

(Translation)

October 30, 2015

BRIEF STATEMENT OF ACCOUNTS
FOR THE SECOND QUARTER OF THE YEAR ENDING MARCH 31, 2016
(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/>

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Scheduled date of filing of quarterly report: November 6, 2015

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, 2016 (April 1, 2015 through September 30, 2015):

(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, 2016	620,309	5.6	21,794	(2.5)	20,743	(1.0)	15,366	2.0
Second quarter of the year ended March 31, 2015	587,623	7.6	22,345	87.2	20,947	96.0	15,067	97.7

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

Second quarter of the year ending March 31, 2016:	¥13,376 million	(24.1)%
Second quarter of the year ended March 31, 2015:	¥17,629 million	61.1%

	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, 2016	75.44	70.81
Second quarter of the year ended March 31, 2015	73.98	69.44

(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, 2016	707,398	366,144	357,594	50.6	1,755.50
Year ended March 31, 2015	661,567	356,424	353,664	53.5	1,736.18

2. State of dividends:

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2015	—	—	—	46.00	46.00
Year ending March 31, 2016	—	—	—	—	—
Year ending March 31, 2016 (forecast)	—	—	—	40.00	40.00

(yen)

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

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

(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	1,260,000	3.9	43,000	(11.2)	40,000	(10.2)	27,500	(11.4)	135.00

(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: None

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 page 10 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, 2016: 204,000,000 shares
- Year ended March 31, 2015: 204,000,000 shares
- 2) Number of shares of treasury stock as of the end of the period:
- Second quarter of the year ending March 31, 2016: 300,521 shares
- Year ended March 31, 2015: 298,412 shares

3) Average number of shares outstanding during the period (consolidated quarterly cumulative period):

Second quarter of the year ending March 31, 2016: 203,700,644 shares
Second quarter of the year ended March 31, 2015: 203,677,784 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 4, 2015 (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 with weaker corporate economic sentiment in some sectors, as corporate earnings and the employment environment continued to improve owing to the government's economic policies, among others. However, while consumer spending showed a sign of recovery, due to a prolonged effect of the consumption tax rate hike on consumer spending, as well as rising prices resulting from the depreciation of the yen and concern about the steep deceleration of the Chinese economy, the direction of the economic conditions has continued to remain unforeseeable.

In the food and fresh meats industry, prices of domestic fresh meats continued to remain in good shape, higher in comparison with the corresponding period of the previous fiscal year. However, the business conditions have remained severe due to rising prices of raw materials and supplies resulting from the depreciation of the yen, higher prices of feedstuffs, higher distribution cost 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 5", which commenced in April 2015, has conducted business activities based on its two management policies "Establish competitive advantages of domestic businesses" and "Accelerate to a global company" to pursue the theme listed in the plan "Creating a stable business model through reform". To be specific, the Group has implemented various measures, including the reinforcing of its domestic farm business, the relocation and new establishment of a dedicated cheese plant, management of Ege-Tav in the Republic of Turkey, which became a consolidated subsidiary in April 2015, development and sales promotion of new products and development of human resources. In July 2015, the Group held its third "Nipponham Group Fairs", which were launched three years ago, at supermarket stores and put commercial messages on television to raise awareness of the Group and expand sales. The Group also endeavored to enhance productivity to strengthen its cost competitiveness and improve profitability and took measures for stricter risk management.

As a result of these activities, for the second quarter of the fiscal year under review, on a consolidated basis, net sales amounted to ¥620,309 million, up 5.6% from the corresponding period of the previous fiscal year. Operating income decreased 2.5% from the corresponding period of the previous fiscal year to ¥21,794 million. Income before income taxes and equity in earnings of associated companies decreased 1.0% from the corresponding period of the previous fiscal year to ¥20,743 million. Net income attributable to NH Foods Ltd. increased 2.0% from the corresponding period of the previous fiscal year to ¥15,366 million.

Overview of Operating Segments

(Processed Foods Business Division)

In the hams and sausages business, the division endeavored to aggressively promote sales/marketing by running television commercials of its mainstay products and enhance the values of its major brand products. In the processed foods business, sales of "*Ishigama Kobo*" series, with the addition of new products "*croissant pizza*", and "*CHIKI-CHIKI Bone*" series, with the addition of new boneless types, increased favorably. Also, in the summer gift season, sales increased strongly. However, the division had a hard time as competition intensified in commercial-use products, specifically in the channels of major convenience store chains and the restaurant industry and overall sales of processed foods fell below those in the corresponding period of the previous fiscal year.

With regard to profits, in spite of the effects of cost reductions on which the Group had been focusing its efforts, sales volume lagged behind in recovery and prices of raw materials and supplies were higher than those in the corresponding period of the previous fiscal year. Thus, 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 ¥175,833 million, down 1.1% from the corresponding period of the previous fiscal year, and operating income amounted to ¥476 million, down 68.3% from the corresponding period of the previous fiscal year.

(Fresh Meats Business Division)

In Japan, due to an increase in sales volume of poultry, among others, as well as a trend of higher prices of fresh meats, net sales overall increased substantially. With regard to its branded poultry "*Sakurahime*", the division put commercial messages on television in the Kanto area and for the brand and other branded fresh meats, opened multifaceted communications by the use of the Internet for promotional activities and tie-up plans with its clients, among others. Overseas, selling prices of beef in the Australian operations remained favorable. Thus, the division of fresh meats overall saw an increase in net sales over the corresponding period of the previous fiscal year.

With regard to profits, in the domestic farm business, prices of feedstuffs have remained high due partly to the depreciation of the yen. However, due to a rise in the market for fresh meats and improved productivity, profitability increased in comparison with the corresponding period of the previous fiscal year. Overseas, in the Australian operations, cattle purchase prices rose and the operations in Americas had a hard time due to a plunge in pork prices. Thus, 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 fresh meats business division amounted to ¥446,318 million, up 7.9% from the corresponding period of the previous fiscal year and operating income amounted to ¥20,912 million, up 2.1% from the corresponding period of the previous

fiscal year.

(Affiliated Business Division)

In the marine products business, sales of the Group's main fishes, including shrimps and squids, and in-house products increased in the volume retailer channel, and also in the summer selling season, sales of eels increased favorably. However, due to a decrease in exports to China, revenues only slightly increased. In the dairy products business, with regard to yogurt and lactic acid probiotic beverages, sales of its mainstay "Vanilla Yogurt" increased in both the volume retailer channel and convenience stores channel. In addition, sales of "TOPCUP" series contributed to increased revenues as well. With regard to cheese, sales increased in its major bakery channel and the restaurant channel, as well as the retail channel to which the Group has been strengthening its marketing efforts, in comparison with the corresponding period of the previous fiscal year. Overall, revenues increased in the dairy products business.

With regard to profits, in the marine products business, sales of in-house products, among others, increased and profit margins improved due to cost reductions and reduced inventories and consequently, profitability increased. In the dairy products business, profitability increased in comparison with the corresponding period of the previous fiscal year due to an increase in sales of yogurt and lactic acid probiotic beverages, as well as the effect of price revisions. With regard to cheese, profitability decreased in comparison with the corresponding period of the previous fiscal year due to higher freight cost and an expense increase arising from the completion of the construction of a new plant. However, profitability increased 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 ¥77,461 million, up 3.5% from the corresponding period of the previous fiscal year and operating income amounted to ¥446 million (an operating loss of ¥65 million for the corresponding period of the previous fiscal year).

(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 6.9% from the end of the previous fiscal year to account for ¥707,398 million, as inventories increased by ¥16,070 million from the end of the previous fiscal year, property, plant and equipment - at cost, less accumulated depreciation increased by ¥9,711 million from the end of the previous fiscal year and intangible assets, less accumulated amortization increased by ¥10,955 million from the end of the previous fiscal year. Liabilities increased by 11.8% from the end of the previous fiscal year to account for ¥341,254 million as trade notes and accounts payable increased by ¥14,227 million from the end of the previous fiscal year and long-term debt, less current maturities increased by ¥25,854 million from the end of the previous fiscal year. Interest-bearing debt increased by ¥30,427 million from the end of the previous fiscal year to account for ¥167,233 million.

Total NH Foods Ltd. shareholders' equity increased by 1.1% from the end of the previous fiscal year to account for ¥357,594 million. However, due partly to an increase in total assets, the NH Foods Ltd. shareholders' equity ratio decreased by 2.9 percentage points

from the end of the previous fiscal year to 50.6%.

<Cash flows>

With regard to operating activities, while inventories increased by ¥15,617 million, net income accounted for ¥15,356 million, trade notes and accounts payable increased by ¥13,546 million and depreciation and amortization accounted for ¥9,761 million. As a result, net cash provided by operating activities amounted to ¥13,179 million.

With regard to investing activities, capital expenditures amounted to ¥21,597 million and net decrease in cash and cash equivalents resulting from purchase of business amounted to ¥8,563 million. As a result, net cash used in investing activities amounted to ¥31,628 million.

With regard to financing activities, debt of ¥19,738 million was repaid and cash dividends amounted to ¥9,411 million, while proceeds of ¥27,838 million were provided from debt and short-term bank loans increased by ¥21,250 million. As a result, net cash provided by financing activities amounted to ¥21,236 million.

As a result, cash and cash equivalents at end of the second quarter period of the fiscal year under review increased by ¥2,088 million in comparison with the end of the previous fiscal year to amount to ¥59,492 million.

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

For the second quarter period of the year ending March 31, 2016, profits increased steadily due principally to the domestic fresh meats business in good form. 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, 2016 publicized on July 31, 2015 in the Brief Statement of Accounts for the First Quarter of the Year ending March 31, 2016, as described below:

Adjustment to the forecast of consolidated business results for the whole year period of the year ending March 31, 2016 (April 1, 2015 through March 31, 2016):

(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 Foods Ltd.	Earnings per share attributable to NH Foods Ltd. shareholders (basic) (yen)
Previous forecast (A)	1,260,000	41,000	39,000	27,000	132.55
Adjusted forecast (B)	1,260,000	43,000	40,000	27,500	135.00
Amount of increase or decrease (B) – (A)	-	2,000	1,000	500	
Rate of increase or decrease (%)	-	4.9	2.6	1.9	
(For reference) Business results for the previous year (April 1, 2014 through March 31, 2015)	1,212,802	48,444	44,544	31,048	152.43

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: | None |
| (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, 2015 (as of March 31, 2015)	Second quarter period of the year ending March 31, 2016 (as of September 30, 2015)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	57,404	59,492
Time deposits	11,514	11,054
Marketable securities	190	-
Trade notes and accounts receivable	127,273	131,218
Allowance for doubtful receivables	(289)	(385)
Inventories	143,107	159,177
Deferred income taxes	6,295	6,923
Other current assets	10,960	11,217
Total current assets	356,454	378,696
Property, plant and equipment - at cost, less accumulated depreciation	252,537	262,248
Intangible assets, less accumulated amortization	4,339	15,294
Investments and other assets:		
Investments in associated companies	3,213	2,966
Other investment securities	23,355	25,542
Other assets	14,602	15,543
Total investments and other assets	41,170	44,051
Deferred income taxes - non-current	7,067	7,109
Total Assets	661,567	707,398

(millions of yen)		
	Year ended March 31, 2015 (as of March 31, 2015)	Second quarter period of the year ending March 31, 2016 (as of September 30, 2015)
<u>Liabilities and Equity</u>		
Current liabilities:		
Short-term bank loans	43,579	46,549
Current maturities of long-term debt	9,058	10,661
Trade notes and accounts payable	94,212	108,439
Accrued income taxes	7,729	4,889
Deferred income taxes	1,187	939
Accrued expenses	22,193	22,133
Other current liabilities	25,669	20,346
Total current liabilities	203,627	213,956
Liability under retirement and severance programs	12,075	12,218
Long-term debt, less current maturities	84,169	110,023
Deferred income taxes - non-current	2,467	3,042
Other long-term liabilities	2,805	2,015
Total liabilities	305,143	341,254
NH Foods Ltd. shareholders' equity:		
Common stock	24,166	24,166
Capital surplus	51,038	50,968
Retained earnings:		
Appropriated for legal reserve	7,905	8,140
Unappropriated	262,887	268,648
Accumulated other comprehensive income	8,126	6,136
Treasury stock, at cost	(458)	(464)
Total NH Foods Ltd. shareholders' equity	353,664	357,594
Noncontrolling interests	2,760	8,550
Total equity	356,424	366,144
Total Liabilities and Equity	661,567	707,398

(Note) Accumulated other comprehensive income – breakdown

	Year ended March 31, 2015	Second quarter period of the year ending March 31, 2016
Net unrealized gains on securities available-for-sale	6,264	6,405
Pension liability adjustments	(1,302)	(1,211)
Foreign currency translation adjustments	3,164	942

(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, 2015 (April 1, 2014 through September 30, 2014)	Second quarter cumulative period of the year ending March 31, 2016 (April 1, 2015 through September 30, 2015)
Net sales	587,623	620,309
Cost of goods sold	481,482	511,068
Selling, general and administrative expenses	83,796	87,447
Other operating costs and expenses (income) - net	353	533
Interest expense	726	706
Other income (expenses) - net	(319)	188
Income before income taxes and equity in earnings of associated companies	20,947	20,743
Income taxes	5,916	5,227
Income before equity in earnings of associated companies	15,031	15,516
Income (loss) in earnings of associated companies - net of applicable income taxes	87	(160)
Net income	15,118	15,356
Net loss (income) attributable to noncontrolling interests	(51)	10
Net income attributable to NH Foods Ltd.	15,067	15,366

(for the consolidated second quarter period of the year)

(millions of yen)

	Second quarter period of the year ended March 31, 2015 (July 1, 2014 through September 30, 2014)	Second quarter period of the year ending March 31, 2016 (July 1, 2015 through September 30, 2015)
Net sales	303,772	314,807
Cost of goods sold	248,931	260,516
Selling, general and administrative expenses	42,418	44,374
Other operating costs and expenses (income) - net	84	248
Interest expense	338	412
Other income (expenses) - net	15	108
Income before income taxes and equity in earnings of associated companies	12,016	9,365
Income taxes	3,590	2,658
Income before equity in earnings of associated companies	8,426	6,707
Equity in earnings of associated companies - net of applicable income taxes	89	37
Net income	8,515	6,744
Net loss (income) attributable to noncontrolling interests	(40)	24
Net income attributable to NH Foods Ltd.	8,475	6,768

(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, 2015 (April 1, 2014 through September 30, 2014)	Second quarter cumulative period of the year ending March 31, 2016 (April 1, 2015 through September 30, 2015)
Net income	15,118	15,356
Other comprehensive income (loss) - net of applicable income taxes		
Net unrealized gains on securities available-for-sale	767	143
Pension liability adjustments	113	91
Foreign currency translation adjustments	1,636	(2,348)
Total other comprehensive income (loss)	2,516	(2,114)
Comprehensive income	17,634	13,242
Net comprehensive loss (income) attributable to noncontrolling interests	(5)	134
Net comprehensive income attributable to NH Foods Ltd.	17,629	13,376

(for the consolidated second quarter period of the year)

(millions of yen)

	Second quarter period of the year ended March 31, 2015 (July 1, 2014 through September 30, 2014)	Second quarter period of the year ending March 31, 2016 (July 1, 2015 through September 30, 2015)
Net income	8,515	6,744
Other comprehensive income (loss) - net of applicable income taxes		
Net unrealized gains (loss) on securities available-for-sale	160	(821)
Pension liability adjustments	56	58
Foreign currency translation adjustments	2,273	(3,013)
Total other comprehensive income (loss)	2,489	(3,776)
Comprehensive income	11,004	2,968
Net comprehensive loss (income) attributable to noncontrolling interests	(45)	151
Net comprehensive income attributable to NH Foods Ltd.	10,959	3,119

(4) Consolidated Quarterly Statements of Cash Flows:

(millions of yen)

	Second quarter cumulative period of the year ended March 31, 2015 (April 1, 2014 through September 30, 2014)	Second quarter cumulative period of the year ending March 31, 2016 (April 1, 2015 through September 30, 2015)	(For reference) Year ended March 31, 2015 (April 1, 2014 through March 31, 2015)
Operating Activities:			
Net income	15,118	15,356	31,164
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,597	9,761	19,405
Impairment loss of long-lived assets	355	297	3,047
Income taxes deferred	(1,301)	(1,062)	554
Foreign exchange transaction adjustments	3,030	(2,809)	(963)
Increase in trade notes and accounts receivable	(6,545)	(2,773)	(8,929)
Increase in inventories	(37,341)	(15,617)	(20,259)
Increase in other current assets	(5,261)	(120)	(2,260)
Increase (decrease) in trade notes and accounts payable	14,837	13,546	(3,617)
Increase (decrease) in accrued income taxes	1,273	(2,837)	3,294
Increase (decrease) in accrued expenses and other current liabilities	7,796	(359)	8,727
Others - net	(112)	(204)	(482)
Net cash provided by operating activities	1,446	13,179	29,681
Investing Activities:			
Capital expenditures	(20,014)	(21,597)	(34,519)
Proceeds from sales of capital assets	699	561	2,212
Decrease (increase) in time deposits	(1,249)	156	(1,027)
Purchases of marketable securities and other investment securities	(265)	(2,038)	(308)
Proceeds from sales and maturities of marketable securities and other investment securities	413	321	2,185
Net decrease in cash and cash equivalents resulting from purchase of business	-	(8,563)	-
Net increase in cash and cash equivalents resulting from sales of business	-	-	358
Others - net	(316)	(468)	(418)
Net cash used in investing activities	(20,732)	(31,628)	(31,517)
Financing Activities:			
Cash dividends	(7,619)	(9,411)	(7,619)
Increase (decrease) in short-term bank loans	(5,312)	21,250	(18,532)
Proceeds from debt	17,717	27,838	19,631
Repayments of debt	(4,049)	(19,738)	(10,646)
Investments from noncontrolling interests	-	1,502	-
Acquisition of treasury stock	(9)	(6)	(21)
Others - net	0	(199)	0
Net cash provided by (used in) financing activities	728	21,236	(17,187)
Effect of exchange rate changes on cash and cash equivalents	365	(699)	1,499
Net increase (decrease) in cash and cash equivalents	(18,193)	2,088	(17,524)
Cash and cash equivalents at beginning of the period (year)	74,928	57,404	74,928
Cash and cash equivalents at end of the period (year)	56,735	59,492	57,404
Additional cash flow information:			
Cash payment for the period (year)			
Interest paid	604	690	1,229
Income taxes paid	6,000	8,579	10,493
Capital lease obligations incurred	1,556	3,061	2,773

(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 87 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, 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	164,740	358,225	73,270	596,235	(8,612)	587,623
(2) Intersegment	13,027	55,229	1,555	69,811	(69,811)	-
Total	177,767	413,454	74,825	666,046	(78,423)	587,623
Operating expenses	176,265	392,968	74,890	644,123	(78,845)	565,278
Segment profit (loss)	1,502	20,486	(65)	21,923	422	22,345

For the consolidated second quarter cumulative period of the year ending March 31, 2016 (April 1, 2015 through September 30, 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	161,600	392,308	75,844	629,752	(9,443)	620,309
(2) Intersegment	14,233	54,010	1,617	69,860	(69,860)	-
Total	175,833	446,318	77,461	699,612	(79,303)	620,309
Operating expenses	175,357	425,406	77,015	677,778	(79,263)	598,515
Segment profit	476	20,912	446	21,834	(40)	21,794

- (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.
4. As of April 1, 2015, some changes were made in the business divisions to supervise the subsidiaries. Consequently, the relevant reportable operating segments are reclassified for the consolidated second quarter period of the previous fiscal year.

(for the consolidated second quarter period of the year)

For the consolidated second quarter period of the year ended 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	84,688	184,819	38,548	308,055	(4,283)	303,772
(2) Intersegment	7,008	28,717	735	36,460	(36,460)	-
Total	91,696	213,536	39,283	344,515	(40,743)	303,772
Operating expenses	91,100	201,848	39,302	332,250	(40,901)	291,349
Segment profit (loss)	596	11,688	(19)	12,265	158	12,423

For the consolidated second quarter period of the year ending March 31, 2016 (July 1, 2015 through September 30, 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	84,358	195,884	39,538	319,780	(4,973)	314,807
(2) Intersegment	7,351	26,797	846	34,994	(34,994)	-
Total	91,709	222,681	40,384	354,774	(39,967)	314,807
Operating expenses	91,355	213,362	40,134	344,851	(39,961)	304,890
Segment profit	354	9,319	250	9,923	(6)	9,917

- (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.
4. As of April 1, 2015, some changes were made in the business divisions to

supervise the subsidiaries. Consequently, the relevant reportable operating segments are reclassified for the consolidated second quarter period of the previous fiscal year.

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

Not applicable.

(8) Note on Business Combinations:

On April 1, 2015, the Group acquired 60% of 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. For 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 in the purpose of developing the Group's presence in Middle Eastern countries, rapidly growing emerging markets as well as European countries.

The fair value of noncontrolling interests was measured based on the acquired cost deducting the control premium. The fair value of the consideration paid for the controlling interests of Ege-Tav and the noncontrolling interests as of the acquisition date is as follows:

(millions of yen)	
Fair value of consideration paid (cash)	8,638
Fair value of noncontrolling interests	4,592
Total	13,230

The Group measures Ege-Tav's assets acquired and liabilities assumed based on their fair values in accordance with the Accounting Standards Codification ("ASC") of the U.S. Financial Accounting Standards Board Topic 805 "Business Combinations". The fair value amounts (the adjusted provisional amounts) allocated to assets acquired and liabilities assumed of Ege-Tav are as follows;

(millions of yen)	
Cash and cash equivalents	75
Trade notes and accounts receivable	1,527
Inventories	2,065
Property, plant and equipment	2,154
Intangible assets	2,736
Other assets	228
Current liabilities	(2,166)
Long-term liabilities	(1,945)
Total net assets acquired	4,674
Goodwill	8,556
Total	13,230

Intangible assets of 2,231 million yen are subject to amortization, which include trade names with a 15 year useful life and customer-related intangible assets with a 13 year useful life. An intangible asset of 1,349 million yen is not subject to amortization and relates to poultry related licenses.

The goodwill accounted in connection with this acquisition is included in the fresh meats business division in the operating segment information and is not deductible for tax purposes.