

(Translation)

May 11, 2015

**BRIEF STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2015**

(Based on the accounting principles generally accepted in the United States)
(Consolidated)

| | |
|---|--|
| Name of listed company: | NH Foods Ltd. |
| Listing exchange: | Tokyo Stock Exchange |
| Code number: | 2282 |
| URL: | http://www.nipponham.co.jp/en/ |
| Representative: | Juichi Suezawa President and Representative Director |
| Further inquiries: | Masahito Kataoka Executive Officer, General Manager of Accounting & Finance Department, Corporate Management Division |
| TEL: | +81-6-7525-3042 |
| Scheduled date of the Ordinary General Meeting of Shareholders: | June 25, 2015 |
| Scheduled date of payment of dividends: | June 3, 2015 |
| Scheduled date of filing of securities report: | June 26, 2015 |
| Preparation of supplementary information on statement of accounts: | Yes |
| Holding of 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 year ended March 31, 2015 (April 1, 2014 through March 31, 2015):

(1) Consolidated operating results:

(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. | |
|---------------------------|-------------------|-----|-------------------|------|---|------|--|------|
| | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) |
| Year ended March 31, 2015 | 1,212,802 | 8.1 | 48,444 | 35.7 | 44,544 | 26.2 | 31,048 | 26.6 |
| Year ended March 31, 2014 | 1,122,097 | 9.7 | 35,700 | 27.4 | 35,303 | 25.9 | 24,524 | 49.0 |

(Note) Comprehensive income attributable to NH Foods Ltd.:

| | | |
|----------------------------|-----------------|--------|
| Year ended March 31, 2015: | ¥40,238 million | 24.8 % |
| Year ended March 31, 2014: | ¥32,233 million | 38.9 % |

| | Earning per share attributable to NH Foods Ltd. shareholders (basic) | Earning per share attributable to NH Foods Ltd. shareholders (diluted) | Ratio of net income attributable to total NH Foods Ltd. to shareholders' equity | Ratio of income from continuing operations before income taxes and equity in earnings of associated companies to total assets | Ratio of operating income to net sales |
|---------------------------|--|--|---|---|--|
| | (yen) | (yen) | (%) | (%) | (%) |
| Year ended March 31, 2015 | 152.43 | 143.11 | 9.2 | 6.9 | 4.0 |
| Year ended March 31, 2014 | 122.11 | 110.92 | 8.0 | 5.7 | 3.2 |

(For reference) Equity in earnings of associated companies:

| | |
|----------------------------|--------------|
| Year ended March 31, 2015: | ¥133 million |
| Year ended March 31, 2014: | ¥439 million |

(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 | Total NH Foods Ltd. shareholders' equity ratio | Total NH Foods Ltd. shareholders' equity per share |
|---------------------------|-------------------|-------------------|--|--|--|
| | (millions of yen) | (millions of yen) | (millions of yen) | (%) | (yen) |
| Year ended March 31, 2015 | 661,567 | 356,424 | 353,664 | 53.5 | 1,736.18 |
| 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."

(3) Consolidated cash flows:

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of the year |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | (millions of yen) | (millions of yen) | (millions of yen) | (millions of yen) |
| Year ended March 31, 2015 | 29,681 | (31,517) | (17,187) | 57,404 |
| Year ended March 31, 2014 | 32,952 | (27,021) | (9,373) | 74,928 |

2. State of dividends:

| | Annual dividend per share (yen) | | | | | Total Dividends (Annual) | Dividend payout ratio (consolidated) | Ratio of dividends to shareholders' equity (consolidated) |
|---------------------------------------|---------------------------------|---------------------|--------------------|-------------------|-------------------|--------------------------|--------------------------------------|---|
| | First quarter -end | Second quarter -end | Third quarter -end | Year-end | Total | | | |
| | (millions of yen) | (millions of yen) | (millions of yen) | (millions of yen) | (millions of yen) | (%) | (%) | |
| Year ended March 31, 2014 | — | — | — | 37.00 | 37.00 | 7,536 | 30.3 | 2.4 |
| Year ended March 31, 2015 | — | — | — | 46.00 | 46.00 | 9,370 | 30.2 | 2.8 |
| Year ending March 31, 2016 (forecast) | — | — | — | 40.00 | 40.00 | | 30.2 | |

(Note) The ratio of dividends to shareholders' equity (consolidated) is calculated on the basis of the amount of NH Foods Ltd. shareholders' equity.

3. Forecast of consolidated business results for the year ending March 31, 2016 (April 1, 2015 through March 31, 2016):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year in respect of the whole-year period, and from the second quarter (cumulative) of the previous fiscal year in respect of the second quarter (cumulative), respectively.)

| | 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) |
| Second quarter (cumulative) | 600,000 | 2.1 | 17,000 | (23.9) | 16,000 | (23.6) | 11,000 | (27.0) | 54.00 |
| Whole-year period | 1,240,000 | 2.2 | 41,000 | (15.4) | 39,000 | (12.4) | 27,000 | (13.0) | 132.55 |

* Notes:

(1) Changes in significant subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the year: None

(2) Changes in accounting policies:

1) Changes associated with changes in accounting standards: None

2) Other changes: Yes

(For more information, please refer to “7. Important Matters Forming the Basis for Preparing Consolidated Financial Statements” on pages 32 to 34.)

(3) Number of shares issued (shares of common stock):

1) Number of shares issued (including shares of treasury stock) as of the end of the fiscal year:

Year ended 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 fiscal year:

Year ended March 31, 2015: 298,412 shares

Year ended March 31, 2014: 24,771,582 shares

3) Average number of shares outstanding during the fiscal year:

Year ended March 31, 2015: 203,686,024 shares

Year ended March 31, 2014: 200,827,871 shares

(For reference) Summary of the non-consolidated business results

1. Non-consolidated business results for the year ended March 31, 2015 (April 1, 2014 through March 31, 2015):

(1) Non-consolidated operating results

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------------------------|-------------------|-----|-------------------|--------|-------------------|--------|-------------------|--------|
| | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) |
| Year ended March 31, 2015 | 784,405 | 7.3 | 6,685 | 209.2 | 15,498 | (3.3) | 11,121 | (16.0) |
| Year ended March 31, 2014 | 731,087 | 8.9 | 2,162 | (66.4) | 16,034 | (11.6) | 13,237 | 36.6 |

| | Net income per share (basic) | Net income per share (diluted) |
|---------------------------|------------------------------|--------------------------------|
| | (yen) | (yen) |
| Year ended March 31, 2015 | 54.60 | 51.07 |
| Year ended March 31, 2014 | 65.92 | 59.91 |

(2) Non-consolidated financial position

| | Total assets | Total net assets | Equity ratio | Total net assets per share |
|---------------------------|-------------------|-------------------|--------------|----------------------------|
| | (millions of yen) | (millions of yen) | (%) | (yen) |
| Year ended March 31, 2015 | 452,661 | 191,370 | 42.2 | 938.86 |
| Year ended March 31, 2014 | 437,696 | 186,024 | 42.5 | 912.54 |

(For reference)

Net worth: Year ended March 31, 2015: ¥191,246 million
Year ended March 31, 2014: ¥185,860 million

2. Forecast of non-consolidated business results for the year ending March 31, 2016 (April 1, 2015 through March 31, 2016):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year in respect of the whole-year period, and from the second quarter (cumulative) of the previous fiscal year in respect of the second quarter (cumulative), respectively.)

| | Net sales | | Ordinary income | | Net income | | Net income per share |
|-----------------------------|-------------------|-----|-------------------|-------|-------------------|------|----------------------|
| | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) | (yen) |
| Second quarter (cumulative) | 395,500 | 2.6 | 11,900 | (7.2) | 11,300 | 3.5 | 55.47 |
| Whole-year period | 786,000 | 0.2 | 14,700 | (5.1) | 13,000 | 16.9 | 63.82 |

* Statement on the state of performance of audit procedures:

This brief statement of accounts is not subject to audit procedures under the Financial Instruments and Exchange Act of Japan. The audit procedures of financial statements in accordance with the Financial Instruments and Exchange Act has 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 NH Foods Ltd. and certain assumptions considered reasonable by NH Foods Ltd. and are not contemplated to ensure the fulfillment thereof. The actual results may materially differ from such forecast and plans depending on various factors. NH Foods Ltd., 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, NH Foods Ltd. 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. Analysis of Operating Results: (2) Prospect for the year ending March 31, 2016” on pages 13 to 14.

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

- May 13, 2015 (Wednesday): Results briefing for institutional investors and analysts

* In addition to the above-mentioned briefing, NH Foods Ltd. 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.

I. OPERATING RESULTS

1. Analysis of Operating Results

(1) For the year ended March 31, 2015

Overview of Operating Results in General

The Japanese economy during the year ended March 31, 2015 registered a tone of slow recovery owing partly to the government's economic policies. Consumer spending, however, experienced a delay in recovery due to a rebound from the rush demand prior to the consumption tax rate hike to commence in April 2014, the unseasonable 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 chicken 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, NH Foods Ltd. and its subsidiaries (the "Group"), with its "New Medium-Term Management Plan Part 4," 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 businesses and reinforce the foundation of overseas businesses." To be specific, the Group has implemented various measures, including the reinforcing of its farm business, development and sales expansion of new products in Japan. Overseas, the Group established its marketing bases in Brazil and Hong Kong, made a presentation at a food exhibition in Paris and announced a capital investment in a leading chicken farming company in Turkey in December 2014. 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 and the corporate brand logo of NH Foods Ltd. in April 2014 for the purpose of promoting brand management as part of the Group's global strategy. NH Foods Ltd. 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 year ended March 31, 2015, on a consolidated basis, net sales amounted to ¥1,212,802 million, up 8.1% from the corresponding period of the previous fiscal year. Operating income increased 35.7% from the corresponding period

of the previous fiscal year to ¥48,444 million. Income before income taxes and equity in earnings of associated companies increased 26.2% from the corresponding period of the previous fiscal year to ¥44,544 million. Net income attributable to NH Foods Ltd. increased 26.6% from the corresponding period of the previous fiscal year to ¥31,048 million.

Breakdown of consolidated net sales

| Category | Year ended March 31, 2014 (April 1, 2013-March 31, 2014) | | Year ended March 31, 2015 (April 1, 2014-March 31, 2015) | | Rate of increase (decrease) from the previous year (%) |
|-------------------|--|---------------------------|--|---------------------------|---|
| | Amount (millions of yen) | Component ratio (%) | Amount (millions of yen) | Component ratio (%) | |
| Hams and sausages | 143,490 | 12.8 | 150,103 | 12.4 | 4.6 |
| Processed foods | 208,084 | 18.5 | 212,413 | 17.5 | 2.1 |
| Fresh meats | 619,333 | 55.2 | 691,072 | 57.0 | 11.6 |
| Marine products | 91,809 | 8.2 | 94,396 | 7.8 | 2.8 |
| Dairy products | 26,253 | 2.3 | 28,564 | 2.3 | 8.8 |
| Others | 33,128 | 3.0 | 36,254 | 3.0 | 9.4 |
| Total | 1,122,097 | 100.0 | 1,212,802 | 100.0 | 8.1 |

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, thereby substantially boosting sales. In addition, in the year-end gift season, the Group actively engaged in television commercials, as well as promotional activities at retail shops, for its flagship brand *Utsukushi-no-Kuni*. As a result, sales of hams and sausages on the whole exceeded those in the previous fiscal year.

In the processed foods business, sales volume of new products in the chilled pouch-packed prepared foods category showed a strong performance, as well as *Ishigama Kobo*, No. 1 product in the category, and *Chuka Meisai* promoted by television commercials showed a recovery in sales from the second half of the year ended March 31, 2015. However, competition intensified in commercial-use products and sales of processed foods declined from 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 higher prices of raw materials, supplies and fuel than forecasted, profitability decreased in comparison with the previous fiscal year.

As a result, for the year ended March 31, 2015, on a consolidated basis, net sales of the processed foods business division amounted to ¥359,988 million, up 2.3% from the previous fiscal year, and operating income amounted to ¥2,064 million, down 68.2% from the previous fiscal year.

(Fresh Meats Business Division)

In Japan, there was a steady increase in sales volume of domestic chicken, for which the division had strengthened its farm businesses. Due partly to an increase in fresh meat prices over the previous fiscal year, overall sales increased substantially in amount. The division also enhanced its efforts to expand sales of branded fresh meats such as selling *Sakurahime* 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 sales volume declined.

With regard to imported fresh meats, the division focused its efforts on the sales of such Australian beef as *Whyalleaf* and *Omugi-Gyu*, as well as *Germany Pork* and Italian pork *Dolce Porco*. However, sales volume declined due in part to the effects of a decrease in import volume of beef and pork produced in the United States, reflecting the effects of the long-drawn-out labor-management negotiations of U.S. West Coast ports, which commenced in October 2014.

With regard to profits, prices of crude oil and feedstuffs, which affect production cost in Japan, have remained high due partly to the effect of foreign exchange. However, due to a rise in the prices for fresh meats and improved productivity, profitability in the domestic production businesses has registered a tone of recovery in comparison with the previous fiscal year. Overseas, earnings improved due to initiatives focused on sales in each country in Australian businesses.

As a result, for the year ended March 31, 2015, on a consolidated basis, net sales of the fresh meats business division amounted to ¥850,759 million, up 11.0% from the previous fiscal year and operating income amounted to ¥45,208 million, up 68.6% from the previous fiscal year.

(Affiliated Business Division)

In the marine products business, sales to restaurants decreased due to increases in prices driven by higher material cost and the effect of foreign exchange. However, thanks to factors such as increases in raw material exports and sales of processed marine products in Hokkaido, sales of marine products on the whole were on the same level as the previous fiscal year.

In the dairy products business, with regard to yogurt and lactic acid probiotic beverages, the Group strengthened its sales activity for its mainstay *Vanilla Yogurt*, introduced new products and increased items of yogurt beverages for its convenience stores channel. Consequently, sales exceeded those in the previous fiscal year. With regard to cheese, the Group had a hard time in its restaurant channel and food manufacturer channel due to increases in unit prices driven by higher material cost and the effect of foreign exchange, while sales in its retail channel to which the Group has been strengthening its marketing efforts expanded. Consequently, sales exceeded those in the previous fiscal year.

With regard to profits, profitability in the marine products business fell from the previous fiscal year due to a decrease in the gross profit margin resulting from a decrease in sales volume of mainstay products, such as shrimps and salmons in comparison with the previous fiscal year. In the dairy products business, profitability of yogurt and lactic acid probiotic beverages increased in comparison with the previous fiscal year due to a substantial increase in sales volume, which more than offset higher cost of powdered milk, among others. Profitability of cheese, however, fell from the previous fiscal year due to higher raw material cost and a subsequent decrease in demand. Consequently, profitability fell in the dairy products business on the whole.

As a result, for the year ended March 31, 2015, on a consolidated basis, net sales of the affiliated business division amounted to ¥155,164 million, up 4.7% from the previous fiscal year and operating income amounted to ¥287 million, down 71.2% from the previous fiscal year.

(2) Prospect for the year ending March 31, 2016

Although the harsh business environment is expected to continue in the future, the Group will push ahead with the “New Medium-Term Management Plan Part 5,” which will be launched in the year ending March 31, 2016, with the theme of “Creating a stable business model through reform” and the management policies: “Establish competitive advantages of domestic businesses” and “Accelerate to a global company.” (For more information, please refer to “III. BUSINESS POLICY: 3. NH Foods Ltd.’s Medium- and Long-Range Business Strategies and Issues to be Addressed by NH Foods Ltd.” on pages 21 to 24.)

In the Processed Foods Business Division, the costs of raw and other materials are expected to continue surging. Although consumption is gradually showing some signs of recovery, the business environment will likely remain harsh as consumption polarizes and price competition intensifies. As such, our production and marketing operations will collaborate in pursuing growth strategies and efficiency-enhancing strategies. Our growth strategies will be to pursue the category leader strategy by enhancing the power of the brand and to strengthen individual strategies for consumer, commercial areas and frozen foods by enhancing marketing capabilities, with a view to securing dominant market share and high profitability. We will also propose new value to create new markets based on quality deserving customers’ support and through product development from customer perspectives. Efficiency-enhancing strategies will center on enhancing cost competitiveness through the installation of high-productivity lines and other strategic capital expenditures, and the visualization of the earnings structure by product.

The Fresh Meats Business Division expects the business environment to remain harsh due to fluctuations in fresh meat and grain prices and rapid changes in supply and demand trends on a global scale. In this business environment, the division will further strengthen its unique “integration system,” which covers its farms through to its sales companies, while further expanding its share of domestic sales by enhancing branded fresh meats. The division will also strengthen the supply and sales system with an eye to future changes such as TPP and FTA.

The Affiliated Business Division will reinforce production and marketing capabilities in the marine products and dairy products businesses to expand the domestic business scale. In manufacturing, the division will aggressively make capital expenditures and improve “quality” and “efficiency,” as well as strengthen raw material procurement in an effort to increase and stabilize profitability. In sales, the division will enhance added value of products by reinforcing customer-oriented marketing and development capabilities with focus on in-house products. Also, by utilizing group synergy, the division will promote recognition of the brand.

In overseas businesses which have been a challenge, the division changes its mindset from “bases for supply to Japan” to “sales throughout the world” and will work to expand new bases and overseas sales.

As described above, the environment surrounding the Group is very harsh with many

accumulated issues. However, the Group will make a unified effort to implement the management policies and management strategies under the theme of “Creating a stable business model through reform” set out in the “New Medium-Term Management Plan Part 5.”

With regard to operating results for the year ending March 31, 2016, net sales are estimated to amount to ¥1,240.0 billion, up 2.2% from the year ended March 31, 2015.

Forecast of consolidated net sales

| Category | Year ending March 31, 2016 (April 1, 2015-March 31, 2016) | Rate of increase (decrease) from the previous year |
|-------------------|--|--|
| | (billion yen) | (%) |
| Hams and sausages | 153.0 | 1.9 |
| Processed foods | 221.0 | 4.0 |
| Fresh meats | 700.0 | 1.3 |
| Marine products | 97.0 | 2.8 |
| Dairy products | 30.0 | 5.0 |
| Others | 39.0 | 7.6 |
| Total | 1,240.0 | 2.2 |

In regard to profits, operating income, income before income taxes and equity in earnings of associated companies and net income attributable to NH Foods Ltd. are estimated to amount to ¥41.0 billion (down 15.4% from the previous fiscal year), ¥39.0 billion (down 12.4% from the previous fiscal year) and ¥27.0 billion (down 13.0% from the previous fiscal year), respectively.

Cautionary notice on information about the future:

The plans, forecast of operating results and other prospects for the future described in this brief statements of accounts are based on the information currently available to NH Foods Ltd. and certain assumptions considered reasonable by NH Foods Ltd. 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. NH Foods Ltd., 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, NH Foods Ltd. 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. Analysis of the Financial Position

(Assets, liabilities and shareholders' equity)

Total assets at the end of the year increased by 5.5% from the end of the previous fiscal year, accounting for ¥661,567 million. With regard to assets, cash and cash equivalents decreased by 23.4% from the end of the previous fiscal year, accounting for ¥57,404 million, while trade notes and accounts receivable increased by 7.7% from the end of the previous fiscal year, accounting for ¥127,273 million, and inventories increased by 17.2% from the end of the previous fiscal year, accounting for ¥143,107 million. As a result, current assets increased by 4.6% from the end of the previous fiscal year, accounting for ¥356,454 million. Property, plant and equipment increased by 6.7% from the end of the previous fiscal year, accounting for ¥252,537 million due to the increase in capital expenditures. Investments and other assets increased by 20.1% from the end of the previous fiscal year, accounting for ¥41,170 million, attributable principally to an increase in unrealized gain on other investment securities and prepaid pension expenses due to the buoyant stock markets.

Liabilities increased by 0.6% from the end of the previous fiscal year, accounting for ¥305,143 million, as trade notes and accounts payable decreased by 3.2% from the end of the previous fiscal year, accounting for ¥94,212 million, and long-term debt decreased by 6.9% from the end of the previous fiscal year, accounting for ¥84,169 million, while accrued income taxes increased by 74.9% from the end of the previous fiscal year, accounting for ¥7,729 million, and other current liabilities increased by 40.8% from the end of the previous fiscal year, accounting for ¥25,669 million.

NH Foods Ltd. shareholders' equity increased by 10.2% from the end of the previous fiscal year, accounting for ¥353,664 million, as accumulated other comprehensive income increased by ¥9,190 million from the end of the previous fiscal year due to such factors as the weak Japanese yen and the buoyant stock markets in addition to an increase due to net income attributable to NH Foods Ltd. accounting for ¥31,048 million. Interest-bearing debt* decreased by ¥ 8,157 million from the end of the previous fiscal year, accounting for ¥ 136,806 million.

As a result, NH Foods Ltd. shareholders' equity ratio increased by 2.3 points from the end of previous fiscal year to 53.5%.

* Interest-bearing debt: "short-term bank loans," "current maturities of long-term debt" and "long-term debt, less current maturities" (including zero coupon convertible bonds) in the consolidated balance sheets.

(Cash flows)

The states and causes of cash flows are as follows:

| | Year ended March 31, 2014 | Year ended March 31, 2015 | Increase or decrease |
|--|---------------------------------|---------------------------------|-------------------------|
| | (millions of yen) | (millions of yen) | (millions of yen) |
| Cash flows from operating activities | 32,952 | 29,681 | (3,271) |
| Cash flows from investing activities | (27,021) | (31,517) | (4,496) |
| Cash flows from financing activities | (9,373) | (17,187) | (7,814) |
| Effect of exchange rate changes on cash and cash equivalents | 1,365 | 1,499 | 134 |
| Net decrease in cash and cash equivalents | (2,077) | (17,524) | (15,447) |
| Cash and cash equivalents at end of the year | 74,928 | 57,404 | (17,524) |

With regard to operating activities, although trade notes and accounts receivable and inventories increased, among others, net income, depreciation and amortization, and accrued expenses and other current liabilities increased. As a result, net cash from operating activities amounted to ¥ 29,681 million (¥32,952 million for the previous fiscal year).

With regard to investing activities, net cash from investing activities decreased by ¥31,517 million (¥27,021 million for the previous fiscal year) due to capital expenditures, among others.

With regard to financing activities, while proceeds were provided from debt, due to a decreased in short-term bank loans and repayments of debt, net cash from financing activities decreased by ¥17,187 million (¥9,373 million for the previous fiscal year).

As a result, cash and cash equivalents at end of the year decreased by ¥17,524 million in comparison with the end of the previous fiscal year, to amount to ¥57,404 million.

The trends in cash flow indices are as shown below:

| | Year ended March 31, 2011 | Year ended March 31, 2012 | Year ended March 31, 2013 | Year ended March 31, 2014 | Year ended March 31, 2015 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Total NH Foods Ltd. shareholders' equity ratio (%) | 47.6 | 49.2 | 48.1 | 51.2 | 53.5 |
| Ratio of shareholders' equity on a fair value basis (%) | 37.8 | 38.0 | 50.6 | 49.9 | 85.2 |
| Years for debt redemption (year) | 4.2 | 5.3 | 4.0 | 4.4 | 4.6 |
| Interest coverage ratio (time) | 17.0 | 14.5 | 22.8 | 21.3 | 24.2 |

* Total NH Foods Ltd. shareholders' equity ratio:

Total NH Foods Ltd. shareholders' equity / Total assets

Ratio of shareholders' equity on a fair value basis:

Aggregate fair value of listed stock / Total assets

Years for debt redemption: Interest-bearing debt / Cash provided by operating activities

Interest coverage ratio: Cash provided by operating activities / Interest payments

- (Notes)
1. Each of the indices is calculated based on financial data on a consolidated basis.
 2. The aggregate fair value of listed stock is calculated based on the number of issued shares, excluding the shares of treasury stock.
 3. As cash provided by operating activities, cash flows from operating activities in the statement of consolidated cash flows are used. For interest payments, the amount of interest paid in the statement of consolidated cash flows is used.

3. NH Foods Ltd.'s Fundamental Policy of Profit Allocation and Dividends for the Year Ended March 31, 2015 and the Year Ending March 31, 2016

NH Foods Ltd. considers shareholder return to be a management priority, and its basic policy is to return to shareholders a profit commensurate with its consolidated business results. NH Foods Ltd. intends to effectively use retained earnings to fund investments to enhance its corporate value for the years to come, and to maintain and strengthen its financial position.

Under this basic policy, with regard to dividends, NH Foods Ltd.'s consolidated dividend payout ratio target is 30%; however, for the time being, NH Foods Ltd. will fix the minimum dividend per share at ¥16. With regard to the acquisition of its own shares, NH Foods Ltd. intends to act expediently to enhance its shareholder value per share and ROE by taking into account investment for growth and its financial position.

With regard to the dividends for the year ended March 31, 2015, management intends to pay an ordinary dividend of ¥46 per share (consolidated dividend payout ratio: 30.2%) as publicized in the "Notice of Adjustment to the Forecasts of Business Results and Dividends" on May 8, 2015. For the year ending March 31, 2016, management plans to

pay an ordinary dividend of ¥40 per share, based on the consolidated dividend payout ratio of 30% with net income attributable to NH Foods Ltd. forecasted to be ¥27.0 billion.

4. Risk Factors in Business

No new risks requiring immediate disclosure, beyond those indicated in the most recent Annual Report (submitted July 2014), have become evident, so this section has been omitted.

The Annual Report is available at the following URL.

(NH Foods Ltd.'s website)

<http://www.nipponham.co.jp/ir/library/> (Japanese)

<http://www.nipponham.co.jp/eng/ir/library/> (English)

II. STATE OF CORPORATE GROUP

The Group is composed of NH Foods Ltd., its 86 subsidiaries and five associated companies. The business divisions supervising their businesses and positioning thereof are as follows:

Processed Foods Business Division

Hams and sausages, and processed foods are produced at NH Foods Ltd. and its production subsidiaries, Nipponham Factory Ltd., Nipponham Southwest Ltd., Nipponham Processed Foods Ltd. and Nipponham Delicatessen Ltd., and marketed through NH Foods Ltd.'s nationwide business offices and its marketing subsidiaries, Nipponham Hokkaido Sales Ltd., Nipponham East Sales Ltd., Nipponham West Sales Ltd. and others.

Fresh Meats Business Division

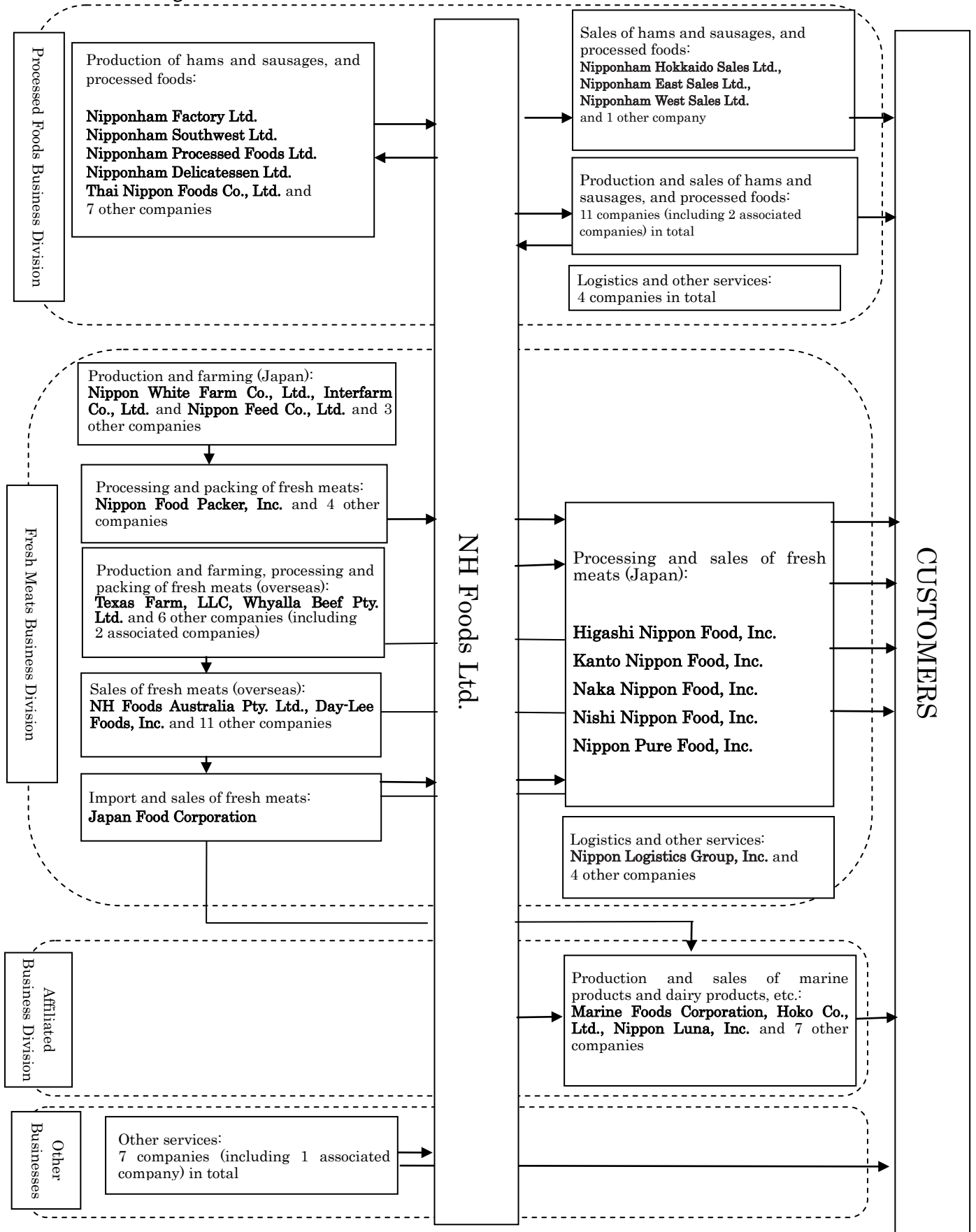
With regard to fresh meats, NH Foods Ltd.'s subsidiaries such as Nippon White Farm Co., Ltd. Interfarm Co., Ltd., Texas Farm, LLC and Whyalla Beef Pty. Ltd. carry out production and farming of swine, cattle and poultry. Fresh meats which are processed and produced by NH Foods Ltd.'s subsidiaries such as Nippon Food Packer, Inc. are marketed, together with fresh meats purchased from outside suppliers, by NH Foods Ltd. and through its nationwide marketing subsidiaries such as Higashi Nippon Food, Inc., Kanto Nippon Food, Inc., Naka Nippon Food, Inc. and Nishi Nippon Food, Inc. and others.

Affiliated Business Division

Marine products and dairy products are produced and marketed by NH Foods Ltd.'s subsidiaries, such as Marine Foods Corporation, Hoko Co., Ltd. and Nippon Luna, Inc. and others.

The above-mentioned matters are shown in the following business organization chart.

[Business Organization Chart]



III. BUSINESS POLICY

1. NH Foods Ltd.'s Fundamental Business Policy

The Group advocates, as two key factors of its corporate philosophy: Under the basic theme of “Joy of Eating,” our company creates a culture that marks an epoch and contributes to society; Our company is a place where employees can feel truly happy and fulfilled. The Group engages in a wide range of businesses with a mission of management to contribute to people’s happy and healthy life through supply of safe, secure and high-quality foods. The “joy of eating” represents the excitement of good eating and preciousness of health and we will actively focus our efforts on proposals of various occasions for eating and the creation of a food culture, as well as support of health promotion through sports, among others. We also believe that the Group’s business is a socially important business as it will secure a stable supply of foods into the future by nurturing living nature and producing foods while feeling grateful for blessings of nature. We believe that by engaging in such business, our employees will feel happy and do their work with a sense of satisfaction, which will consequently lead us to provide products and services acceptable to consumers.

Led by our Group Brand Statement of “The Brilliance of People for the Future of Food,” all Group employees share the “Group Brand Pledges” as our vision and values, and convey them to all the stakeholders we deal with through our brands. Our goal is to become the world leader in delivering the “Joy of Eating” by carrying out business in line with our four management objectives: “Value the bounty of nature,” “Uncompromising commitment to quality,” “Explore the new potential of food,” and “Contribute to people’s happy and healthy life.”

2. Target Management Indices

For the final fiscal year (consolidated) of the “New Medium-Term Business Plan Part 5” (from April 1, 2015 through March 31, 2018), which started in April 2015, the Group aims to book net sales of ¥1,300.0 billion and operating income of ¥52.0 billion, and attain 4.0% operating income ratio and 8.0% or higher ROE.

* The “New Medium-Term Management Plan Part 5” and its revised or amended plans (collectively, the “Medium-Term Management Plan”), which consist of the plans and targets prepared based on the information currently available to the Group and certain assumptions considered reasonable by the Group, contain potential risks and uncertainties. Hence, the Medium-Term Management Plan does not ensure the fulfillment thereof or the operating results in the future. The actual results may materially differ from the Medium-Term Management Plan. NH Foods Ltd., therefore, wishes to caution that readers should not place undue reliance on the Medium-Term Management Plan to make investment decisions. Notwithstanding any information or event in the future or any result arising therefrom, the Group will not necessarily revise the Medium-Term Management Plan nor will it be obliged to do so.

3. NH Foods Ltd.'s Medium- and Long-Range Business Strategies and Issues to be Addressed by NH Foods Ltd.

NH Foods Ltd. formulated in April 2015 the “New Medium-Term Management Plan

Part 5,” the theme of which is “Creating a stable business model through reform.”

Looking forward to the future business environment, environmental changes are predicted to have a major impact on the Group. These include the abolition or major reduction in import duties as the result of the EPA with Australia, which went into effect in January 2015, and progress in TPP negotiations; their impact on domestic primary industries; rising prices of raw materials due to global level demand pressure; reduced consumer demand resulting from the raising of sales taxes, and structural changes in distribution channels.

In this environment, the New Medium-Term Management Plan Part 5, which began in April 2015, further accelerates the growth strategy shift of the New Medium-Term Management Plan Part 4. We have positioned this period for us to establish foothold in order to advance onto the new stage, marking a milestone in the achieving of long-range Group ideals for ten years from now. In order to achieve this, the Group will build a stable business model by enhancing its corporate (Group-wide) functions, such as marketing, branding and human resource development, to promote business model innovation and corporate culture reformation. The linchpins of these efforts will be the establishment of competitive advantage of domestic businesses, based on the Group’s integration system, one of its strengths, and expansion of overseas businesses in order to increase global market sales.

Management Policies:

(1) Establish competitive advantages of domestic businesses:

The Group will strive to further improve its competitive advantages and expand its range of business fields even though the chance of the domestic market showing growth seems to be slim. The Group will supply its core values, such as delicious flavor, service, quality, safety and security, to customers, exceeding their expectations, in order to cultivate a brand that is most trusted by customers.

In order to produce ongoing improvements to profitability, the Group will also engage in active capital expenditures to achieve high efficiency, build an optimized production system, merge and discontinue products, enhance brand products with high levels of added value, and improve the efficiency of investment capital.

Coordination will be enhanced between business units in every value chain, including procurement, development, production, logistics and sales, creating Group synergy and maximally leveraging the Group’s comprehensive strengths.

(2) Accelerate to a global company:

Overseas businesses will be positioned as a growth driver, and the current overseas business model, focused on exports to Japan, will be transformed into a local domestic sales focused business model. The Group will strive to increase overseas sales and accelerate to evolve into a global enterprise. With regard to the Group’s integration system, one of its strengths, in addition to reinforcing Australian businesses, the integration system will be laterally deployed in other regions as well,

expanding sales regions and mobility between regions based on production and logistics centers in order to establish a global business revenue foundation.

In particular, the Group will use M&A and business partnerships in order to expand its areas of businesses in major markets and emerging countries.

A wide range of products and services will be provided, using the Group's comprehensive strengths, in order to meet the needs of the countries and regions into which the Group is advancing.

* Top-notch management for No. 1 quality that promotes the growth strategy "Management for No. 1 Quality (Note 1)," initiated in the New Medium-Term Management Plan Part 2, has been positioned as "High-Level Management for No. 1 Quality Used to Promote Growth Strategies," and will continue to be implemented as a core foundation of the Group's business policies.

Note 1: "Management for No. 1 Quality" = This represents the Group's attitude of going beyond merely focusing on product quality, instead using the company's unflagging efforts to achieve advances in areas such as management and human resources as well, implementing and enhancing CSR (corporate social responsibility), including compliance, governance and social contributions, as a Group which provides delicious and safe foods.

Management Strategies:

(1) Continuous strengthening of profitability in domestic businesses:

The Group will establish competitive advantage and a stable revenue base in Japan through ongoing product improvements and cost reductions. We will also expand the scale of our businesses through active efforts aimed at creating Group synergy and taking on new business sectors.

- i) Further reinforcement of our domestic integration system
- ii) Reinforcement and expansion of existing businesses through active capital investment and greater selectivity and focus
- iii) Establishment of a product development system which maximally leverages our customer connections and needs
- iv) Expansion of new business areas through the development and utilization of new technologies

(2) Expansion of overseas net sales at an early stage:

We will work to promptly increase overseas net sales by expanding our procurement, production and sales capabilities, which are already overwhelming strengths within Japan, on a global scale.

- i) Expansion of the Group's business areas and integration system
- ii) Expansion of global market sales through reinforcement of our overseas production and sales system
- iii) Reinforcement of our Group perspective-focused overseas businesses promotion system

(3) Promotion of strategic branding:

We will use strategic branding activities with the aim of increasing recognition of and support for the ties between our new Group brand, company brands and product brands by our customers and all types of other stakeholders. Through these activities we will establish a top brand position and increase the Group corporate value.

- i) Enhancement of Group-wide marketing and branding functions
- ii) Advancement of our distribution channel strategies
- iii) Cultivation of brand consciousness
- iv) Promotion of social branding (Note 2)

Note 2: "Social branding" = Activities for solving societal issues, which increase the Group brand value by leveraging the Group's strengths to contribute to society

(4) Reinforcement of cross-Group corporate functions:

In order to achieve our business objectives, head office divisions will coordinate and enhance corporate (Group-wide) functions in order to create a system which provides lateral support across business divisions.

- i) Acquisition and cultivation of global human resource and management resource
- ii) Promotion of Group coordination and organizational culture reform
- iii) Creation of a global business management structure
- iv) Enhancement of corporate finance functions

IV. FUNDAMENTAL APPROACH TO SELECTING ACCOUNTING STANDARDS

In order to enhance international comparability of financial information in the capital markets, the Group will voluntarily apply International Financial Reporting Standards ("IFRS") in place of the generally accepted accounting principles in the United States ("US GAAP") currently applied, for the fiscal year ending March 31, 2019 and thereafter and disclose its consolidated financial statements in accordance with IFRS from the first quarter of the year ending March 31, 2019.

V. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(millions of yen)

| | Year ended March 31, 2014 <small>(as of March 31, 2014)</small> | Year ended March 31, 2015 <small>(as of March 31, 2015)</small> | Increase (decrease) |
|--|---|---|------------------------|
| <u>Assets</u> | | | |
| Current assets: | | | |
| Cash and cash equivalents | 74,928 | 57,404 | (17,524) |
| Time deposits | 10,527 | 11,514 | 987 |
| Marketable securities | 190 | 190 | 0 |
| Trade notes and accounts receivable | 118,141 | 127,273 | 9,132 |
| Allowance for doubtful receivables | (266) | (289) | (23) |
| Inventories | 122,115 | 143,107 | 20,992 |
| Deferred income taxes | 5,863 | 6,295 | 432 |
| Other current assets | 9,293 | 10,960 | 1,667 |
| Total current assets | 340,791 | 356,454 | 15,663 |
| Property, plant and equipment - at cost, less accumulated depreciation | 236,669 | 252,537 | 15,868 |
| Intangible assets, less accumulated amortization | 5,402 | 4,339 | (1,063) |
| Investments and other assets: | | | |
| Investments in associated companies | 2,993 | 3,213 | 220 |
| Other investment securities | 21,078 | 23,355 | 2,277 |
| Other assets | 10,196 | 14,602 | 4,406 |
| Total investments and other assets | 34,267 | 41,170 | 6,903 |
| Deferred income taxes - non-current | 10,091 | 7,067 | (3,024) |
| Total Assets | 627,220 | 661,567 | 34,347 |

(millions of yen)

| | Year ended March 31, 2014 <small>(as of March 31, 2014)</small> | Year ended March 31, 2015 <small>(as of March 31, 2015)</small> | Increase (decrease) |
|---|---|---|------------------------|
| Liabilities and Equity | | | |
| Current liabilities: | | | |
| Short-term bank loans | 46,166 | 43,579 | (2,587) |
| Current maturities of long-term debt | 8,395 | 9,058 | 663 |
| Trade notes and accounts payable | 97,353 | 94,212 | (3,141) |
| Accrued income taxes | 4,419 | 7,729 | 3,310 |
| Deferred income taxes | 802 | 1,187 | 385 |
| Accrued expenses | 20,567 | 22,193 | 1,626 |
| Other current liabilities | 18,234 | 25,669 | 7,435 |
| Total current liabilities | 195,936 | 203,627 | 7,691 |
| Liability under retirement and severance programs | 12,584 | 12,075 | (509) |
| Long-term debt, less current maturities | 90,402 | 84,169 | (6,233) |
| Deferred income taxes - non-current | 2,449 | 2,467 | 18 |
| Other long-term liabilities | 1,874 | 2,805 | 931 |
| Total liabilities | 303,245 | 305,143 | 1,898 |
| NH Foods Ltd. shareholders' equity: | | | |
| Common stock | 24,166 | 24,166 | — |
| Capital surplus | 55,655 | 51,038 | (4,617) |
| Retained earnings: | | | |
| Appropriated for legal reserve | 7,748 | 7,905 | 157 |
| Unappropriated | 271,902 | 262,887 | (9,015) |
| Accumulated other comprehensive income (loss) | (1,064) | 8,126 | 9,190 |
| Treasury stock, at cost | (37,423) | (458) | 36,965 |
| Total NH Foods Ltd. shareholders' equity | 320,984 | 353,664 | 32,680 |
| Noncontrolling interests | 2,991 | 2,760 | (231) |
| Total equity | 323,975 | 356,424 | 32,449 |
| Total Liabilities and Equity | 627,220 | 661,567 | 34,347 |

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

| | <u>Year ended</u> <u>March 31, 2014</u> | <u>Year ended</u> <u>March 31, 2015</u> | <u>Increase</u> <u>(decrease)</u> |
|---|--|--|--------------------------------------|
| Net unrealized gains on securities available-for-sale | 4,102 | 6,264 | 2,162 |
| Pension liability adjustments | (3,621) | (1,302) | 2,319 |
| Foreign currency translation adjustments | (1,545) | 3,164 | 4,709 |

2. Consolidated Statements of Income

(millions of yen)

| | Year ended March 31, 2014 <small>(April 1, 2013 through March 31, 2014)</small> | Year ended March 31, 2015 <small>(April 1, 2014 through March 31, 2015)</small> | Increase (decrease) |
|---|---|---|------------------------|
| Net sales | 1,122,097 | 1,212,802 | 90,705 |
| Cost of goods sold | 918,304 | 993,023 | 74,719 |
| Selling, general and administrative expenses | 168,093 | 171,335 | 3,242 |
| Other operating costs and expenses (income) - net | 686 | 4,231 | 3,545 |
| Interest expense | 1,502 | 1,347 | (155) |
| Other income (expenses) - net | 1,791 | 1,678 | (113) |
| Income before income taxes and equity in earnings of associated companies | 35,303 | 44,544 | 9,241 |
| Income taxes: | | | |
| Current | 9,944 | 12,959 | 3,015 |
| Deferred | 1,094 | 554 | (540) |
| Total income taxes | 11,038 | 13,513 | 2,475 |
| Income before equity in earnings of associated companies | 24,265 | 31,031 | 6,766 |
| Equity in earnings of associated companies - net of applicable income taxes | 439 | 133 | (306) |
| Net income | 24,704 | 31,164 | 6,460 |
| Net income attributable to noncontrolling interests | (180) | (116) | 64 |
| Net income attributable to NH Foods Ltd. | 24,524 | 31,048 | 6,524 |
| Operating income (based on Japanese accounting practices) | 35,700 | 48,444 | 12,744 |

3. Consolidated Statements of Comprehensive Income

(millions of yen)

| | Year ended March 31, 2014 <small>(April 1, 2013 through March 31, 2014)</small> | Year ended March 31, 2015 <small>(April 1, 2014 through March 31, 2015)</small> |
|--|---|---|
| Net income | 24,704 | 31,164 |
| Other comprehensive income (loss) - net of applicable income taxes | | |
| Net unrealized gains on securities available-for-sales | 486 | 2,162 |
| Pension liability adjustments | 3,006 | 2,318 |
| Foreign currency translation adjustments | 4,437 | 4,778 |
| Total other comprehensive income | 7,929 | 9,258 |
| Comprehensive income | 32,633 | 40,422 |
| Comprehensive income attributable to noncontrolling interests | (400) | (184) |
| Comprehensive income attributable to NH Foods Ltd. | 32,233 | 40,238 |

4. Consolidated Statements of Changes in Equity

For the year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

(millions of yen)

| | NH Foods Ltd. shareholders' equity | | | | | | Total | Noncontrolling interests | Total equity |
|--|------------------------------------|-----------------|--|----------------------------------|---|----------------|----------|--------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings appropriated for legal reserve | Unappropriated retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | | | |
| Balance, April 1, 2013 | 24,166 | 50,761 | 7,518 | 252,383 | (8,773) | (32,641) | 293,414 | 2,670 | 296,084 |
| Net income | | | | 24,524 | | | 24,524 | 180 | 24,704 |
| Other comprehensive income | | | | | 7,709 | | 7,709 | 220 | 7,929 |
| Cash dividends | | | | (4,775) | | | (4,775) | (79) | (4,854) |
| Transfer to retained earnings appropriated for legal reserve | | | 230 | (230) | | | — | — | — |
| Acquisition of treasury stock | | | | | | (30,044) | (30,044) | — | (30,044) |
| Conversion of convertible bonds | | 4,581 | | | | 25,237 | 29,818 | — | 29,818 |
| Disposition of treasury stock | | (23) | | | | 25 | 2 | — | 2 |
| Equity component of convertible bonds | | 336 | | | | | 336 | — | 336 |
| Balance, March 31, 2014 | 24,166 | 55,655 | 7,748 | 271,902 | (1,064) | (37,423) | 320,984 | 2,991 | 323,975 |

For the year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(millions of yen)

| | NH Foods Ltd. shareholders' equity | | | | | | Total | Noncontrolling interests | Total equity |
|--|------------------------------------|-----------------|--|----------------------------------|---|----------------|---------|--------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings appropriated for legal reserve | Unappropriated retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | | | |
| Balance, April 1, 2014 | 24,166 | 55,655 | 7,748 | 271,902 | (1,064) | (37,423) | 320,984 | 2,991 | 323,975 |
| Net income | | | | 31,048 | | | 31,048 | 116 | 31,164 |
| Other comprehensive income | | | | | 9,190 | | 9,190 | 68 | 9,258 |
| Cash dividends | | | | (7,536) | | | (7,536) | (83) | (7,619) |
| Transfer to retained earnings appropriated for legal reserve | | | 157 | (157) | | | — | — | — |
| Acquisition of treasury stock | | | | | | (21) | (21) | — | (21) |
| Disposition of treasury stock | | (57) | | | | 56 | (1) | — | (1) |
| Cancellation of treasury stock | | (4,560) | | (32,370) | | 36,930 | — | — | — |
| Sales of subsidiary shares | | | | | | | — | (332) | (332) |
| Balance, March 31, 2015 | 24,166 | 51,038 | 7,905 | 262,887 | 8,126 | (458) | 353,664 | 2,760 | 356,424 |

5. Consolidated Statements of Cash Flows

| | (millions of yen) | |
|---|---|---|
| | Year ended March 31, 2014 (April 1, 2013 through March 31, 2014) | Year ended March 31, 2015 (April 1, 2014 through March 31, 2015) |
| Operating Activities: | | |
| Net income | 24,704 | 31,164 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 19,081 | 19,405 |
| Impairment loss of long-lived assets | 1,738 | 3,047 |
| Income taxes deferred | 1,094 | 554 |
| Foreign exchange transaction adjustment | (3,221) | (963) |
| Decrease (increase) in trade notes and accounts receivable | 6,339 | (8,929) |
| Increase in inventories | (8,215) | (20,259) |
| Decrease (increase) in other current assets | 2,033 | (2,260) |
| Increase (decrease) in trade notes and accounts payable | (5,504) | (3,617) |
| Increase (decrease) in accrued income taxes | (1,666) | 3,294 |
| Increase (decrease) in accrued expenses and other current liabilities | (2,062) | 8,727 |
| Others – net | (1,369) | (482) |
| Net cash provided by operating activities | 32,952 | 29,681 |
| Investing Activities: | | |
| Capital expenditures | (22,690) | (34,519) |
| Proceeds from sales of capital assets | 2,520 | 2,212 |
| Increase in time deposits | (8,383) | (1,027) |
| Purchases of marketable securities and other investment securities | (269) | (308) |
| Proceeds from sales and maturities of marketable securities and other investment securities | 413 | 2,185 |
| Net increase in cash and cash equivalents resulting from purchase of business | 201 | — |
| Net increase in cash and cash equivalents resulting from sales of business | 364 | 358 |
| Others – net | 823 | (418) |
| Net cash used in investing activities | (27,021) | (31,517) |
| Financing Activities: | | |
| Cash dividends | (4,854) | (7,619) |
| Increase (decrease) in short-term bank loans | 17,104 | (18,532) |
| Proceeds from debt | 51,459 | 19,631 |
| Repayments of debt | (43,010) | (10,646) |
| Acquisition of treasury stock | (30,044) | (21) |
| Others – net | (28) | 0 |
| Net cash used in financing activities | (9,373) | (17,187) |
| Effect of exchange rate changes on cash and cash equivalents | 1,365 | 1,499 |
| Net decrease in cash and cash equivalents | (2,077) | (17,524) |
| Cash and cash equivalents at beginning of the year | 77,005 | 74,928 |
| Cash and cash equivalents at end of the year | 74,928 | 57,404 |
| Additional cash flow information: | | |
| Cash payment for the year | | |
| Interest paid | 1,548 | 1,229 |
| Income taxes paid | 11,341 | 10,493 |
| Capital lease obligations incurred | 2,776 | 2,773 |
| Convertible bonds converted into shares | 29,818 | — |

6. Notes on the Premises of a Going Concern

Not applicable

7. Important Matters Forming the Basis for Preparing Consolidated Financial Statements

(1) Matters concerning the scope of consolidation and application of equity method

- i) Number of consolidated subsidiaries: 86 companies
- ii) Number of equity-method companies: 5 companies

(2) Summary of principal accounting policies

i) Basis of preparation of consolidated financial statements:

The consolidated financial statements of NH Foods Ltd. are prepared in accordance with the accounting principles generally accepted in the United States.

NH Foods Ltd. has re-classified some figures in the presentation for the previous fiscal year to comply with the presentation for the year ended March 31, 2015.

ii) Method and basis of evaluation of inventories:

Inventories are stated at the lower of cost or market. Cost is determined by the average cost method. Fair value is determined by net realizable value.

iii) Method and basis of valuation of marketable securities:

NH Foods Ltd. accounts for its debt and equity securities in accordance with the Codification of Accounting Standards ("ASC") of the U.S. Financial Accounting Standards Board ("FASB") Topic ("ASC Topic") 320 "Debt and Equity Securities."

Investments classified as Held-to-Maturity:

Stated at amortized cost.

Investments classified as Available-for-Sale:

Stated at fair value using quoted prices at the balance sheet date. (Relevant unrealized gains (losses) are reported in shareholders' equity after taking into account the related tax effect, and cost of sale is calculated based on the average method.)

iv) Method of depreciation and amortization of fixed assets:

Property, plant and equipment:

By the straight line method.

Intangible fixed assets: By the straight line method (however, in accordance with ASC Topic 350 "Goodwill and Other," intangible fixed assets with indefinite useful lives are not amortized but are tested for impairment at least once a year).

v) Basis of accounting for liability under retirement and severance program:

In accordance with ASC Topic 715 "Compensation - Retirement Benefits," to prepare for the payment of retirement and severance benefits to employees, NH Foods Ltd. accounts for liability under retirement and severance program based on the projected benefit obligations and the fair value of plan assets at the business year-end.

Unrecognized prior service cost is amortized in equal amounts over the average remaining period of services for the affected employees.

With regard to unrecognized actuarial differences, a portion in excess of a corridor charge (= 10% of the greater of the projected benefit obligations or the fair value of plan assets) is amortized in equal amounts over the average remaining period of services of the affected employees when such differences are generated.

vi) Accounting treatment of consumption tax:

Consumption taxes are excluded from revenues and cost and expenses in the consolidated statement of income.

(3) Changes in accounting policies

Effective from April 1, 2014, the Group changed the accounting policy for classifying the "cash and cash equivalents" in the consolidated balance sheet and the consolidated statement of cash flows.

The Group had previously defined "cash and cash equivalents" as cash on hand and demand deposits. The Group changed its policy to also include time deposits and marketable securities with original maturities of three months or less within the scope of cash and cash equivalents. The new policy is more closely aligned with the Group's cash management and investment strategies, thus the Group believes the change in policy is preferable.

Under ASC Topic 250, "Accounting Changes and Error Corrections," prior years'

consolidated financial statements were retrospectively adjusted to reflect this change in accounting principle.

The effects of the retrospective 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 |

8. Notes on Consolidated Financial Statements

(1) Segment information

Operating segment information:

The operating segments of the Group 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

For the year ended March 31, 2014 (April 1, 2013 through March 31, 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 | 325,740 | 668,102 | 145,186 | 1,139,028 | (16,931) | 1,122,097 |
| (2) Intersegment | 26,254 | 98,407 | 2,952 | 127,613 | (127,613) | - |
| Total | 351,994 | 766,509 | 148,138 | 1,266,641 | (144,544) | 1,122,097 |
| Operating expenses | 345,513 | 739,694 | 147,140 | 1,232,347 | (145,950) | 1,086,397 |
| Segment profit | 6,481 | 26,815 | 998 | 34,294 | 1,406 | 35,700 |
| Assets, depreciation and amortization and capital expenditures | | | | | | |
| Assets | 169,517 | 347,914 | 54,915 | 572,346 | 54,874 | 627,220 |
| Depreciation and amortization | 6,995 | 8,596 | 1,280 | 16,871 | 1,778 | 18,649 |
| Capital expenditures | 14,759 | 8,945 | 3,893 | 27,597 | 1,555 | 29,152 |

For the year ended March 31, 2015 (April 1, 2014 through March 31, 2015): (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 | 332,492 | 746,298 | 152,198 | 1,230,988 | (18,186) | 1,212,802 |
| (2) Intersegment | 27,496 | 104,461 | 2,966 | 134,923 | (134,923) | - |
| Total | 359,988 | 850,759 | 155,164 | 1,365,911 | (153,109) | 1,212,802 |
| Operating expenses | 357,924 | 805,551 | 154,877 | 1,318,352 | (153,994) | 1,164,358 |
| Segment profit | 2,064 | 45,208 | 287 | 47,559 | 885 | 48,444 |
| Assets, depreciation and amortization and capital expenditures | | | | | | |
| Assets | 179,769 | 390,008 | 62,521 | 632,298 | 29,269 | 661,567 |
| Depreciation and amortization | 6,918 | 8,645 | 1,462 | 17,025 | 1,926 | 18,951 |
| Capital expenditures | 15,388 | 12,002 | 6,803 | 34,193 | 1,501 | 35,694 |

- (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 is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales.

(2) Calculation of earnings per share attributable to NH Foods Ltd. shareholders

| | Year ended March 31, 2014 (April 1, 2013 through March 31, 2014) | Year ended March 31, 2015 (April 1, 2014 through March 31, 2015) |
|---|---|---|
| | (millions of yen) | |
| Net income (Numerator): | | |
| Net income attributable to NH Foods Ltd. | 24,524 | 31,048 |
| Dilutive effect of the issuance of convertible-bonds-type bonds with stock acquisition rights | 19 | 56 |
| Net income attributable to NH Foods Ltd. shareholders (diluted) | 24,543 | 31,104 |
| | (thousand shares) | |
| Shares (Denominator): | | |
| Weighted average number of shares to calculate net income attributable to NH Foods Ltd. per share (basic) | 200,828 | 203,686 |
| Dilutive effect of stock options granted | 222 | 194 |
| Dilutive effect of the issuance of convertible-bonds-type bonds with stock acquisition rights | 20,226 | 13,466 |
| Average number of shares to calculate net income attributable to NH Foods Ltd. per share (diluted) | 221,276 | 217,346 |

(3) Events subsequent to March 31, 2015

On April 1, 2015, the Group acquired the outstanding shares of Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi (“Ege-Tav”), and it became a subsidiary of the Group.

i) Reasons for acquiring the shares

By acquiring the shares of Ege-Tav, the Group will respond to increasing demand for chicken meats in the Republic of Turkey and also generate a synergistic effect with its own chicken business to develop the Group’s presence in Middle Eastern countries, rapidly growing emerging markets as well as European countries.

ii) Outline of the acquired entity

Trade name: Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi
Headquarter: Izmir, the Republic of Turkey
Main business: Production, processing and sale of chicken (including chick sale)

iii) Acquisition date

April 1, 2015

iv) Purchase price of the shares and the Group's equity ratio after acquisition

| | |
|---------------------------------|----------------|
| Purchase price: | USD 72 million |
| Equity ratio after acquisition: | 60.0% |

v) Accounting treatment of Business Combinations

The Group is currently evaluating the fair value of Ege-Tav's acquired assets and liabilities on the acquisition date. Thus, detailed information as the accounting treatment of business combinations has not been disclosed.

(Omission of disclosure)

Disclosure of the notes on the lease transactions, related-party transactions, tax effect accounting, marketable securities, derivative transactions, retirement benefits and stock options, etc. is omitted as the necessity of disclosure thereof in this brief statements of accounts is not considered to be great.

VI. NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Non-Consolidated Balance Sheets

| | Year ended March 31, 2014 (as of March 31, 2014) | Year ended March 31, 2015 (as of March 31, 2015) |
|--|---|---|
| (millions of yen) | | |
| Assets | | |
| Current assets: | | |
| Cash on hand and in banks | 23,925 | 23,055 |
| Notes receivable–trade | 190 | 93 |
| Accounts receivable–trade | 86,396 | 92,802 |
| Marketable securities | 25,190 | 8,190 |
| Finished goods and merchandise | 28,086 | 31,938 |
| Work-in-process | 84 | 122 |
| Raw materials and supplies | 9,100 | 12,145 |
| Deferred tax assets | 859 | 1,130 |
| Short-term loans receivable from subsidiaries and associated companies | 111,650 | 102,065 |
| Accounts receivable – other | 12,893 | 13,192 |
| Other current assets | 1,692 | 1,880 |
| Allowance for doubtful accounts | (8) | (10) |
| Total current assets | 300,057 | 286,602 |
| Fixed assets: | | |
| Property, plant and equipment | | |
| Buildings | 9,703 | 9,159 |
| Structures | 1,439 | 1,397 |
| Machinery and equipment | 2,165 | 2,496 |
| Vehicles and transportation equipment | 16 | 14 |
| Tools, furniture and fixtures | 599 | 743 |
| Land | 20,744 | 18,718 |
| Leased assets | 90 | 104 |
| Construction in progress | 44 | 24 |
| Total property, plant and equipment | 34,800 | 32,655 |
| Intangible assets | | |
| Software | 2,840 | 1,671 |
| Leased assets | 39 | — |
| Other intangible assets | 238 | 167 |
| Total intangible assets | 3,117 | 1,838 |

| | Year ended March 31, 2014 (as of March 31, 2014) | Year ended March 31, 2015 (as of March 31, 2015) |
|--|---|---|
| (millions of yen) | | |
| Investments and other assets | | |
| Investment securities | 16,765 | 18,152 |
| Capital stock of subsidiaries and associated companies | 28,715 | 28,465 |
| Long-term loans receivable | 47,761 | 79,332 |
| Long-term prepaid expenses | 82 | 74 |
| Prepaid pension expenses | 4,121 | 3,687 |
| Deferred tax assets | 1,156 | 774 |
| Other investments | 3,181 | 3,180 |
| Allowance for doubtful accounts | (2,059) | (2,098) |
| Total investments and other assets | 99,722 | 131,566 |
| Total fixed assets | 137,639 | 166,059 |
| Total Assets | 437,696 | 452,661 |
| Liabilities | | |
| Current liabilities: | | |
| Notes payable–trade | 463 | 510 |
| Accounts payable–trade | 90,304 | 94,439 |
| Short-term bank loans | 19,526 | 18,086 |
| Current maturities of long-term debt | 5,625 | 6,125 |
| Lease liabilities | 46 | 43 |
| Accounts payable–others | 1,504 | 4,023 |
| Accrued expenses | 9,421 | 9,534 |
| Accrued income taxes | 2,574 | 4,746 |
| Deposits received | 1,460 | 1,393 |
| Deposits received from subsidiaries and associated companies | 37,755 | 45,494 |
| Other current liabilities | 50 | 41 |
| Total current liabilities | 168,728 | 184,434 |
| Long-term liabilities: | | |
| Corporate bonds | 30,000 | 30,000 |
| Bonds with stock acquisition rights | 30,149 | 30,116 |
| Long-term debt | 22,125 | 16,000 |
| Lease liabilities | 85 | 62 |
| Long-term accounts payable | 72 | 63 |
| Liability for retirement benefits | 216 | 287 |
| Other long-term liabilities | 297 | 329 |
| Total long-term liabilities | 82,944 | 76,857 |
| Total Liabilities | 251,672 | 261,291 |

| | Year ended March 31, 2014 (as of March 31, 2014) | Year ended March 31, 2015 (as of March 31, 2015) |
|--|---|---|
| (millions of yen) | | |
| Net Assets | | |
| Shareholders' Equity: | | |
| Common stock | 24,166 | 24,166 |
| Capital surplus | | |
| Capital reserve | 43,084 | 43,084 |
| Other capital surplus | 4,560 | — |
| Total capital surplus | 47,644 | 43,084 |
| Retained earnings | | |
| Appropriated for legal reserve | 6,041 | 6,041 |
| Unappropriated | | |
| Reserve for deferral of capital gain on property | 673 | 715 |
| General reserve | 115,000 | 95,000 |
| Net retained earnings forwarded | 26,636 | 17,594 |
| Total retained earnings | 148,350 | 119,350 |
| Treasury stock, at cost | (37,423) | (458) |
| Total shareholders' equity | 182,737 | 186,142 |
| Valuation and translation adjustments: | | |
| Unrealized gains on other marketable securities | 3,123 | 5,104 |
| Total valuation and translation adjustments | 3,123 | 5,104 |
| Stock acquisition rights | 164 | 124 |
| Total Net Assets | 186,024 | 191,370 |
| Total Liabilities and Net Assets | 437,696 | 452,661 |

2. Non-Consolidated Statements of Income

| | Year ended March 31, 2014 (April 1, 2013 through March 31, 2014) | Year ended March 31, 2015 (April 1, 2014 through March 31, 2015) |
|---|---|---|
| | (millions of yen) | |
| Net sales | 731,087 | 784,405 |
| Cost of goods sold | 659,816 | 709,564 |
| Gross profit | 71,271 | 74,841 |
| Selling, general and administrative expenses | 69,109 | 68,156 |
| Operating income | 2,162 | 6,685 |
| Non-operating income | | |
| Interest and dividend income | 8,746 | 9,453 |
| Reversal of allowance for doubtful accounts | 5,752 | — |
| Other non-operating income | 1,543 | 1,440 |
| Total non-operating income | 16,041 | 10,893 |
| Non-operating expenses | | |
| Interest expense | 1,173 | 1,131 |
| Provision of allowance for doubtful accounts | — | 71 |
| Other non-operating expenses | 996 | 878 |
| Total non-operating expenses | 2,169 | 2,080 |
| Ordinary income | 16,034 | 15,498 |
| Extraordinary income | | |
| Gain from sales of fixed assets | 256 | 721 |
| Reversal of allowance for doubtful accounts | 7,348 | — |
| Other extraordinary income | 7 | 551 |
| Total extraordinary income | 7,611 | 1,272 |
| Extraordinary losses | | |
| Loss on sales of fixed assets | 134 | 273 |
| Loss from dispositions of fixed assets | 143 | 204 |
| Loss on impairment | 1,327 | 1,348 |
| Valuation loss on investments in subsidiaries and associated companies | 7,348 | 250 |
| Other extraordinary losses | 128 | 2 |
| Total extraordinary losses | 9,080 | 2,077 |
| Income before income taxes | 14,565 | 14,693 |
| Current income taxes | 1,181 | 3,886 |
| Deferred income taxes | 147 | (314) |
| Total income taxes | 1,328 | 3,572 |
| Net income | 13,237 | 11,121 |

3. Non-Consolidated Statements of Changes in Net Assets
(April 1, 2013 to March 31, 2014)

(Millions of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------|-----------------------|-----------------------|--|-------------------|---------|---------------------------------|-------------------------|
| | Common stock | Capital surplus | | | Appropriated for legal reserve | Retained earnings | | | Total retained earnings |
| | | Capital reserve | Other capital surplus | Total capital surplus | | Unappropriated | | Net retained earnings forwarded | |
| | | | | | Reserve for deferral of capital gain on property | General reserve | | | |
| Balance as of the beginning of the year | 24,166 | 43,084 | — | 43,084 | 6,041 | 673 | 115,000 | 18,174 | 139,888 |
| Cumulative effects of changes in accounting policies | | | | | | | | | |
| Balance at the beginning of the year reflecting changes in accounting policies | 24,166 | 43,084 | — | 43,084 | 6,041 | 673 | 115,000 | 18,174 | 139,888 |
| Changes during the year | | | | | | | | | |
| Increase of reserve due to the change of effective tax rate | | | | | | | | | |
| Reversal of general reserve | | | | | | | | | |
| Cash dividends | | | | | | | | (4,775) | (4,775) |
| Net income | | | | | | | | 13,237 | 13,237 |
| Acquisition of treasury stock | | | | | | | | | |
| Disposition of treasury stock | | | 4,560 | 4,560 | | | | | |
| Cancellation of treasury stock | | | | | | | | | |
| Changes in items other than shareholder's equity during the year-net | | | | | | | | | |
| Total change during the year | — | — | 4,560 | 4,560 | — | — | — | 8,462 | 8,462 |
| Balance as of the end of the year | 24,166 | 43,084 | 4,560 | 47,644 | 6,041 | 673 | 115,000 | 26,636 | 148,350 |

| | Shareholders' equity | | Valuation and translation adjustments | | | Stock acquisition rights | Total net assets |
|--|----------------------|----------------------------|--|--|---|--------------------------|------------------|
| | Treasury stock | Total shareholders' equity | Unrealized gain on other marketable securities | Deferred gains on derivatives under hedge accounting | Total valuation and translation adjustments | | |
| Balance as of the beginning of the year | (32,641) | 174,497 | 2,652 | 20 | 2,672 | 167 | 177,336 |
| Cumulative effects of changes in accounting policies | | | | | | | — |
| Balance at the beginning of the year reflecting changes in accounting policies | (32,641) | 174,497 | 2,652 | 20 | 2,672 | 167 | 177,336 |
| Changes during the year | | | | | | | |
| Increase of reserve due to the change of effective tax rate | | | | | | | — |
| Reversal of general reserve | | | | | | | — |
| Cash dividends | | (4,775) | | | | | (4,775) |
| Net income | | 13,237 | | | | | 13,237 |
| Acquisition of treasury stock | (30,044) | (30,044) | | | | | (30,044) |
| Disposition of treasury stock | 25,262 | 29,822 | | | | (2) | 29,820 |
| Cancellation of treasury stock | | | | | | | — |
| Changes in items other than shareholder's equity during the year—net | | | 471 | (20) | 451 | (1) | 450 |
| Total change during the year | (4,782) | 8,240 | 471 | (20) | 451 | (3) | 8,688 |
| Balance as of the end of the year | (37,423) | 182,737 | 3,123 | — | 3,123 | 164 | 186,024 |

(April 1, 2014 to March 31, 2015)

(Millions of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------|-----------------------|-----------------------|--|-------------------|----------|---------------------------------|-------------------------|
| | Common stock | Capital surplus | | | Appropriated for legal reserve | Retained earnings | | | Total retained earnings |
| | | Capital reserve | Other capital surplus | Total capital surplus | | Unappropriated | | Net retained earnings forwarded | |
| | | | | | Reserve for deferral of capital gain on property | General reserve | | | |
| Balance as of the beginning of the year | 24,166 | 43,084 | 4,560 | 47,644 | 6,041 | 673 | 115,000 | 26,636 | 148,350 |
| Cumulative effects of changes in accounting policies | | | | | | | | (198) | (198) |
| Balance at the beginning of the year reflecting changes in accounting policies | 24,166 | 43,084 | 4,560 | 47,644 | 6,041 | 673 | 115,000 | 26,438 | 148,152 |
| Changes during the year | | | | | | | | | |
| Increase of reserve due to the change of effective tax rate | | | | | | 42 | | (42) | – |
| Reversal of general reserve | | | | | | | (20,000) | 20,000 | – |
| Cash dividends | | | | | | | | (7,536) | (7,536) |
| Net income | | | | | | | | 11,121 | 11,121 |
| Acquisition of treasury stock | | | | | | | | | |
| Disposition of treasury stock | | | | | | | | (17) | (17) |
| Cancellation of treasury stock | | | (4,560) | (4,560) | | | | (32,370) | (32,370) |
| Changes in items other than shareholder's equity during the year-net | | | | | | | | | |
| Total change during the year | – | – | (4,560) | (4,560) | – | 42 | (20,000) | (8,844) | (28,802) |
| Balance as of the end of the year | 24,166 | 43,084 | – | 43,084 | 6,041 | 715 | 95,000 | 17,594 | 119,350 |

| | Shareholders' equity | | Valuation and translation adjustments | | | Stock acquisition rights | Total net assets |
|--|----------------------|----------------------------|--|--|---|--------------------------|------------------|
| | Treasury stock | Total shareholders' equity | Unrealized gain on other marketable securities | Deferred gains on derivatives under hedge accounting | Total valuation and translation adjustments | | |
| Balance as of the beginning of the year | (37,423) | 182,737 | 3,123 | – | 3,123 | 164 | 186,024 |
| Cumulative effects of changes in accounting policies | | (198) | | | | | (198) |
| Balance at the beginning of the year reflecting changes in accounting policies | (37,423) | 182,539 | 3,123 | – | 3,123 | 164 | 185,826 |
| Changes during the year | | | | | | | |
| Increase of reserve due to the change of effective tax rate | | – | | | | | – |
| Reversal of general reserve | | – | | | | | – |
| Cash dividends | | (7,536) | | | | | (7,536) |
| Net income | | 11,121 | | | | | 11,121 |
| Acquisition of treasury stock | (21) | (21) | | | | | (21) |
| Disposition of treasury stock | 56 | 39 | | | | (40) | (1) |
| Cancellation of treasury stock | 36,930 | – | | | | | – |
| Changes in items other than shareholder's equity during the year-net | | | 1,981 | – | 1,981 | – | 1,981 |
| Total change during the year | 36,965 | 3,603 | 1,981 | – | 1,981 | (40) | 5,544 |
| Balance as of the end of the year | (458) | 186,142 | 5,104 | – | 5,104 | 124 | 191,370 |

4. Notes on the Premises of a Going Concern

Not applicable.

VII. CHANGE OF OFFICERS

Appointment and Retirement of Officers (Scheduled for June 25, 2015)

(1) Candidates for new director

| Name | New position | Current position |
|--------------------|---|--|
| Katsumi Inoue | Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division | Senior Managing Executive Officer, General Manager of Fresh Meats Business Division |
| Kazunori Shinohara | Director and Executive Officer, General Manager of Affiliated Business Division | Executive Officer, General Manager of Affiliated Business Division |
| Tetsuhiro Kito | Director and Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division | Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division |
| Hajime Takamatsu | Director and Executive Officer, General Manager of Corporate Planning Department, in charge of CSR Department and IT Strategy Department, Corporate Management Division, and in charge of Research & Development Center | Executive Officer, General Manager of Corporate Planning Department, in charge of CSR Department and IT Strategy Department, Corporate Management Division, and in charge of Research & Development Center |

(2) Candidates for new Audit & Supervisory Board Members

| Name | New position | Current position |
|------------------|--|---|
| Koichi Nishihara | Audit & Supervisory Board Member | Special Advisor |
| Akihiko Shiba | Audit & Supervisory Board Member (Outside) | Substitute Audit & Supervisory Board Member (Outside), Attorney at law, Representative of Shiba Management Legal Office |
| Atsushi Iwasaki | Audit & Supervisory Board Member (Outside) | Certified public accountant |

(3) Candidate for substitute Audit & Supervisory Board Member

| Name | New position | Current position |
|-----------------|---|---|
| Kazumasa Otsuka | Substitute Audit & Supervisory Board Member (Outside) | Attorney at law, Representative Partner of Nijubashi Partners |

* In order to continuously keep a statutory minimum number of Audit & Supervisory Board Members at all times, NH Foods Ltd. appoints a Substitute Audit & Supervisory Board Member in accordance with the provision of Article 329, Paragraph 3 of the Companies Act.

(4) Directors scheduled to retire

Hiroshi Kobayashi, Director

Noboru Takezoe, Director

Koji Uchida, Director

(5) Audit & Supervisory Board Members scheduled to retire

Katsutoshi Nishio, Audit & Supervisory Board Member

Fumio Motoi, Audit & Supervisory Board Member (Outside)

Tamio Morimoto, Audit & Supervisory Board Member (Outside)

With regard to the appointment and retirement of officers other than the candidate for Substitute Audit & Supervisory Board Member, there are no changes from the content in “Notice of Changes of Representative Directors and Officers and Organization Changes: VI. Election of New Directors and Audit & Supervisory Board Members and Retirement of Directors and Audit & Supervisory Board Members (scheduled towards the end of June 2015)” released on February 13, 2015.

- END -