

(Translation)

November 1, 2016

BRIEF STATEMENT OF ACCOUNTS
FOR THE SECOND QUARTER OF THE YEAR ENDING MARCH 31, 2017
 (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 7, 2016

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, 2017 (April 1, 2016 through September 30, 2016):

(1) Consolidated operating results (accumulated):

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

	Net sales		Operating income		Income from continuing operations before income taxes and equity in earnings (losses) 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, 2017	593,092	(3.4)	23,432	1.6	21,870	(1.2)	14,749	(4.0)
Second quarter of the year ended March 31, 2016	613,692	5.5	23,062	9.7	22,146	13.2	15,366	2.0

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

Second quarter of the year ending March 31, 2017:	¥9,557 million	(28.6%)
Second quarter of the year ended March 31, 2016:	¥13,376 million	(24.1%)

	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, 2017	72.40	67.97
Second quarter of the year ended March 31, 2016	75.44	70.81

(Notes) 1. 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. Operations which were discontinued in the second quarter of the year ending March 31, 2017 are presented herein by partially reclassifying the numbers of the second quarter of the year ending March 31, 2016, in accordance with Accounting Standards Codification ("ASC") 205 "Presentation of Financial Statements."

(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, 2017	690,956	363,769	359,357	52.0	1,764.05
Year ended March 31, 2016	682,855	361,360	356,353	52.2	1,749.36

2. State of dividends:

	Annual dividend (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2016	—	—	—	33.00	33.00
Year ending March 31, 2017	—				
Year ending March 31, 2017 (forecast)		—	—	46.00	46.00

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

3. Forecast of consolidated business results for the year ending March 31, 2017 (April 1, 2016 through March 31, 2017):

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

	Net sales		Operating income		Income from continuing operations 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	1,200,000	(2.4)	51,000	3.6	47,000	33.1	32,500	49.2	159.54

(Notes) 1. Adjustment to the most recently publicized forecast of business results: Yes

2. The rates of increase (decrease) from the previous fiscal year are calculated based on the reclassified numbers represented in accordance with ASC 205.

*** 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 12 hereof.

- | | |
|--|--------------------|
| (4) Number of shares issued (shares of common stock): | |
| 1) Number of shares issued (including shares of treasury stock) as of the end of the period: | |
| Second quarter of the year ending March 31, 2017: | 204,000,000 shares |
| Year ended March 31, 2016: | 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, 2017: | 288,632 shares |
| Year ended March 31, 2016: | 295,049 shares |
| 3) Average number of shares outstanding during the period: | |

Second quarter of the year ending March 31, 2017: 203,706,179 shares
Second quarter of the year ended March 31, 2016: 203,700,644 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 11.

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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 7, 2016 (Monday): 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 refer to the Company's 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 continued on a track of slow recovery as the employment environment continued to improve owing to the government's economic policies, although the economy showed some weakness. In the meantime, the downward swing of the economy in many countries and the future of the economic conditions such as currency exchange and stock market movement continue to be uncertain.

In the food and fresh meats industry, although the prices of raw materials have started to stabilize, the business conditions remain severe with the domestic chicken meat market price becoming weak, distribution cost increasing due to labor and vehicle shortage, 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 achieve the theme listed in the plan, "Creating a stable business model through reform". To be specific, the Group has implemented various measures, including the new establishment of the Overseas Business Division, reinforcement of its domestic farm business, development and sales promotion of new products, enhancement of productivity to strengthen its cost competitiveness and improve profitability and took measures for development of human resources and stricter risk management. Further, the Group has made efforts to increase recognition of the Group through various promotion activities which aimed for expansion in the branded fresh meat sales. Overseas, in addition to promoting growth strategy including establishment of a joint venture company in Malaysia, disposal of underperforming business such as selling the hog farming business of Texas Farm, LLC which is a consolidated subsidiary in the United States has progressed. To reinforce its management system, the Group has continued to make efforts such as reviewing the contents of "Nipponham Group Fundamental Policy on Corporate Governance" which was enacted in November 2015.

As a result of these activities, for the second quarter of the fiscal year under review, on a consolidated basis, net sales amounted to ¥593,092 million, decreasing 3.4% from the corresponding period of the previous fiscal year. Operating income increased 1.6% from the corresponding period of the previous fiscal year to ¥23,432 million. Income from continuing operations before income taxes and equity in earnings of associated companies decreased 1.2% from the corresponding period of the previous fiscal year to ¥21,870 million. Net income attributable to NH Foods Ltd. decreased 4.0% from the corresponding period of the previous fiscal year to ¥14,749 million.

Overview of Operating Segments

The Company established a new "Overseas Business Division" on April 1, 2016. In

accordance to such establishment, all overseas subsidiaries and associated companies previously under the control of each business division (Processed Foods Business Division, Fresh Meats Business Division and Affiliated Business Division) have become under the control of the “Overseas Business Division.”

(Processed Foods Business Division)

In the hams and sausages business, products such as "SCHAU ESSEN" for which tasting events were held in 5 locations nationwide in addition to television commercials and the products for the volume zone introduced as an area tactic were strong. Although a celebration sale for the league victory of the Hokkaido Nippon-Ham Fighters was held at the end of September, the overall sales of consumer products fell below the corresponding period of the previous fiscal year with the delay in recovery of the private brand products among others. The overall sales of the business purpose products in the hams and sausages business slightly decreased, although the regular products and the campaigned products being introduced to major restaurants grew.

In the processed foods business, for the consumer products, with sales of “*Kiwamiyaki Hamburg*” which is a new product launched this spring, “*CHIKICHIKI Bone*” which an increase in package size was carried out, and “*SCHAU ESSEN Soup*” which is a new area among others increasing favorably, and for the business purpose products, with a major product being introduced to the growing category in the convenience stores channel and the like, the sales recovered and the overall sales of the processed foods business increased compared to the corresponding period of the previous fiscal year. As a result, the overall sales of the Processed Foods Business Division increased compared to the corresponding period of the previous fiscal year. .

With regard to profits, cost improvement brought by the rise in productivity, increase of gross profit with improvement of product range such as introducing new products, and the raw materials and fuels conditions becoming better all led to increase in profitability.

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 ¥169,090 million, increasing 1.6% from the corresponding period of the previous fiscal year, and operating income increased 615.9% compared to the corresponding period of the previous fiscal year to ¥3,236 million.

(Fresh Meats Business Division)

In the fresh meats business, with regard to sales promotion of the Company’s branded fresh meat such as “*Sakurahime*,” further multilateral communications were implemented including the implementation of the *Sakurahime & Mugikomachi* night game continuing from the previous fiscal year, and for the current period, television commercials were aired also in the Hokkaido and the Kansai area, and new advertisement through a radio program were carried out among others. As a result of gaining cooperation such as tie-up plans with clients continuing, the sales figures mainly in relation to food companies increased compared to the corresponding period of the previous fiscal year; however, with the fresh meat market for chicken meat and pork weakening, net sales decreased compared to the corresponding period of the previous fiscal year.

With regard to profits, in the domestic farm business, although efforts were made to improve the yieldability, the chicken and pork prices dropped, which led to decrease in profitability. Further, in the sales business, the sales amount rose despite the severe market environment which led to increase in profitability.

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 ¥370,661 million, decreasing 1.7% from the corresponding period of the previous fiscal year and operating income amounted to ¥19,419 million, increasing 4.1% from the corresponding period of the previous fiscal year.

(Affiliated Business Division)

In the marine products business, although the sales of sushi toppings which target the volume retailer channel and sales of in-house products increased; the raw material trade struggled. Thus, net sales decreased compared to the corresponding period of the previous fiscal year. In the dairy products business, with regard to yogurt and lactic acid probiotic beverages, sales of its mainstay "*Vanilla Yogurt*" and yogurt beverages increased mainly in the volume retailer channel to which the Group has been strengthening its sales promotion. With regard to cheese, sales were strong in its major bakery channel and restaurant channel and net sales increased compared to 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, in addition to the net sales for sushi toppings and in-house products increasing, the prices were revised, which led to profit margins improving and profitability increasing. In the dairy products business, profitability increased in comparison with the corresponding period of the previous fiscal year due to an increase in net sales of yogurt and lactic acid probiotic beverages, as well as the price of the raw materials stabilizing. The profitability of cheese increased from the corresponding period of the previous fiscal year due to the operating rate of the factories improving based on net sales increase and raw material environment improving. Consequently, profitability increased in the dairy products business overall.

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 ¥77,700 million, increasing 0.8% from the corresponding period of the previous fiscal year and operating income amounted to ¥1,602 million increasing 270.8% from the corresponding period of the previous fiscal year.

(Overseas Business Division)

With regard to net sales, although the processed foods business in North America grew based on points such as expansion of the sales offices, with the number of cows decreasing in Australia and the price suddenly rising, sales struggled which led to decrease in revenue.

With regards to profits, the profit for the Americas operations increased from the corresponding period of the previous fiscal year with the increasing sales of the branded processed foods among others. For the Asia & Europe operations, although the production

plant in China struggled due to the cost of the raw materials rising, with the effect of the strong export to Europe and other regions continuing, the profitability increased. For the Australia operations, the sudden rise of purchase price of cows had profound effect which led to decrease in profitability.

As a result, for the second quarter period of the fiscal year under review, on a consolidated basis, net sales of the Overseas Business Division amounted to ¥109,225 million, decreasing 15.7% from the corresponding period of the previous fiscal year and operating loss amounted to ¥599 million (an operating profit of ¥3,514 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 1.2% from the end of the previous fiscal year to account for ¥690,956 million, as cash and cash equivalents increased by ¥15,925 million from the end of the previous fiscal year and property, plant and equipment increased by ¥3,571 million from the end of the previous fiscal year, though the current assets of the discontinued operations decreased by ¥8,206 million from the end of the previous fiscal year due to the sales of the hog farming business of an U.S. subsidiary and the inventories also decreased by ¥2,215 million. Liabilities increased by 1.8% from the end of the previous fiscal year to account for ¥327,187 million as trade notes and accounts payable increased by ¥6,950 million from the end of the previous fiscal year. Interest-bearing debt decreased by ¥1,327 million from the end of the previous fiscal year to account for ¥153,256 million.

Total NH Foods Ltd. shareholders' equity increased by 0.8% from the end of the previous fiscal year to account for ¥359,357 million. However, due partly to an increase in total assets, the NH Foods Ltd. shareholders' equity ratio decreased by 0.2 percentage points from the end of the previous fiscal year to 52.0%.

<Cash flows>

With regard to operating activities, net income amounted to ¥14,887 million, depreciation and amortization expense amounted to ¥10,075 million, and trade notes and accounts payable increased by ¥7,487 million. As a result, net cash provided by operating activities amounted to ¥33,640 million.

With regard to investing activities, although net increase of cash and cash equivalents from sales of business amounted to ¥5,372 million, proceeds from sales and maturities of marketable securities and other investment securities amounted to ¥2,037 million among others; acquisition of non-current assets amounted to ¥13,646 and as a result, net cash used in investing activities amounted to ¥6,769 million.

With regard to financing activities, debt of ¥4,021 million was repaid and cash dividends amounted to ¥6,744 million, while proceeds from debt amounted to ¥1,749 million. As a result, net cash used in financing activities amounted to ¥8,622 million.

As a result, cash and cash equivalents at end of the second quarter period of the fiscal year under review increased by ¥15,925 million in comparison with the end of the previous fiscal year to amount to ¥83,246 million.

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

For the second quarter period of the year ending March 31, 2017, net sales decreased due principally to the Australian operations struggling in sales and domestic chicken meat market price weakening. On the other hand, profits were strong with the growth of the sales volume of fresh meat and improvement in productivity of the processed food business. Upon a review of the forecast of its business results in the future in consideration of these developments and the impact of the sales of the hog farming business of a subsidiary in the United States, the Company will make adjustment to the forecasts of consolidated business results for the whole year period of the year ending March 31, 2017 publicized on July 29, 2016 in the “Brief Statement of Accounts for the First Quarter of the Year ending March 31, 2016,” as described below.

Further, with regards to the effect of providing additional special payments as publicized on March 28, 2016 in the “Notice of Transfer Solicitation by NH Foods Ltd. and its Consolidated Subsidiaries,” as the number of transferees remain uncertain at the present moment, this has not been included in the current adjustment to the forecast of business results. When the amount of effect is determined, it will be promptly reported.

Adjustment to the forecast of consolidated business results for the whole year period of the year ending March 31, 2017 (April 1, 2016 through March 31, 2017):

(millions of yen, unless otherwise indicated)					
	Net sales	Operating income	Income from continuing operations before income taxes and equity in earnings (losses) of associated companies	Net income attributable to NH Foods Ltd.	Earnings per share attributable to NH Foods Ltd. shareholders (basic) (yen)
Previous forecast (A)	1,250,000	49,000	44,000	31,000	152.18
Adjusted forecast (B)	1,200,000	51,000	47,000	32,500	159.54
Amount of increase or decrease (B) – (A)	(50,000)	2,000	3,000	1,500	
Rate of increase or decrease (%)	(4.0)	4.1	6.8	4.8	
(For reference) Business results for the previous year (April 1, 2015 through March 31, 2016)	1,229,324	49,207	35,309	21,779	106.92

(Note) With respect to business results for the previous year, operations which were discontinued in the second quarter of the year ending March 31, 2017 are presented by partially reclassifying the

numbers in accordance with ASC 205 "Presentation of Financial Statements."

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, 2016 (as of March 31, 2016)	Second quarter period of the year ending March 31, 2017 (as of September 30, 2016)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	67,321	83,246
Time deposits	10,354	9,495
Trade notes and accounts receivable	128,285	127,611
Allowance for doubtful receivables	(382)	(420)
Inventories	133,518	131,303
Deferred income taxes	6,041	6,524
Other current assets	10,830	11,045
Current assets of discontinued operations	8,206	-
Total current assets	364,173	368,804
Property, plant and equipment - at cost, less accumulated depreciation	264,014	267,585
Intangible assets, less accumulated amortization	4,832	4,377
Investments and other assets:		
Investments in associated companies	4,737	4,464
Other investment securities	24,978	24,817
Other assets	10,800	11,820
Total investments and other assets	40,515	41,101
Deferred income taxes - non-current	9,321	9,089
Total Assets	682,855	690,956

	(millions of yen)	
	Year ended March 31, 2016 (as of March 31, 2016)	Second quarter period of the year ending March 31, 2017 (as of September 30, 2016)
Liabilities and Equity		
Current liabilities:		
Short-term bank loans	41,374	41,207
Current maturities of long-term debt	11,450	10,004
Trade notes and accounts payable	94,276	101,226
Accrued income taxes	7,122	6,457
Deferred income taxes	1,584	1,597
Accrued expenses	21,611	22,150
Other current liabilities	23,015	23,415
Current liabilities of discontinued operations	488	-
Total current liabilities	200,920	206,056
Liability under retirement and severance programs	14,426	14,790
Long-term debt, less current maturities	101,759	102,045
Deferred income taxes - non-current	2,632	2,566
Other long-term liabilities	1,758	1,730
Total liabilities	321,495	327,187
NH Foods Ltd. shareholders' equity:		
Common stock	24,166	24,166
Capital surplus	50,958	51,119
Retained earnings:		
Appropriated for legal reserve	8,150	8,313
Unappropriated	275,051	282,915
Accumulated other comprehensive loss	(1,515)	(6,707)
Treasury stock, at cost	(457)	(449)
Total NH Foods Ltd. shareholders' equity	356,353	359,357
Noncontrolling interests	5,007	4,412
Total equity	361,360	363,769
Total Liabilities and Equity	682,855	690,956

(Note) Breakdown of other accumulated comprehensive loss

	Year ended March 31, 2016	Second quarter period of the year ending March 31, 2017
Net unrealized gains on securities available-for-sales	5,588	6,066
Pension liability adjustments	(5,377)	(5,210)
Foreign currency translation adjustments	(1,726)	(7,563)

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

(millions of yen)

	Second quarter period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second quarter period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)
Net sales	613,692	593,092
Cost of goods sold	503,351	481,159
Selling, general and administrative expenses	87,279	88,501
Other operating costs and expenses (income) - net	398	791
Interest expense	705	600
Other income (expenses) - net	187	(171)
Income from continuing operations before income taxes and equity in earnings (losses) of associated companies	22,146	21,870
Income taxes	5,227	7,231
Income from continuing operations before equity in earnings (losses) of associated companies	16,919	14,639
Equity in earnings (losses) of associated companies - net of applicable income taxes	(160)	260
Net income from continuing operations	16,759	14,899
Loss from discontinued operations - net of applicable income taxes	(1,403)	(12)
Net income	15,356	14,887
Net loss (income) attributable to noncontrolling interests	10	(138)
Net income attributable to NH Foods Ltd.	15,366	14,749

(for the consolidated second quarter period of the year)

	Second quarter period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second quarter period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)
Net sales	311,457	300,705
Cost of goods sold	256,493	242,389
Selling, general and administrative expenses	44,284	44,563
Other operating costs and expenses (income) - net	168	1
Interest expense	411	266
Other income (expenses) - net	108	(277)
Income from continuing operations before income taxes and equity in earnings of associated companies	10,209	13,209
Income taxes	2,658	4,710
Income from continuing operations before equity in earnings of associated companies	7,551	8,499
Equity in earnings of associated companies - net of applicable income taxes	37	230
Net income from continuing operations	7,588	8,729
Income (loss) from discontinued operations - net of applicable income taxes	(844)	238
Net income	6,744	8,967
Net loss (income) attributable to noncontrolling interests	24	(137)
Net income attributable to NH Foods Ltd.	6,768	8,830

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

	(millions of yen)	
	Second quarter period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second quarter period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)
Net income	15,356	14,887
Other comprehensive loss - net of applicable income taxes		
Net unrealized gains (loss) on securities available-for-sale	143	478
Pension liability adjustments	91	172
Foreign currency translation adjustments	(2,348)	(6,373)
Total other comprehensive loss	(2,114)	(5,723)
Comprehensive income	13,242	9,164
Net comprehensive loss attributable to noncontrolling interests	134	393
Net comprehensive income attributable to NH Foods Ltd.	13,376	9,557

(for the consolidated second quarter period of the year)

	Second quarter period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second quarter period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)
Net income	6,744	8,967
Other comprehensive loss - net of applicable income taxes		
Net unrealized gains (loss) on securities available-for-sale	(821)	1,192
Pension liability adjustments	58	85
Foreign currency translation adjustments	(3,013)	(1,775)
Total other comprehensive loss	(3,776)	(498)
Comprehensive income	2,968	8,469
Net comprehensive loss attributable to noncontrolling interests	151	255
Net comprehensive income attributable to NH Foods Ltd.	3,119	8,724

(4) Consolidated Quarterly Statements of Cash Flows:

(millions of yen)

	Second quarter period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second quarter period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)	(For reference) Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)
Operating Activities:			
Net income	15,356	14,887	18,755
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,761	10,075	19,926
Impairment loss	297	126	11,081
Income taxes deferred	(1,062)	(506)	272
Foreign exchange transaction adjustments	(2,809)	1,645	(3,193)
Increase in trade notes and accounts receivable	(2,773)	(251)	(113)
Decrease (increase) in inventories	(15,617)	461	5,894
Increase in other current assets	(120)	(31)	(34)
Increase (decrease) in trade notes and accounts payable	13,546	7,487	(304)
Decrease in accrued income taxes	(2,837)	(652)	(598)
Increase (decrease) in accrued expenses and other current liabilities	(359)	1,036	232
Others - net	(204)	(637)	617
Net cash provided by operating activities	13,179	33,640	52,535
Investing Activities:			
Capital expenditures	(21,597)	(13,646)	(37,604)
Proceeds from sales of capital assets	561	227	1,839
Decrease (increase) in time deposits	156	26	(202)
Purchases of marketable securities and other investment securities	(2,038)	(83)	(2,798)
Proceeds from sales and maturities of marketable securities and other investment securities	321	2,037	475
Investments to associated companies	-	-	(1,891)
Net decrease in cash and cash equivalents resulting from purchase of business	(8,563)	-	(8,563)
Net increase in cash and cash equivalents resulting from sales of business	-	5,372	-
Others - net	(468)	(702)	(395)
Net cash used in investing activities	(31,628)	(6,769)	(49,139)
Financing Activities:			
Cash dividends	(9,411)	(6,744)	(9,411)
Increase in short-term bank loans	21,250	146	18,506
Proceeds from debt	27,838	1,749	30,408
Repayments of debt	(19,738)	(4,021)	(32,614)
Contributions from noncontrolling interest	1,502	424	1,502
Acquisition of treasury stock	(6)	(6)	(10)
Others - net	(199)	(170)	(199)
Net cash provided by (used in) financing activities	21,236	(8,622)	8,182
Effect of exchange rate changes on cash and cash equivalents	(699)	(2,324)	(1,661)
Net increase in cash and cash equivalents	2,088	15,925	9,917
Cash and cash equivalents at beginning of the period (year)	57,404	67,321	57,404
Cash and cash equivalents at end of the period (year)	59,492	83,246	67,321
Additional cash flow information:			
Cash payment for the period (year)			
Interest paid	690	595	1,496
Income taxes paid	8,579	8,678	13,165
Capital lease obligations incurred	3,061	1,880	4,686

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

Not applicable.

(6) Segment Information:

Operating segment information:

The Company established a new “Overseas Business Division” on April 1, 2016. In accordance to such establishment, all overseas subsidiaries and associated companies previously under the control of each business division (Processed Foods Business Division, Fresh Meats Business Division and Affiliated Business Division) have become under the control of the “Overseas Business Division.” Accordingly, the Group's operating segments have been realigned its conventional three operating groups into four business groups since for the consolidated first quarter period of the year ending March 31, 2017.

Processed Foods Business Division — Domestic production and sales of mainly hams and sausages, and processed foods

Fresh Meats Business Division — Domestic production and sales of mainly fresh meats

Affiliated Business Division — Domestic production and sales of mainly marine products and dairy products

Overseas Business Division — Production and sales of mainly hams and sausages, processed foods, fresh meats and marine products at overseas subsidiaries and associated companies.

The Group consists of 87 subsidiaries and 6 associated companies.

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

For the consolidated cumulative second quarter period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
(1) External customers	159,710	323,835	75,687	64,546	623,778	(10,086)	613,692
(2) Intersegment	6,694	53,100	1,405	65,066	126,265	(126,265)	-
Total	166,404	376,935	77,092	129,612	750,043	(136,351)	613,692
Operating expenses	165,952	358,282	76,660	126,098	726,992	(136,362)	590,630
Operating income	452	18,653	432	3,514	23,051	11	23,062

For the consolidated cumulative second quarter period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
(1) External customers	161,934	317,940	76,059	47,455	603,388	(10,296)	593,092
(2) Intersegment	7,156	52,721	1,641	61,770	123,288	(123,288)	-
Total	169,090	370,661	77,700	109,225	726,676	(133,584)	593,092
Operating expenses	165,854	351,242	76,098	109,824	703,018	(133,358)	569,660
Operating income (loss)	3,236	19,419	1,602	(599)	23,658	(226)	23,432

(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) represents net sales less cost of goods sold and selling, general and administrative expenses.
4. The operating segment information for the consolidated cumulative second quarter period of the year ended March 31, 2016 has been reclassified based on its information for the consolidated cumulative second quarter period of the year ending March 31, 2017.
5. The discontinued operations was previously under control of Overseas Business Division. In regard to this, it has been excluded from Segment Information of each consolidated second quarter cumulative period of the year.

(for the consolidated second quarter period of the year)

For the consolidated second quarter period of the year ended March 31, 2016 (July 1, 2015 through September 30, 2015):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
(1) External customers	83,368	163,418	39,454	30,522	316,762	(5,305)	311,457
(2) Intersegment	3,432	26,337	729	34,158	64,656	(64,656)	-
Total	86,800	189,755	40,183	64,680	381,418	(69,961)	311,457
Operating expenses	86,376	180,205	39,939	64,314	370,834	(70,057)	300,777
Operating income	424	9,550	244	366	10,584	96	10,680

For the consolidated second quarter period of the year ending March 31, 2017 (July 1, 2016 through September 30, 2016):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
(1) External customers	84,310	159,834	39,121	22,713	305,978	(5,273)	300,705
(2) Intersegment	3,392	26,534	870	31,231	62,027	(62,027)	-
Total	87,702	186,368	39,991	53,944	368,005	(67,300)	300,705
Operating expenses	85,577	175,278	38,975	53,969	353,799	(66,847)	286,952
Operating income (loss)	2,125	11,090	1,016	(25)	14,206	(453)	13,753

(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) represents net sales less cost of goods sold and selling, general and administrative expenses.
4. The operating segment information for the consolidated second quarter period of the year ended March 31, 2016 has been reclassified based on its information for the consolidated second quarter period of the year ending March 31, 2017.
5. The Discontinued operations was previously under control of Overseas Business Division. In regard to this, it has been excluded from Segment Information of each consolidated second quarter period of the year.

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

Not applicable.

(8) Note on Discontinued Operations

During the consolidated second quarter period of the year ending March 31, 2017, Texas Farm, LLC, the Company's subsidiary in United States, which engaged in the hog farming business, has transferred the business to Seaboard Foods LLC as a result of the review from multiple points of view, such as future prospects and asset efficiency.

As a result of this business transfer, the Company judged that the business fell under the discontinued operation in accordance with ASC 205.

Prior years' consolidated quarterly balance sheets and consolidated quarterly statements of income have been reclassified to conform to the current year's presentation to separately report the financial positions and the results of the discontinued operation.

The discontinued operation was previously under control of Overseas Business Division of the Group's operating segments.+