 million, up 3.6% from the corresponding period of the previous fiscal year, and operating income amounted to ¥1,497 million, down 12.0% from the corresponding period of the previous fiscal year.

(Fresh Meats Business Division)

In Japan, there was a steady increase in the sales volume of domestic poultry, for which the division had strengthened its farm operations. Due partly to an improvement in fresh meat prices over the corresponding period of the previous fiscal year, sales increased substantially in amount. The division also enhanced its efforts to expand sales of branded fresh meats. With regard to imported fresh meats, the division focused its efforts on the sales of such Australian beef as "Whyalleaf" and "Oomugi gyu", as well as "German Pork" and Italian pork "Dolce Porco". Sales of domestic branded poultry "Sakurahime" also increased steadily, by selling packages straight from the farm. In the meantime, due to the prevalence of porcine epidemic diarrhea (PED), there was a short supply of domestic pork in the market in general and unprecedentedly high prices made it very difficult to market it. Consequently, sales volume declined.

With regard to profits, while prices of crude oil and feedstuffs, which affect production cost in Japan, have remained high due partly to the depreciation of the yen, the

market for fresh meats has risen and the domestic farm business has registered a tone of recovery in comparison with the corresponding period of the previous fiscal year. Overseas, earnings improved due to such factors as the ongoing effects of initiatives focused on sales in each country in Australian operations and the turnaround and recovery of operations in Americas brought about by the surge in pork prices.

As a result, for the second-quarter period of the fiscal year under review, on a consolidated basis, net sales of the fresh meats business division amounted to ¥414,118 million, up 9.8% from the corresponding period of the previous fiscal year and operating income amounted to ¥20,491 million, up 125.4% from the corresponding period of the previous fiscal year.

(Affiliated Business Division)

In the marine products business, due to a higher material market of major fishes since the previous fiscal year, consumption of shrimp, salmon and other species decreased and sales volume decreased. However, unit sales prices increased due to higher market prices and revenues increased slightly.

In the dairy products business, with regard to yogurt and lactic acid probiotic beverages, sales of its mainstay *Vanilla Yogurt* increased favorably in volume retailer channels, among others. With regard to yogurt beverages, sales of private brand (PB) products for convenience stores substantially increased. With regard to cheese, demand fell due to higher material cost. However, sales exceeded those in the corresponding period of the previous fiscal year due to the revision of sales prices. Consequently, revenues increased in the dairy products business on the whole.

With regard to profits, in the marine products business, profitability fell due to a decrease in the gross profit margin resulting from a decrease in sales volume, as well as an increase in freight and other costs. In the dairy products business, profitability increased due to an increase in sales of yogurt and lactic acid probiotic beverages and improved productivity. With regard to cheese, however, the gross profit margin fell due to higher material cost and profitability fell. Consequently, profitability fell in the dairy products business on the whole.

As a result, for the second-quarter period of the fiscal year under review, on a consolidated basis, net sales of the affiliated business division amounted to ¥74,825 million, up 5.8% from the corresponding period of the previous fiscal year and operating loss amounted to ¥65 million (operating income for the corresponding period of the previous fiscal year was ¥170 million).

(2) Qualitative Information on the Consolidated Financial Position:

<Financial position>

At the end of the second-quarter period of the fiscal year under review, total assets increased by 6.6% from the end of the previous fiscal year to account for ¥668,721 million, as inventories increased by ¥37,763 million, trade notes and accounts receivable increased by ¥6,669 million and other current assets increased by ¥5,522 million, respectively from the end of the previous fiscal year, though cash and cash equivalents decreased by ¥18,193 million

from the end of the previous fiscal year. Liabilities increased by 10.4% from the end of the previous fiscal year to account for ¥334,741 million as trade notes and accounts payable and short-term bank loans increased by ¥15,122 million and ¥13,651 million, respectively from the end of the previous fiscal year, though current maturities of long-term debt decreased by ¥1,924 million from the end of the previous fiscal year. Interest-bearing debt increased by ¥11,831 million from the end of the previous fiscal year to account for ¥156,794 million.

Total NH Foods Ltd. shareholders' equity increased by 3.1% from the end of the previous fiscal year to account for ¥331,067 million. However, due partly to an increase in total assets, the NH Foods Ltd. shareholders' equity ratio decreased by 1.7 percentage points from the end of the previous fiscal year to 49.5%.

<Cash flows>

With regard to operating activities, while inventories increased by ¥37,341 million and trade notes and accounts receivable increased by ¥6,545 million, net income accounted for ¥15,118 million, trade notes and accounts payable increased by ¥14,837 million and depreciation and amortization accounted for ¥9,597 million, respectively. As a result, net cash provided by operating activities amounted to ¥1,446 million.

With regard to investing activities, capital expenditures amounted to ¥20,014 million, among others. As a result, net cash used in investing activities amounted to ¥20,732 million.

With regard to financing activities, while cash dividends amounted to ¥7,619 million, short-term bank loans decreased by ¥5,312 million and debt of ¥4,049 million was repaid, proceeds of ¥17,717 million were provided from debt. As a result, net cash provided by financing activities amounted to ¥728 million.

As a result, cash and cash equivalents at end of the second-quarter period of the fiscal year under review decreased by ¥18,193 million in comparison with the end of the previous fiscal year to amount to ¥56,735 million.

(3) Qualitative Information on the Forecast of Consolidated Business Results:

For the second-quarter cumulative period of the year ending March 31, 2015, both net sales and revenues increased steadily due principally to the Australian operations in good form and an increase in fresh meat prices in Japan. Upon a review of the forecast of its business results in the future in consideration of these developments, the Company will make adjustment to the forecast of consolidated business results for the whole-year period of the year ending March 31, 2015 publicized on May 12, 2014 in the Brief Statement of Accounts for the Year ended March 31, 2014, as described below:

Adjustment to the forecast of consolidated business results for the fiscal year ending March 31, 2015 (April 1, 2014 through March 31, 2015):

(millions of yen, unless otherwise indicated)

	Net sales	Operating income	Income before income taxes and equity in earnings of associated companies	Net income attributable to NH Food Ltd.	Earnings per share attributable to NH Food Ltd. shareholders (basic) (yen)
Previous forecast (A)	1,140,000	40,000	37,000	24,000	117.84
Adjusted forecast (B)	1,160,000	43,000	38,000	26,000	127.65
Amount of increase or decrease (B) – (A)	20,000	3,000	1,000	2,000	
Rate of increase or decrease (%)	1.8	7.5	2.7	8.3	
(For reference) Business results for the previous year (April 1, 2013 through March 31, 2014)	1,122,097	35,700	35,303	24,524	122.11

With regard to the forecast of non-consolidated business results, please refer to the "Notice of the Difference between the Forecast of Non-Consolidated Business Results for the Second-Quarter (Cumulative) Period and the Actual Results and Adjustment to the Forecast of Non-Consolidated Business Results for the Whole-Year Period" publicized on October 31, 2014.

Cautionary notice on information about the future:

The plans, forecast of operating results and other prospects for the future described in this brief statement of accounts are based on the information currently available to the Company and certain assumptions considered reasonable by the Company and are not contemplated to ensure the fulfillment thereof. The actual results in the future may materially differ from such plans and forecast, depending on various factors including risk factors in business. The Company, therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, the Company will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any result arising therefrom, or publicize such revised information.

2. Other Information

- | | |
|--|------|
| (1) Changes in Significant Subsidiaries during the Period under Review: | None |
| (2) Application of Simplified Accounting Treatments and Special Accounting Treatments: | None |

(3) Changes in Accounting Policies:

As of April 1, 2014, the Company changed its accounting policy about the classification of "cash and cash equivalents" on its consolidated balance sheets and consolidated statements of cash flows.

The item of "cash and cash equivalents" had been defined as cash and demand deposits. The definition was changed to include time deposits and marketable securities with original maturities of three months or less. The Company believes the change in the policy is desirable because it is more in line with the actual conditions of fund management and investment policies of the Company.

The change was made based on the FASB Accounting Standards Codification (ASC) 250 "Accounting Changes and Error Corrections" and its consolidated financial statements were adjusted retroactively as a result of a change in accounting policies.

The effects of the retroactive application of the change on its consolidated balance sheet and consolidated statement of cash flows for the previous fiscal year are described below:

Consolidated balance sheet (Year ended March 31, 2014)

Item	(millions of yen)	
	before adjustment	after adjustment
Cash and cash equivalents	42,983	74,928
Time deposits	42,472	10,527

Consolidated statement of cash flows (April 1, 2013 through March 31, 2014)

Item	(millions of yen)	
	before adjustment	after adjustment
Investing Activities:		
Increase in time deposits	-	(8,383)
Decrease in short-term investments	855	-
Others - net	697	823
Effect of exchange rate changes on cash and cash equivalents	838	1,365
Cash and cash equivalents at beginning of the year	36,475	77,005
Cash and cash equivalents at end of the year	42,983	74,928

The effects of the retroactive application of the change on its consolidated second-quarter statement of cash flows for the second-quarter cumulative period of the previous fiscal year are described below:

Consolidated second-quarter statement of cash flows (April 1, 2013 through September 30, 2013)

Item	(millions of yen)	
	before adjustment	after adjustment
Investing Activities:		
Increase in time deposits	-	(7,672)
Decrease in short-term investments	11,445	-
Others - net	1,031	979
Effect of exchange rate changes on cash and cash equivalents	274	226
Cash and cash equivalents at beginning of the period	36,475	77,005
Cash and cash equivalents at end of the period	46,467	67,780

(4) Basis of Preparation of Consolidated Quarterly Financial Statements:

The consolidated quarterly financial statements of the Company are prepared in accordance with the generally accepted accounting principles in the United States.

The Company has revised the presentation for the previous fiscal year to comply with the presentation for the fiscal year under review.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets:

	(millions of yen)	
	Year ended March 31, 2014 (as of March 31, 2014)	Second-quarter period of the year ending March 31, 2015 (as of September 30, 2014)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	74,928	56,735
Time deposits	10,527	11,045
Marketable securities	190	190
Trade notes and accounts receivable	118,141	124,810
Allowance for doubtful receivables	(266)	(246)
Inventories	122,115	159,878
Deferred income taxes	5,863	6,797
Other current assets	9,293	14,815
Total current assets	340,791	374,024
Property, plant and equipment - at cost, less accumulated depreciation	236,669	243,594
Intangible assets, less accumulated amortization	5,402	4,703
Investments and other assets:		
Investments in associated companies	2,993	2,881
Other investment securities	21,078	22,274
Other assets	10,196	11,286
Total investments and other assets	34,267	36,441
Deferred income taxes - non-current	10,091	9,959
Total Assets	627,220	668,721

	(millions of yen)	
	Year ended March 31, 2014 (as of March 31, 2014)	Second-quarter period of the year ending March 31, 2015 (as of September 30, 2014)
<u>Liabilities and Equity</u>		
Current liabilities:		
Short-term bank loans	46,166	59,817
Current maturities of long-term debt	8,395	6,471
Trade notes and accounts payable	97,353	112,475
Accrued income taxes	4,419	5,696
Deferred income taxes	802	743
Accrued expenses	20,567	21,388
Other current liabilities	18,234	20,212
Total current liabilities	195,936	226,802
Liability under retirement and severance programs	12,584	12,862
Long-term debt, less current maturities	90,402	90,506
Deferred income taxes - non-current	2,449	2,495
Other long-term liabilities	1,874	2,076
Total liabilities	303,245	334,741
NH Foods Ltd. shareholders' equity:		
Common stock	24,166	24,166
Capital surplus	55,655	51,062
Retained earnings:		
Appropriated for legal reserve	7,748	7,942
Unappropriated	271,902	246,869
Accumulated other comprehensive income (loss)	(1,064)	1,498
Treasury stock, at cost	(37,423)	(470)
Total NH Foods Ltd. shareholders' equity	320,984	331,067
Noncontrolling interests	2,991	2,913
Total equity	323,975	333,980
Total Liabilities and Equity	627,220	668,721

(Note) Accumulated other comprehensive income (loss) – breakdown

	Year ended March 31, 2014	Second-quarter period of the year ending March 31, 2015
Net unrealized gains on securities available-for-sales	4,102	4,870
Pension liability adjustments	(3,621)	(3,508)
Foreign currency translation adjustments	(1,545)	136

(2) Consolidated Quarterly Statements of Income:
(for the consolidated second-quarter cumulative period of the year)

	(millions of yen)	
	Second-quarter cumulative period of the year ended March 31, 2014 (April 1, 2013 through September 30, 2013)	Second-quarter cumulative period of the year ending March 31, 2015 (April 1, 2014 through September 30, 2014)
Net sales	546,191	587,623
Cost of goods sold	451,165	481,482
Selling, general and administrative expenses	83,091	83,796
Other operating costs and expenses (income) - net	1,212	353
Interest expense	784	726
Other income (expenses) - net	750	(319)
Income before income taxes and equity in earnings of associated companies	10,689	20,947
Income taxes	3,202	5,916
Income before equity in earnings of associated companies	7,487	15,031
Equity in earnings of associated companies - net of applicable income taxes	154	87
Net income	7,641	15,118
Net income attributable to noncontrolling interests	(21)	(51)
Net income attributable to NH Foods Ltd.	7,620	15,067

(for the consolidated second-quarter period of the year)

(millions of yen)

	Second-quarter period of the year ended March 31, 2014 (July 1, 2013 through September 30, 2013)	Second-quarter period of the year ending March 31, 2015 (July 1, 2014 through September 30, 2014)
Net sales	280,540	303,772
Cost of goods sold	231,465	248,931
Selling, general and administrative expenses	41,616	42,418
Other operating costs and expenses (income) - net	938	84
Interest expense	429	338
Other income (expenses) - net	14	15
Income before income taxes and equity in earnings of associated companies	6,106	12,016
Income taxes	1,809	3,590
Income before equity in earnings of associated companies	4,297	8,426
Equity in earnings of associated companies - net of applicable income taxes	145	89
Net income	4,442	8,515
Net income attributable to noncontrolling interests	(19)	(40)
Net income attributable to NH Foods Ltd.	4,423	8,475

(3) Consolidated Quarterly Statements of Comprehensive Income:
 (for the consolidated second-quarter cumulative period of the year)

(millions of yen)

	Second-quarter cumulative period of the year ended March 31, 2014 (April 1, 2013 through September 30, 2013)	Second-quarter cumulative period of the year ending March 31, 2015 (April 1, 2014 through September 30, 2014)
Net income	7,641	15,118
Other comprehensive income - net of applicable income taxes		
Net unrealized gains on securities available-for-sale	417	767
Pension liability adjustments	212	113
Foreign currency translation adjustments	2,825	1,636
Total other comprehensive income	3,454	2,516
Comprehensive income	11,095	17,634
Net comprehensive income attributable to noncontrolling interests	(154)	(5)
Net comprehensive income attributable to NH Foods Ltd.	10,941	17,629

(for the consolidated second-quarter period of the year)

(millions of yen)

	Second-quarter period of the year ended March 31, 2014 (July 1, 2013 through September 30, 2013)	Second-quarter period of the year ending March 31, 2015 (July 1, 2014 through September 30, 2014)
Net income	4,442	8,515
Other comprehensive income - net of applicable income taxes		
Net unrealized gains on securities available-for- sale	413	160
Pension liability adjustments	110	56
Foreign currency translation adjustments	56	2,273
Total other comprehensive income	579	2,489
Comprehensive income	5,021	11,004
Net comprehensive income attributable to noncontrolling interests	(74)	(45)
Net comprehensive income attributable to NH Foods Ltd.	4,947	10,959

(4) Consolidated Quarterly Statements of Cash Flows:

(millions of yen)

	Second-quarter cumulative period of the year ended March 31, 2014 (April 1, 2013 through September 30, 2013)	Second-quarter cumulative period of the year ending March 31, 2015 (April 1, 2014 through September 30, 2014)	(For reference) Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)
Operating Activities:			
Net income	7,641	15,118	24,704
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,431	9,597	19,081
Impairment loss of long-lived assets	1,145	355	1,738
Income taxes deferred	(419)	(1,301)	1,094
Foreign exchange transaction adjustments	(1,848)	3,030	(3,221)
Decrease (increase) in trade notes and accounts receivable	10,059	(6,545)	6,339
Increase in inventories	(20,925)	(37,341)	(8,215)
Decrease (increase) in other current assets	464	(5,261)	2,033
Increase (decrease) in trade notes and accounts payable	(1,017)	14,837	(5,504)
Increase (decrease) in accrued income taxes	(3,598)	1,273	(1,666)
Increase (decrease) in accrued expenses and other current liabilities	480	7,796	(2,062)
Others - net	(176)	(112)	(1,369)
Net cash provided by operating activities	1,237	1,446	32,952
Investing Activities:			
Capital expenditures	(11,581)	(20,014)	(22,690)
Proceeds from sales of capital assets	1,154	699	2,520
Increase in time deposits	(7,672)	(1,249)	(8,383)
Purchases of marketable securities and other investment securities	(232)	(265)	(269)
Proceeds from sales and maturities of marketable securities and other investment securities	292	413	413
Net increase in cash and cash equivalents resulting from purchase of business	339	-	201
Net increase in cash and cash equivalents resulting from sales of business	364	-	364
Others - net	979	(316)	823
Net cash used in investing activities	(16,357)	(20,732)	(27,021)
Financing Activities:			
Cash dividends	(4,854)	(7,619)	(4,854)
Increase (decrease) in short-term bank loans	9,967	(5,312)	17,104
Proceeds from debt	9,052	17,717	51,459
Repayments of debt	(8,489)	(4,049)	(43,010)
Acquisition of treasury stock	(7)	(9)	(30,044)
Others - net	0	0	(28)
Net cash provided by (used in) financing activities	5,669	728	(9,373)
Effect of exchange rate changes on cash and cash equivalents	226	365	1,365
Net decrease in cash and cash equivalents	(9,225)	(18,193)	(2,077)
Cash and cash equivalents at beginning of the period (year)	77,005	74,928	77,005
Cash and cash equivalents at end of the period (year)	67,780	56,735	74,928
Additional cash flow information:			
Cash payment for the period (year)			
Interest paid	755	604	1,548
Income taxes paid	6,654	6,000	11,341
Capital lease obligations incurred	1,297	1,556	2,776
Convertible bonds converted into shares	-	-	29,818

(5) Note on the Premises of a Going Concern:

Not applicable.

(6) Segment Information:

Operating segment information:

The operating segments of the Company and its consolidated subsidiaries are comprised of the following three business groups. The businesses thereof are as follows:

- Processed foods business division – Production and sales of mainly hams and sausages, and processed foods
- Fresh meats business division – Production and sales of mainly fresh meats
- Affiliated business division – Production and sales of mainly marine products and dairy products

The Group is composed of the NH Foods Ltd., its 89 subsidiaries and five associated companies.

(for the consolidated second-quarter cumulative period of the year)

For the consolidated second-quarter cumulative period of the year ended March 31, 2014 (April 1, 2013 through September 30, 2013):

(millions of yen)

	Processed foods business division	Fresh meats business division	Affiliated business division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
(1) External customers	157,860	326,288	69,247	553,395	(7,204)	546,191
(2) Intersegment	13,148	50,832	1,507	65,487	(65,487)	-
Total	171,008	377,120	70,754	618,882	(72,691)	546,191
Operating expenses	169,307	368,028	70,584	607,919	(73,663)	534,256
Segment profit	1,701	9,092	170	10,963	972	11,935

For the consolidated second-quarter cumulative period of the year ending March 31, 2015 (April 1, 2014 through September 30, 2014):

(millions of yen)

	Processed foods business division	Fresh meats business division	Affiliated business division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
(1) External customers	164,071	358,894	73,270	596,235	(8,612)	587,623
(2) Intersegment	13,008	55,224	1,555	69,787	(69,787)	-
Total	177,079	414,118	74,825	666,022	(78,399)	587,623
Operating expenses	175,582	393,627	74,890	644,099	(78,821)	565,278
Segment profit (loss)	1,497	20,491	(65)	21,923	422	22,345

- (Notes) 1. "Eliminations, adjustments and others" includes unallocated items and intersegment eliminations.
2. Except for a few unallocated items, corporate overhead expenses and profit and loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the companies included in each reportable operating segment.
3. Operating income (loss) is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales.

(for the consolidated second-quarter period of the year)

For the consolidated second-quarter period of the year ended March 31, 2014 (July 1, 2013 through September 30, 2013):

(millions of yen)

	Processed foods business division	Fresh meats business division	Affiliated business division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
(1) External customers	81,956	166,137	36,132	284,225	(3,685)	280,540
(2) Intersegment	7,115	25,409	757	33,281	(33,281)	-
Total	89,071	191,546	36,889	317,506	(36,966)	280,540
Operating expenses	87,857	185,874	36,688	310,419	(37,338)	273,081
Segment profit	1,214	5,672	201	7,087	372	7,459

For the consolidated second-quarter period of the year ending March 31, 2015 (July 1, 2014 through September 30, 2014):

(millions of yen)

	Processed foods business division	Fresh meats business division	Affiliated business division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
(1) External customers	84,356	185,151	38,548	308,055	(4,283)	303,772
(2) Intersegment	7,000	28,715	735	36,450	(36,450)	-
Total	91,356	213,866	39,283	344,505	(40,733)	303,772
Operating expenses	90,773	202,165	39,302	332,240	(40,891)	291,349
Segment profit (loss)	583	11,701	(19)	12,265	158	12,423

- (Notes) 1. "Eliminations, adjustments and others" includes unallocated items and intersegment eliminations.
2. Except for a few unallocated items, corporate overhead expenses and profit and loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the companies included in each reportable operating segment.
3. Operating income (loss) is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales.

(7) Note on Material Change (if Any) in the Amount of Shareholders' Equity:

The Company, pursuant to the resolution adopted at the meeting of its Board of Directors held on May 8, 2014, cancelled 24,445,350 shares of its treasury stock as of May 30, 2014. As a result, treasury stock decreased by ¥36,930 million and capital surplus and retained earnings - unappropriated decreased by ¥4,560 million and ¥32,370 million, respectively. Treasury stock accounted for ¥470 million at the end of the period under review.