

(Translation)

January 31, 2017

BRIEF STATEMENT OF ACCOUNTS
FOR THE THIRD 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/>

Representative: Juichi Suezawa
President and Representative Director

Further inquiries: Yoshitaka Hasegawa
General Manager of Accounting & Finance
Department,
Corporate Management Division
TEL +81-6-7525-3042

Scheduled date of filing of quarterly report: February 6, 2017

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 third quarter of the year ending March 31, 2017 (April 1, 2016 through December 31, 2016):

(1) Consolidated operating results (accumulated):

(The percentages indicate the rates of increase (decrease) from the third 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)	%
Third quarter of the year ending March 31, 2017	926,349	(2.8)	46,365	5.6	42,527	3.2	29,633	9.0
Third quarter of the year ended March 31, 2016	953,437	3.3	43,925	3.7	41,198	0.0	27,195	(11.7)

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

Third quarter of the year ending March 31, 2017:	¥31,663 million	24.0%
Third quarter of the year ended March 31, 2016:	¥25,529 million	(31.9%)

	Earning per share attributable to NH Foods Ltd. shareholders (basic)	Earning per share attributable to NH Foods Ltd. shareholders (diluted)
Third quarter of the year ending March 31, 2017	145.47	136.50
Third quarter of the year ended March 31, 2016	133.50	125.28

(yen)

(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 third 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)
Third quarter of the year ending March 31, 2017	742,875	385,812	381,462	51.3	1,872.54
Year ended March 31, 2016	682,855	361,360	356,353	52.2	1,749.36

2. State of dividends:

(yen)

	Annual dividend				
	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)	53,000	7.7	49,000	38.8	34,000	56.1	166.91

(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.

The forecast of consolidated business results and the forecast of non-consolidated business results for the year ending March 31, 2017 have been adjusted based on recent business trend. For details, please refer to "Notice of the Adjustment to the Forecast of Business Results" announced on January 31, 2017.

* 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 11 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:
- | | |
|--|--------------------|
| Third 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:
- | | |
|--|----------------|
| Third quarter of the year ending March 31, 2017: | 286,158 shares |
|--|----------------|

Year ended March 31, 2016: 295,049 shares

3) Average number of shares outstanding during the period:

Third quarter of the year ending March 31, 2017:	203,707,988 shares
Third quarter of the year ended March 31, 2016:	203,700,577 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 Third Quarter of the Fiscal Year under Review: (3) Qualitative Information on the Forecast of Consolidated Business Results" on page 11.

CONTENTS OF ATTACHMENT

1. Qualitative Information on the Consolidated Business Results and Others for the Third Quarter of the Fiscal Year under Review	7
(1) Qualitative Information on the Consolidated Operating Results	7
(2) Qualitative Information on the Consolidated Financial Position.....	10
(3) Qualitative Information on the Forecast of Consolidated Business Results.....	11
2. Other Information	11
(1) Changes in Significant Subsidiaries during the Period under Review	11
(2) Application of Simplified Accounting Treatments and Special Accounting Treatments.....	11
(3) Changes in Accounting Policies.....	11
(4) Basis of Preparation of Consolidated Quarterly Financial Statements	11
3. Consolidated Quarterly Financial Statements.....	12
(1) Consolidated Quarterly Balance Sheets	12
(2) Consolidated Quarterly Statements of Income	15
(for the consolidated cumulative third quarter period of the year)	
(for the consolidated third quarter period of the year)	
(3) Consolidated Quarterly Statements of Comprehensive Income	17
(for the consolidated cumulative third quarter period of the year)	
(for the consolidated third quarter period of the year)	
(4) Consolidated Quarterly Statements of Cash Flows	19
(5) Note on the Premises of a Going Concern.....	20
(6) Segment Information	20
(for the consolidated cumulative third quarter period of the year)	
(for the consolidated third quarter period of the year)	
(7) Note on Material Change (if Any) in the Amount of Shareholders' Equity	22
(8) Note on Discontinued Operations.....	22

* 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.

- February 3, 2017 (Friday): 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 Third 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 third 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. In the meantime, the economy in many countries and the future of the economic conditions such as currency exchange and stock market movement were uncertain and the consumption trend continued to be in a severe state.

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 fresh meat market price becoming weak, distribution cost increasing due to labor 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 increasing recognition of the business and the Group by such as holding a sale in appreciation of cheering for the Hokkaido Nippon-Ham Fighters which won in the Japan Pro Baseball championship series. 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 in the United States has progressed. To reinforce its management system, the "Nipponham Group Fundamental Policy on Corporate Governance" was enacted in November 2015 and the Group has continued to make efforts of enhancement in line with such policy.

As a result of these activities, for the third quarter of the fiscal year under review, on a consolidated basis, net sales amounted to ¥926,349 million, decreasing 2.8% from the corresponding period of the previous fiscal year. Operating income increased 5.6% from the corresponding period of the previous fiscal year to ¥46,365 million. Income from continuing operations before income taxes and equity in earnings of associated companies increased 3.2% from the corresponding period of the previous fiscal year to ¥42,527 million. Net income attributable to NH Foods Ltd. increased 9.0% from the corresponding period of the previous fiscal year to ¥29,633 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)

With regards to sales of the hams and sausages business, although the sales of the consumer products recovered greatly led by the sale in appreciation of cheering for the Hokkaido Nippon-Ham Fighters, "SCHAU ESSEN" for which nationwide television commercials were broadcasted and the products for the volume zone introduced as an area tactic; the total sales fell slightly below the corresponding period of the previous fiscal year. For the year-end gift selling season, as a result of active in-store sales promotion focusing on the flag ship brand "Utsukushi no Kuni," the number of gift sets sold increased compared to the corresponding period of the previous fiscal year. Further, the sales of the business purpose products increased favorably, with the regular products being introduced to major restaurants, and the overall sales of the hams and sausages business increased compared to the corresponding period of the previous fiscal year.

With regards to sales of the processed foods business, for the consumer products, with sales of "Kiwamiyaki Hamburg" which is a new product launched last year, "CHIKICHIKI Bone" which is a primary brand, "Tenshinkaku" and "SCHAU ESSEN Soup" which is a new area among others increased favorably. Further, the sales of the business purpose products increased favorably, with a major product being introduced to the convenience stores channel and the like, 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 increase in quantity, and the raw materials and fuels prices stabilizing resulted in increase in profitability.

As a result, for the third quarter period of the fiscal year under review, on a consolidated basis, net sales of the Processed Foods Business Division amounted to ¥269,791 million, increasing 2.8% from the corresponding period of the previous fiscal year, and operating income increased 78.6% compared to the corresponding period of the previous fiscal year to ¥8,562 million.

(Fresh Meats Business Division)

In the fresh meats business, with regard to the Company's branded fresh meat, sales quantity grew greatly by implementing further multilateral communications such as carrying out new advertisement through a radio program in addition to the *Sakurahime & Mugikomachi* night game continuing from the previous fiscal year and airing of television commercials. The sales figures of the food companies mainly in relation to imported beef increased compared to the corresponding period of the previous fiscal year; however, with the fresh meat market weakening among others, 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 impact of the chicken meat price dropping led to decrease in profitability. Further, in the sales business, despite the severe market environment, the effect of the sales amount rising and cost reduction among others led to increase in profitability.

As a result, for the third quarter period of the fiscal year under review, on a consolidated basis, net sales of the Fresh Meats Business Division amounted to ¥570,234 million, decreasing 2.1% from the corresponding period of the previous fiscal year and operating income amounted to ¥34,782 million, increasing 7.9% from the corresponding period of the previous fiscal year.

(Affiliated Business Division)

In the marine products business, decrease in fish catch of salmon and squid in Japan along with decrease in supply of mainly crab from overseas led to the sudden rise of the market and the primary salmon, trout, squid products struggled as well as the crab and salmon roe products in the year-end shopping season. However, the net sales remained the same compared to the corresponding period of the previous fiscal year due to the increase in sales of in-house products and carrying out the price revision. In the dairy products business, with regard to yogurt and lactic acid probiotic beverages, sales of its mainstay "Vanilla Yogurt" and the newly introduced smoothie products increased mainly in the volume retailer channel to which the Group has been strengthening its sales promotion. With regard to cheese, since the sales of consumer products also grew in addition to sales being strong in its major bakery, restaurant and business purpose products for food manufacturer, 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 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 the raw material prices stabilizing to a moderate price. Consequently, profitability increased in the dairy products business overall.

As a result, for the third quarter period of the fiscal year under review, on a consolidated basis, net sales of the Affiliated Business Division amounted to ¥124,507 million, increasing 0.1% from the corresponding period of the previous fiscal year and operating income amounted to ¥3,620 million increasing 79.8% 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 continued to struggle which led to decrease in revenue for this business in as a whole.

With regards to profits, for the Americas operations the manufacturing and sales of the processed foods and the export of the fresh meat contributed to the smooth increase of the profit. For the Asia & Europe operations, the production plant in Thailand and the chicken farming business in Turkey struggled due to the trend of the currency and raw materials, which led to decrease of profits compared to the corresponding period of the previous fiscal year. For the Australia operations, the effect of sudden rise of purchase price of cows continued, which led to decrease in profitability.

As a result, for the third quarter period of the fiscal year under review, on a consolidated basis, net sales of the Overseas Business Division amounted to ¥164,206 million, decreasing 15.2% from the corresponding period of the previous fiscal year and operating loss amounted to ¥352 million (an operating profit of ¥4,415 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 third quarter period of the fiscal year under review, total assets increased by 8.8% from the end of the previous fiscal year to account for ¥742,875 million, as trade notes and accounts receivable increased by ¥56,542 million from the end of the previous fiscal year and property, plant and equipment (less accumulated depreciation) increased by ¥9,603 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 ¥6,153 million. Liabilities increased by 11.1% from the end of the previous fiscal year to account for ¥357,063 million as trade notes and accounts payable increased by ¥34,670 million and short-term bank loans increased by ¥5,300 million from the end of the previous fiscal year, though long-term debt, less current maturities decreased by ¥9,172 million from the end of the previous fiscal year. Interest-bearing debt decreased by ¥445 million from the end of the previous fiscal year to account for ¥154,138 million.

Total NH Foods Ltd. shareholders' equity increased by 7.0% from the end of the previous fiscal year to account for ¥381,462 million. However, due partly to an increase in total assets, the NH Foods Ltd. shareholders' equity ratio decreased by 0.9 percentage points from the end of the previous fiscal year to 51.3%.

<Cash flows>

With regard to operating activities, trade notes and accounts payable increased by ¥34,830 million, net income amounted to ¥29,802 million, depreciation and amortization expense amounted to ¥15,049 million, though trade notes and accounts receivable increased by ¥56,947 million. As a result, net cash provided by operating activities amounted to ¥31,921 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 ¥2,106 million among

others; acquisition of non-current assets amounted to ¥22,864 and as a result, net cash used in investing activities amounted to ¥14,886 million.

With regard to financing activities, debt of ¥10,625 million was repaid and cash dividends amounted to ¥6,744 million, while proceeds from debt amounted to ¥3,178 million. As a result, net cash used in financing activities amounted to ¥13,880 million.

As a result, cash and cash equivalents at end of the third quarter period of the fiscal year under review increased by ¥3,514 million in comparison with the end of the previous fiscal year to amount to ¥70,835 million.

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

The forecast of consolidated business results and the forecast of non-consolidated business results for the year ending March 31, 2017 have been adjusted based on recent business trend. For details, please refer to “Notice of the Adjustment to the Forecast of Business Results” announced on January 31, 2017.

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)	Third quarter period of the year ending March 31, 2017 (as of December 31, 2016)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	67,321	70,835
Time deposits	10,354	9,486
Trade notes and accounts receivable	128,285	184,827
Allowance for doubtful receivables	(382)	(490)
Inventories	133,518	127,365
Deferred income taxes	6,041	5,802
Other current assets	10,830	14,349
Current assets of discontinued operations	8,206	-
Total current assets	364,173	412,174
Property, plant and equipment - at cost, less accumulated depreciation	264,014	273,617
Intangible assets, less accumulated amortization	4,832	4,489
Investments and other assets:		
Investments in associated companies	4,737	4,882
Other investment securities	24,978	27,893
Other assets	10,800	11,973
Total investments and other assets	40,515	44,748
Deferred income taxes - non-current	9,321	7,847
Total Assets	682,855	742,875

	(millions of yen)	
	Year ended March 31, 2016 (as of March 31, 2016)	Third quarter period of the year ending March 31, 2017 (as of December 31, 2016)
<u>Liabilities and Equity</u>		
Current liabilities:		
Short-term bank loans	41,374	46,674
Current maturities of long-term debt	11,450	14,877
Trade notes and accounts payable	94,276	128,946
Accrued income taxes	7,122	6,159
Deferred income taxes	1,584	1,406
Accrued expenses	21,611	23,165
Other current liabilities	23,015	24,767
Current liabilities of discontinued operations	488	-
Total current liabilities	200,920	245,994
Liability under retirement and severance programs	14,426	14,127
Long-term debt, less current maturities	101,759	92,587
Deferred income taxes - non-current	2,632	2,596
Other long-term liabilities	1,758	1,759
Total liabilities	321,495	357,063
NH Foods Ltd. shareholders' equity:		
Common stock	24,166	24,166
Capital surplus	50,958	51,115
Retained earnings:		
Appropriated for legal reserve	8,150	8,310
Unappropriated	275,051	297,802
Accumulated other comprehensive income (loss)	(1,515)	515
Treasury stock, at cost	(457)	(446)
Total NH Foods Ltd. shareholders' equity	356,353	381,462
Noncontrolling interests	5,007	4,350
Total equity	361,360	385,812
Total Liabilities and Equity	682,855	742,875

(Note) Breakdown of other accumulated comprehensive income (loss)

	Year ended March 31, 2016	Third quarter period of the year ending March 31, 2017
Net unrealized gains on securities available-for-sales	5,588	8,204
Pension liability adjustments	(5,377)	(5,121)

Foreign currency translation adjustments	(1,726)	(2,568)
--	---------	---------

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

(millions of yen)

	Third quarter period of the year ended March 31, 2016 (April 1, 2015 through December 31, 2015)	Third quarter period of the year ending March 31, 2017 (April 1, 2016 through December 31, 2016)
Net sales	953,437	926,349
Cost of goods sold	776,936	744,283
Selling, general and administrative expenses	132,576	135,701
Other operating costs and expenses (income) - net	1,124	3,164
Interest expense	1,056	872
Other income (expenses) - net	(547)	198
Income from continuing operations before income taxes and equity in earnings (losses) of associated companies	41,198	42,527
Income taxes	11,194	12,964
Income from continuing operations before equity in earnings (losses) of associated companies	30,004	29,563
Equity in earnings (losses) of associated companies - net of applicable income taxes	(156)	251
Net income from continuing operations	29,848	29,814
Loss from discontinued operations - net of applicable income taxes	(2,539)	(12)
Net income	27,309	29,802
Net income attributable to noncontrolling interests	(114)	(169)
Net income attributable to NH Foods Ltd.	27,195	29,633

(for the consolidated third quarter period of the year)

	Third quarter period of the year ended March 31, 2016 (October 1, 2015 through December 31, 2015)	Third quarter period of the year ending March 31, 2017 (October 1, 2016 through December 31, 2016)
Net sales	339,745	333,257
Cost of goods sold	273,585	263,124
Selling, general and administrative expenses	45,297	47,200
Other operating costs and expenses (income) - net	726	2,373
Interest expense	351	272
Other income (expenses) - net	(734)	369
Income from continuing operations before income taxes and equity in earnings (losses) of associated companies	19,052	20,657
Income taxes	5,967	5,733
Income from continuing operations before equity in earnings (losses) of associated companies	13,085	14,924
Equity in earnings (losses) of associated companies - net of applicable income taxes	4	(9)
Net income from continuing operations	13,089	14,915
Loss from discontinued operations - net of applicable income taxes	(1,136)	—
Net income	11,953	14,915
Net income attributable to noncontrolling interests	(124)	(31)
Net income attributable to NH Foods Ltd.	11,829	14,884

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

	(millions of yen)	
	Third quarter period of the year ended March 31, 2016 (April 1, 2015 through December 31, 2015)	Third quarter period of the year ending March 31, 2017 (April 1, 2016 through December 31, 2016)
Net income	27,309	29,802
Other comprehensive income (loss) - net of applicable income taxes		
Net unrealized gains on securities available-for-sale	1,132	2,617
Pension liability adjustments	129	261
Foreign currency translation adjustments	(3,912)	(1,472)
Total other comprehensive income (loss)	(2,651)	1,406
Comprehensive income	24,658	31,208
Net comprehensive loss attributable to noncontrolling interests	871	455
Net comprehensive income attributable to NH Foods Ltd.	25,529	31,663

(for the consolidated third quarter period of the year)

	Third quarter period of the year ended March 31, 2016 (October 1, 2015 through December 31, 2015)	Third quarter period of the year ending March 31, 2017 (October 1, 2016 through December 31, 2016)
Net income	11,953	14,915
Other comprehensive income (loss) - net of applicable income taxes		
Net unrealized gains on securities available-for-sale	989	2,139
Pension liability adjustments	38	89
Foreign currency translation adjustments	(1,564)	4,901
Total other comprehensive income (loss)	(537)	7,129
Comprehensive income	11,416	22,044
Net comprehensive loss attributable to noncontrolling interests	737	62

Net comprehensive income attributable to NH Foods Ltd.	12,153	22,106
---	--------	--------

(4) Consolidated Quarterly Statements of Cash Flows:

(millions of yen)

	Third quarter period of the year ended March 31, 2016 (April 1, 2015 through December 31, 2015)	Third quarter period of the year ending March 31, 2017 (April 1, 2016 through December 31, 2016)	(For reference) Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)
Operating Activities:			
Net income	27,309	29,802	18,755
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	14,825	15,049	19,926
Impairment loss	710	508	11,081
Income taxes deferred	871	239	272
Foreign exchange transaction adjustments	(1,570)	5,461	(3,193)
Increase in trade notes and accounts receivable	(55,937)	(56,947)	(113)
Decrease (increase) in inventories	(8,258)	6,124	5,894
Increase in other current assets	(442)	(2,920)	(34)
Increase (decrease) in trade notes and accounts payable	28,712	34,830	(304)
Decrease in accrued income taxes	(3,852)	(955)	(598)
Increase (decrease) in accrued expenses and other current liabilities	(1,205)	1,700	232
Others - net	1,671	(970)	617
Net cash provided by operating activities	2,834	31,921	52,535
Investing Activities:			
Capital expenditures	(28,906)	(22,864)	(37,604)
Proceeds from sales of capital assets	848	1,139	1,839
Decrease (increase) in time deposits	605	26	(202)
Purchases of marketable securities and other investment securities	(2,683)	(107)	(2,798)
Proceeds from sales and maturities of marketable securities and other investment securities	402	2,106	475
Investments to associated companies	-	(195)	(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	(509)	(363)	(395)
Net cash used in investing activities	(38,806)	(14,886)	(49,139)
Financing Activities:			
Cash dividends	(9,411)	(6,744)	(9,411)
Increase in short-term bank loans	28,769	65	18,506
Proceeds from debt	28,968	3,178	30,408
Repayments of debt	(30,349)	(10,625)	(32,614)
Contributions from noncontrolling interest	1,502	424	1,502
Acquisition of treasury stock	(9)	(8)	(10)
Others - net	(199)	(170)	(199)
Net cash provided by (used in) financing activities	19,271	(13,880)	8,182
Effect of exchange rate changes on cash and cash equivalents	(956)	359	(1,661)
Net increase (decrease) in cash and cash equivalents	(17,657)	3,514	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)	39,747	70,835	67,321
Additional cash flow information:			
Cash payment for the period (year)			
Interest paid	1,144	853	1,496
Income taxes paid	13,636	14,432	13,165
Capital lease obligations incurred	4,037	3,302	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 7 associated companies.

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

For the consolidated cumulative third quarter period of the year ended March 31, 2016 (April 1, 2015 through December 31, 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	251,920	501,251	122,114	94,287	969,572	(16,135)	953,437
(2) Intersegment	10,589	81,511	2,239	99,254	193,593	(193,593)	-
Total	262,509	582,762	124,353	193,541	1,163,165	(209,728)	953,437
Operating expenses	257,715	550,519	122,340	189,126	1,119,700	(210,188)	909,512

Operating income	4,794	32,243	2,013	4,415	43,465	460	43,925
------------------	-------	--------	-------	-------	--------	-----	--------

For the consolidated cumulative third quarter period of the year ending March 31, 2017
(April 1, 2016 through December 31, 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	258,902	491,470	122,129	70,321	942,822	(16,473)	926,349
(2) Intersegment	10,889	78,764	2,378	93,885	185,916	(185,916)	-
Total	269,791	570,234	124,507	164,206	1,128,738	(202,389)	926,349
Operating expenses	261,229	535,452	120,887	164,558	1,082,126	(202,142)	879,984
Operating income (loss)	8,562	34,782	3,620	(352)	46,612	(247)	46,365

(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 third quarter period of the year ended March 31, 2016 has been reclassified based on its information for the consolidated cumulative third 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 third quarter cumulative period of the year.

(for the consolidated third quarter period of the year)

For the consolidated third quarter period of the year ended March 31, 2016 (October 1, 2015 through December 31, 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	92,210	177,416	46,427	29,741	345,794	(6,049)	339,745
(2) Intersegment	3,895	28,411	834	34,188	67,328	(67,328)	-
Total	96,105	205,827	47,261	63,929	413,122	(73,377)	339,745
Operating expenses	91,763	192,237	45,680	63,028	392,708	(73,826)	318,882
Operating income	4,342	13,590	1,581	901	20,414	449	20,863

For the consolidated third quarter period of the year ending March 31, 2017 (October 1, 2016 through December 31, 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	96,968	173,530	46,070	22,866	339,434	(6,177)	333,257
(2) Intersegment	3,733	26,043	737	32,115	62,628	(62,628)	-
Total	100,701	199,573	46,807	54,981	402,062	(68,805)	333,257
Operating expenses	95,375	184,210	44,789	54,734	379,108	(68,784)	310,324
Operating income	5,326	15,363	2,018	247	22,954	(21)	22,933

(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 represents net sales less cost of goods sold and selling, general and administrative expenses.
4. The operating segment information for the consolidated third quarter period of the year ended March 31, 2016 has been reclassified based on its information for the consolidated third 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 third 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.