

(Translation)

May 9, 2017

**BRIEF STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2017**

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

Name of listed company:	NH Foods Ltd.
Listing exchange:	Tokyo Stock Exchange
Code number:	2282
URL:	http://www.nipponham.co.jp/en/
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Scheduled date of the Ordinary General Meeting of Shareholders:	June 28, 2017
Scheduled date of payment of dividends:	June 5, 2017
Scheduled date of filing of securities report:	June 29, 2017
Preparation of supplementary information on statement of accounts:	Yes
Holding of results briefing:	Yes (results briefing for institutional investors and analysts)

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

1. Consolidated business results for the year ended March 31, 2017 (April 1, 2016 through March 31, 2017):

(1) Consolidated operating results:

(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 (losses) of associated companies		Net income attributable to NH Foods Ltd.	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended March 31, 2017	1,202,293	(2.2)	53,802	9.3	49,112	39.1	35,004	60.7
Year ended March 31, 2016	1,229,324	2.4	49,207	3.0	35,309	(19.4)	21,779	(29.9)

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

Year ended March 31, 2017:	¥38,524 million	217.4%
Year ended March 31, 2016:	¥12,138 million	(69.8%)

	Earning per share attributable to NH Foods Ltd. shareholders (basic)	Earning per share attributable to NH Foods Ltd. shareholders (diluted)	Ratio of net income attributable to total NH Foods Ltd. to shareholders' equity	Ratio of income from continuing operations before income taxes and equity in earnings of associated companies to total assets	Ratio of operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Year ended March 31, 2017	171.74	161.27	9.2	7.0	4.5
Year ended March 31, 2016	106.92	100.44	6.1	5.3	4.0

(For reference) Equity in earnings (losses) of associated companies:

Year ended March 31, 2017:	¥485 million
Year ended March 31, 2016:	(¥207 million)

- (Note) 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 ended March 31, 2017 are presented herein by partially reclassifying the numbers of the year ended 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)
Year ended March 31, 2017	720,276	408,356	404,126	56.1	1,916.47
Year ended March 31, 2016	682,855	361,360	356,353	52.2	1,749.36

(3) Consolidated cash flows:

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Year ended March 31, 2017	65,254	(38,271)	(11,439)	82,639
Year ended March 31, 2016	52,535	(49,139)	8,182	67,321

2. State of dividends:

	Annual dividend per share (yen)					Total Dividends (Annual)	Dividend payout ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Year-end	Total			
						(millions of yen)	(%)	(%)
Year ended March 31, 2016	—	—	—	33.00	33.00	6,722	30.9	1.9
Year ended March 31, 2017	—	—	—	52.00	52.00	10,965	30.3	2.8
Year ending March 31, 2018 (forecast)	—	—	—	53.00	53.00		30.2	

3. Forecast of consolidated business results for the year ending March 31, 2018 (April 1, 2017 through March 31, 2018):

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

	Net sales		Operating income		Income 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)
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Second quarter (cumulative)	610,000	2.9	25,500	8.8	23,000	5.2	17,500	18.7	82.99
Whole-year period	1,250,000	4.0	56,000	4.1	51,000	3.8	37,000	5.7	175.46

* Notes:

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

(2) Changes in accounting policies:

1) Changes associated with changes in accounting standards: None

2) Other changes: None

(For more information, please refer to “7. Important Matters Forming the Basis for Preparing Consolidated Financial Statements” on pages 30 to 31.)

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

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

Year ended March 31, 2017: 210,895,298 shares

Year ended March 31, 2016: 204,000,000 shares

2) Number of shares of treasury stock as of the end of the fiscal year:

Year ended March 31, 2017: 25,901 shares

Year ended March 31, 2016: 295,049 shares

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

Year ended March 31, 2017: 203,823,551 shares

Year ended March 31, 2016: 203,701,292 shares

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

1. Non-consolidated business results for the year ended March 31, 2017 (April 1, 2016 through March 31, 2017):

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended March 31, 2017	783,145	(1.0)	8,651	60.5	19,887	26.0	14,408	170.7
Year ended March 31, 2016	791,426	0.9	5,390	(19.4)	15,784	1.8	5,322	(52.1)

	Basic earnings per share	Diluted earnings per share
	(yen)	(yen)
Year ended March 31, 2017	70.69	66.11
Year ended March 31, 2016	26.13	24.38

(2) Non-consolidated financial position

	Total assets	Total net assets	Equity ratio	Total net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
Year ended March 31, 2017	487,598	212,101	43.5	1,005.32
Year ended March 31, 2016	470,664	186,275	39.6	913.86

(For reference)

Net worth: Year ended March 31, 2017: ¥211,991 million
Year ended March 31, 2016: ¥186,158 million

2. Forecast of non-consolidated business results for the year ending March 31, 2018 (April 1, 2017 through March 31, 2018):

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

	Net sales		Ordinary income		Net income		Basic earnings per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Second quarter (cumulative)	392,000	0.9	16,700	5.2	16,100	5.7	76.35
Whole-year period	793,000	1.3	19,600	(1.4)	17,600	22.2	83.46

- * These consolidated financial results are outside the scope of audit.

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

The descriptions herein about the future, including the forecast of business results, are based on the information currently available to NH Foods Ltd. and certain assumptions considered reasonable by NH Foods Ltd. and are not contemplated to ensure the fulfillment thereof. The actual results may materially differ from such forecast and plans depending on various factors. NH Foods Ltd., therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, NH Foods Ltd. will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any result arising therefrom, or publicize such revised information. For information on the conditions precedent to the forecast of business results and cautionary notes for the use of the forecast of business results, please refer to “4. Future Outlook” on pages 16 to 18.

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- * NH Foods Ltd. is planning to hold a briefing for investors as follows. All materials to be distributed at the briefing will be disclosed on TDnet today and posted on its website today.
 - May 11, 2017 (Thursday): Results briefing for institutional investors and analysts

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

I. OVERVIEW OF OPERATING RESULTS, ETC.

1. Overview of Operating Results, etc. for the Fiscal Year under Review

(1) Overview of operating results in general

The Japanese economy was on a mild recovery path in the year ended March 31, 2017, backed by improvements in the employment environment, etc. due to the government's economic policies, despite the fact that improvements were delayed in parts of the Japanese economy. On the other hand, because of uncertainty regarding the policies of countries around the world, the direction of trends in the economy, foreign exchange, and stock markets is unclear, and consumption trends continue to be harsh.

The operating climate in the food industry was again adverse. This was because while raw material costs stabilized, the domestically produced fresh meat market weakened, logistics costs rose amid human resource shortages, and sales competition intensified.

Against this backdrop, under the "New Medium-Term Management Plan Part 5," which was launched in April 2015, NH Foods Ltd. and its subsidiaries (the "Group") undertook business activities based on two management policies: "Establish competitive advantages of domestic businesses" and "Accelerate to a global company" to carry out its themes of "Creating a stable business model through reform." Specific measures included newly establishing the Overseas Business Division, reinforcing the domestic farm business, developing and promoting new offerings, and strengthening our cost competitiveness and enhancing profitability such as by improving productivity, as well as our thorough efforts to cultivate human resources and manage risk. The Group also strived to increase recognition of its businesses and the Group, by aggressively working on a sale to give thanks to the support for the "Hokkaido Nippon-Ham Fighters Baseball Club," who won the Japan Series in 2016, and by broadcasting corporate television commercials starring pro baseball players and pro soccer players. Overseas, the Group promoted growth strategies including the establishment of a joint venture in Malaysia, and moved ahead with sorting out unprofitable businesses such as sale of the hog farming business in the United States. The Group also continued its efforts to enrich and enhance its management structure according to the "Nipponham Group Fundamental Policy on Corporate Governance" formulated in November 2015.

As a result of these actions, for the year ended March 31, 2017, net sales amounted to ¥1,202,293 million, decreasing 2.2% from the previous fiscal year. Operating income increased 9.3%, to ¥53,802 million. Income from continuing operations before income taxes and equity in earnings of associated companies and net income attributable to NH Foods Ltd. increased by respectively 39.1% to ¥49,112 million and 60.7% to ¥35,004 million.

Breakdown of consolidated net sales

Category	Year ended March 31, 2016 (April 1, 2015-March 31, 2016)		Year ended March 31, 2017 (April 1, 2016-March 31, 2017)		Rate of increase (decrease) from the previous year (%)
	Amount (millions of yen)	Component ratio (%)	Amount (millions of yen)	Component ratio (%)	
Hams and sausages	141,459	11.5	141,362	11.8	(0.1)
Processed foods	221,308	18.0	228,904	19.0	3.4
Fresh meats	705,495	57.4	673,871	56.0	(4.5)
Marine products	94,704	7.7	91,637	7.6	(3.2)
Dairy products	31,396	2.6	33,380	2.8	6.3
Others	34,962	2.8	33,139	2.8	(5.2)
Total	1,229,324	100.0	1,202,293	100.0	(2.2)

(2) Overview of operating segments

NH Foods Ltd. newly established the “Overseas Business Division” as of April 1, 2016. In line with this, overseas subsidiaries and overseas associated companies which were under the control of each business division (Processed Foods Business Division, Fresh Meats Business Division, Affiliated Business Division) and others, are now under the control of the “Overseas Business Division.”

(Processed Foods Business Division)

In the hams and sausages division, sales of consumer products were on a par with last year. This was mainly due to a lower volume of PB products, even though sales of NB products increased from the previous fiscal year thanks to strong performance of *SCHAU ESSEN* with aggressive promotional activities, as well as the addition of sales of the new product *Hojun coarse-ground wieners*. Sales of commercial-use products remained strong, as regular products were introduced at major restaurants. While the entire gift market struggled during the year-end gift-giving season, the number of units sold significantly increased from the previous fiscal year as a result of sales promotions with a focus on *Utsukushi-no-Kuni* which reached its 10th anniversary.

In the processed foods division, the division introduced the new product *Kiwami-yaki Hamburg*, and aggressively promoted sales of *CHIKICHIKI Bone* and *Chicken Nugget*, the mainstays of the prefried group, as well as *Tenshinkaku* in the yumcha group. It also took on new categories including *SCHAU ESSEN Soup*. Commercial-use products also performed strongly due to the introduction of major products through convenience store channels, etc., and overall sales for the processed foods division increased from the previous fiscal year, resulting in increased revenue for the Processed Foods Business Division overall.

The division’s earnings increased from the previous fiscal year, reflecting an increase in gross profit due to higher sales volume and the effect of stabilized fuel prices, while personnel costs increased against a backdrop of human resource shortages.

As a result of these factors, the division’s sales increased 3.0%, to ¥348,253 million, and operating income increased 103.0%, to ¥7,911 million.

(Fresh Meats Business Division)

The fresh meats business focused on multifaceted communication for branded fresh meats, including “*Sakurahime/Mugikomachi Nighter*” promotions related to the game hosted by the Hokkaido Nippon-Ham Fighters Baseball Club, Sakurahime television commercials and advertising through radio programs. The division also grew its sales volume by conducting aggressive sales activities focused on steadily produced domestic chicken and U.S. beef, which has stabilized in terms of supply volume and prices. Food companies increased sales volume by aggressively working on tie-in initiatives with business partners, but fresh meats market prices weakened, causing overall sales to fall short of the previous fiscal year.

In terms of earnings, although the external environment was harsh for the domestic

farm business due to the fresh meats market prices being lower than last year, and the breakout of avian influenza at the end of this year, the division strived to increase production volume and lower costs, thereby increasing earnings on a full year basis. In the sales division as well, amid intensifying sales competition, the division aggressively made sales and proposal activities for customers in a wide array of sales channels, including volume retailers, restaurants, and convenience stores, resulting in an increase in earnings due mainly to the effects of increased sales volume and cost reductions.

As a result of these factors, the division's sales decreased 1.6%, to ¥741,565 million, and operating income increased 12.6%, to ¥43,898 million.

(Affiliated Business Division)

The marine products division focused on sales of raw fish products for sushi and in-house manufactured goods through major retail channels, but struggled in a harsh sales environment due to decreased catches of salmon, squid, and scallops in Japan, as well as a decreased supply of crabs, etc. from overseas. As a result, sales fell short of the previous fiscal year.

In the dairy products division, sales of yogurt and lactic acid probiotic beverages grew, due to strong performance of the mainstay *Vanilla Yogurt* and yogurt beverages for convenience store channels, and strengthening of sales of the new products under the smoothie series. Sales of cheese exceeded the previous fiscal year because of growth in mainstay commercial-use products for bakeries, restaurants, and food manufacturers, as well as strong performance of consumer products for which efforts had been stepped up. As a result, sales for the dairy products division as a whole increased.

Earnings from marine products division increased from the previous fiscal year, due to the growth of sales of high value-added products and boosted margins through price revisions. In the dairy products division, earnings from yogurt and lactic acid probiotic beverages exceeded the previous fiscal year because of higher sales and stable raw material costs. Earnings from cheese also increased from the previous fiscal year thanks to improvement of plant operational rates due to growth of sales and the drop in raw materials prices. As a result, the dairy products division as a whole enjoyed increased earnings.

As a result of these factors, the division's sales increased 0.2%, to ¥159,041 million, and operating income increased 67.2%, to ¥3,746 million.

(Overseas Business Division)

Sales from Americas operations decreased due to the impact of foreign exchange translation, despite the sales growth of processed foods owing to expanded sales bases and steady performance of fresh meat exports. Australia operations struggled to make sales due to the decreased number of head of cattle and the continued surge in purchase prices. Sales from Asia and EU operations declined due to the impact of foreign exchange translation, despite steady performance of export sales in Thailand, as well as domestic sales in Vietnam, Turkey, and China. The Overseas Business Division was largely affected by lower sales

volume in Australia operations, and decreased sales as a whole.

In terms of earnings, manufacture and sales of processed foods and the export of fresh meats contributed to steady performance in Americas operations. Earnings from Australia operations decreased mainly due to lowered operational rates caused by decreased number of head of cattle. In Asia and EU operations, manufacturing plants in Thailand and the chicken farming business in Turkey struggled due to trends in foreign exchange and raw materials prices.

As a result of these factors, the division's sales decreased 12.4%, to ¥214,384 million. Operating loss amounted to ¥1,251 million (compared to operating income of ¥3,565 million in the previous fiscal year).

2. Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the year increased by 5.5% from the end of the previous fiscal year to account for ¥720,276 million. With regard to assets, although current assets of the discontinued operations decreased by ¥8,206 million due to the sale of the hog farming business of our U.S. subsidiary, cash and cash equivalents increased by 22.8% from the end of the previous fiscal year to account for ¥82,639 million, and time deposits increased by 79.8% from the end of the previous fiscal year to account for ¥18,616 million. As a result, current assets increased by 4.2% from the end of the previous fiscal year to account for ¥379,398 million. Property, plant and equipment - at cost, less accumulated depreciation increased by 7.3% from the end of the previous fiscal year to account for ¥283,364 million due to the increase in capital expenditures.

Liabilities decreased by 3.0% from the end of the previous fiscal year to account for ¥311,920 million, as short-term bank loans increased by 18.0% from the end of the previous fiscal year to account for ¥48,804 million and trade notes and accounts payable increased by 8.0% from the end of the previous fiscal year to account for ¥101,857 million, but long-term debt, less current maturities decreased by 24.7% from the end of the previous fiscal year to account for ¥76,658 million, mainly because of conversion of the Euro Yen Zero Coupon Convertible Bonds due September 2018 to common stock.

Total NH Foods Ltd. shareholder's equity increased by 13.4% from the end of the previous fiscal year to account for ¥404,126 million, as common stock increased by ¥7,640 million and capital surplus increased by ¥7,915 million mainly because of the issuance of new shares due to conversion of Euro Yen Zero Coupon Convertible Bonds due September 2018 to common stock, in addition to an increase of ¥35,004 million in net income attributable to NH Foods Ltd. Interest-bearing debt* decreased by ¥16,299 million from the end of the previous fiscal year to account for ¥138,284 million.

As a result, NH Foods Ltd. shareholders' equity ratio increased by 3.9 percentage points from the end of previous fiscal year to 56.1%.

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

3. Overview of Cash Flows for the Fiscal Year under Review

The states and causes of cash flows are as follows:

	Year ended March 31, 2016	Year ended March 31, 2017	Increase or decrease
	(millions of yen)	(millions of yen)	(millions of yen)
Cash flows from operating activities	52,535	65,254	12,719
Cash flows from investing activities	(49,139)	(38,271)	10,868
Cash flows from financing activities	8,182	(11,439)	(19,621)
Effect of exchange rate changes on cash and cash equivalents	(1,661)	(226)	1,435
Net increase in cash and cash equivalents	9,917	15,318	5,401
Cash and cash equivalents at end of the year	67,321	82,639	15,318

With regard to operating activities, despite accrued expenses and a decrease in other current liabilities, among others, net income, depreciation and amortization, an increase in trade notes and accounts payable caused the cash increase. As a result, net cash provided by operating activities amounted to ¥65,254 million (¥52,535 million provided for the previous fiscal year).

With regard to investing activities, although there was a net increase of cash and cash equivalents due to the sale of businesses, net cash used in investing activities amounted to ¥38,271 million (¥49,139 million used for the previous fiscal year) due to capital expenditures and an increase in time deposits.

With regard to financing activities, net cash used in financing activities amounted to ¥11,439 million (¥8,182 million provided for the previous fiscal year) due to cash dividends and repayments of debt, despite an increase in short-term bank loans and proceeds from debt.

As a result, cash and cash equivalents at end of the year increased by ¥15,318 million in comparison with the end of the previous fiscal year, to amount to ¥82,639 million.

The trends in cash flow indices are as shown below:

	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017
Total NH Foods Ltd. shareholders' equity ratio (%)	48.1	51.2	53.5	52.2	56.1
Ratio of shareholders' equity on a fair value basis (%)	50.6	49.9	85.2	74.0	87.5
Years for debt redemption (year)	4.0	4.4	4.6	2.9	2.1
Interest coverage ratio (time)	22.8	21.3	24.2	35.1	57.4

- * Total NH Foods Ltd. shareholders' equity ratio:

$$\frac{\text{Total NH Foods Ltd. shareholders' equity}}{\text{Total assets}}$$
- Ratio of shareholders' equity on a fair value basis:

$$\frac{\text{Aggregate fair value of listed stock}}{\text{Total assets}}$$
- Years for debt redemption: $\frac{\text{Interest-bearing debt}}{\text{Cash provided by operating activities}}$
- Interest coverage ratio: $\frac{\text{Cash provided by operating activities}}{\text{Interest payments}}$

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

4. Future Outlook

Regarding the economic outlook for FY2018, although we expect to see the continued effects of the government's economic stimulus measures, we also predict that uncertainty will continue into the future, including the impact of turmoil in the financial markets caused by uncertainty regarding the policies of various governments and increasing logistics costs against a background of human resource shortages in Japan. The Group will thus drive forward with the "New Medium-Term Management Plan Part 5," launched in the previous fiscal year, with the aim of "Creating a stable business model through reform." The prime policies of this initiative are to "Establish competitive advantages of domestic businesses" and "Accelerate to a global company." (For details, please refer to "II. MANAGEMENT POLICY 3. NH Foods Ltd.'s Medium- and Long-Range Management Strategies and Issues to be Addressed by NH Foods Ltd." on page 21.)

In the Processed Foods Business Division, although consumption is showing signs of gradual recovery, the business climate will likely remain harsh as price competition intensifies and raw materials prices and fuel prices rise. As such, our production and

marketing operations will collaborate in pursuing strategies of growth and foundation reinforcement. For our growth strategy, we will conduct market analysis based on a complete customer perspective to promote the category leader strategy by cultivating brand products and building new brands, and to reinforce our area sales. In addition, such efforts seek to boost market share and profitability by strategically strengthening positions in consumer, commercial, frozen foods, and other specific business areas to reinforce Group collaboration. In product development, we will cultivate new markets by strengthening products for volume zones, and with high value-added products and products that offer new value. For our foundation reinforcement strategy, we will strengthen our cost competitiveness by promoting strategic, forward-looking capital expenditures, such as the introduction of highly productive lines, as well as the visualization of production lines by collaboration between production and marketing operations.

In the Fresh Meats Business Division, the Group expects the operating climate to remain challenging amid changes in the meat and grain markets and the volatility in global supply and demand. The division will therefore reinforce its unique integration system, covering everything from its own farms to sales companies, to promote active sales and marketing in branded meats and further expand its domestic market share. In addition, the division will bolster its production and procurement capabilities in Japan and overseas from a medium and long term perspective, as well as expand its efficient sales and delivery systems nationwide.

The Affiliated Business Division will strengthen its manufacturing, development and sales capabilities, primarily in the marine and dairy products businesses, expanding the scale of domestic operations. In manufacturing, the division aims to improve efficiency by making strategic capital expenditures, and to establish a system to increase production from a medium and long term perspective. Furthermore, raw materials prices are expected to rise as supply and demand trends for raw materials change drastically. The division will strive to improve profitability by promoting differentiation and high value-added products centered on in-house manufactured goods by strengthening its procurement and development capabilities in Japan and overseas. On the marketing front, the division will promote its channel strategy utilizing diverse product groups and cultivation of new markets via marketing from the customer's perspective and group collaboration.

As for the Overseas Business Division, production and marketing operations will continue to collaborate, and the division will work to expand domestic sales in countries the Group has entered, and to expand sales to third countries through collaboration of Group companies in these countries. In expanding sales, the division will utilize the comprehensive capabilities of the Group, including product development capabilities and quality management techniques cultivated in Japan, and provide a wide variety of products and services to match each area. From a medium and long term perspective, the division will reinforce and expand its production bases and sales offices, and continue to focus on reinforcing governance.

With the harsh operating climate posing numerous challenges, the Group will collaborate to demonstrate maximum synergy in deploying management policies and strategies with the aim of "Creating a stable business model through reform" under the "New

Medium-Term Management Plan Part 5.”

With regard to operating results for the year ending March 31, 2018, net sales are estimated to amount to ¥1,250.0 billion, an increase of 4.0% from the year ended March 31, 2017.

Forecast of consolidated net sales

Category	Year ending March 31, 2018 (April 1, 2017-March 31, 2018)	Rate of increase (decrease) from the previous year
	(billion yen)	(%)
Hams and sausages	146.6	3.7
Processed foods	239.6	4.7
Fresh meats	702.6	4.3
Marine products	100.4	9.6
Dairy products	33.4	0.1
Others	27.4	(17.3)
Total	1,250.0	4.0

With regard to income, operating income, income from continuing operations before income taxes and equity in earnings (losses) of associated companies, and net income attributable to NH Foods Ltd. are estimated to amount to ¥56.0 billion (an increase of 4.1% from the previous fiscal year), ¥51.0 billion (an increase of 3.8% from the previous fiscal year), and ¥37.0 billion (an increase of 5.7% from the previous fiscal year), respectively.

Cautionary notice on information about the future:

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

5. NH Foods Ltd.'s Fundamental Policy of Profit Allocation and Dividends for the Year Ended March 31, 2017 and the Year Ending March 31, 2018

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

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

Regarding dividends for the fiscal year under review, as announced today in the "Notice on Distribution of Retained Earnings," we plan to pay an ordinary dividend of ¥52 (consolidated dividend payout ratio of 30.3%). For the year ending March 31, 2018, management plans to pay an ordinary dividend of ¥53 per share, based on the consolidated dividend payout ratio of 30% with net income attributable to NH Foods Ltd. forecasted to be ¥37.0 billion.

II. MANAGEMENT POLICY

1. NH Foods Ltd.'s Fundamental Management Policy

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

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

2. Target Management Indices

In the final year of the “New Medium-Term Management Plan Part 5” which was started in April 2015 (April 1, 2015 – March 31, 2018), the Group has set targets of consolidated net sales of ¥1,300.0 billion, operating income of ¥52.0 billion, operating income ratio of 4.0%, and ROE of 8.0% or higher, and the next fiscal year (the year ending March 31, 2018) will be the final year of the plan.

We have reduced net sales for the next fiscal year to ¥1,250.0 billion, based on difficulties exceeding our assumptions when formulating the “New Medium-Term Management Plan Part 5” with sales in Australia operations, and reduced revenue due to the sale of our U.S. hog farming business. Meanwhile we have increased operating income to ¥56.0 billion, as we project our domestic fresh meats business to perform more strongly than we assumed when formulating the “New Medium Term Management Plan Part 5.” As a result, we plan for an operating income ratio of 4.5%.

We plan an ROE of 8.9%, as we expect net income attributable to NH Foods Ltd. in the final year to increase to ¥37.0 billion from ¥33.0 billion as planned when formulating the “New Medium-Term Management Plan Part 5,” mainly due to the increased operating income target.

* The “New Medium-Term Management Plan Part 5” and its revised or amended plans

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

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

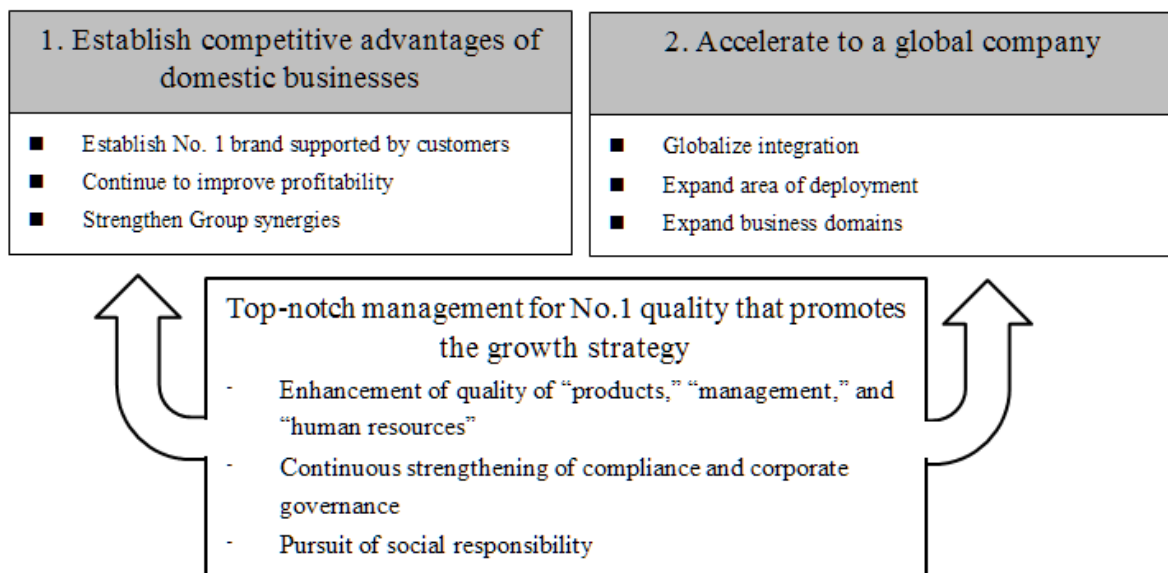
NH Foods Ltd. formulated in April 2015 the “New Medium-Term Management Plan Part 5,” the theme of which is “Creating a stable business model through reform.”

The Group will build a stable business model by enhancing its corporate functions, such as marketing, branding and human resource development, to promote business model innovation and corporate culture reformation. The linchpins of these efforts will be the establishment of competitive advantage of domestic businesses, based on the Group’s integration system, one of its strengths, and expansion of overseas businesses in order to increase global market sales.

<Theme>

Creating a stable business model through reform

<Management Policies>



“Management for No. 1 Quality,” initiated in the New Medium-Term Management Plan Part 2, has been positioned as “High-Level Management for No. 1 Quality Used to Promote Growth Strategies,” and will continue to be implemented as a core foundation of the Group’s management policies.

<Management Strategies>

1. Continuous strengthening of profitability in domestic businesses
2. Expansion of overseas net sales at an early stage
3. Promotion of strategic branding
4. Reinforcement of cross-Group corporate functions

III. FUNDAMENTAL APPROACH TO SELECTING ACCOUNTING STANDARDS

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

IV. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(millions of yen)

	Year ended March 31, 2016 (as of March 31, 2016)	Year ended March 31, 2017 (as of March 31, 2017)	Increase (decrease)
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	67,321	82,639	15,318
Time deposits	10,354	18,616	8,262
Trade notes and accounts receivable	128,285	128,579	294
Allowance for doubtful accounts	(382)	(373)	9
Inventories	133,518	132,697	(821)
Deferred income taxes	6,041	6,650	609
Other current assets	10,830	10,590	(240)
Current assets of discontinued operations	8,206	—	(8,206)
Total current assets	364,173	379,398	15,225
Property, plant and equipment - at cost, less accumulated depreciation	264,014	283,364	19,350
Intangible assets, less accumulated amortization	4,832	4,715	(117)
Investments and other assets:			
Investments in associated companies	4,737	5,100	363
Other investment securities	24,978	28,828	3,850
Other assets	10,800	11,244	444
Total investments and other assets	40,515	45,172	4,657
Deferred income taxes - non-current	9,321	7,627	(1,694)
Total Assets	682,855	720,276	37,421

(millions of yen)

	Year ended March 31, 2016 (as of March 31, 2016)	Year ended March 31, 2017 (as of March 31, 2017)	Increase (decrease)
<u>Liabilities and Equity</u>			
Current liabilities:			
Short-term bank loans	41,374	48,804	7,430
Current maturities of long-term debt	11,450	12,822	1,372
Trade notes and accounts payable	94,276	101,857	7,581
Accrued income taxes	7,122	8,920	1,798
Deferred income taxes	1,584	1,402	(182)
Accrued expenses	21,611	22,357	746
Other current liabilities	23,015	21,591	(1,424)
Current liabilities of discontinued operations	488	—	(488)
Total current liabilities	200,920	217,753	16,833
Liability under retirement and severance programs	14,426	13,268	(1,158)
Long-term debt, less current maturities	101,759	76,658	(25,101)
Deferred income taxes - non-current	2,632	2,561	(71)
Other long-term liabilities	1,758	1,680	(78)
Total liabilities	321,495	311,920	(9,575)
NH Foods Ltd. shareholders' equity:			
Common stock	24,166	31,806	7,640
Capital surplus	50,958	58,873	7,915
Retained earnings:			
Appropriated for legal reserve	8,150	8,275	125
Unappropriated	275,051	303,208	28,157
Accumulated other comprehensive income (loss)	(1,515)	2,005	3,520
Treasury stock, at cost	(457)	(41)	416
Total NH Foods Ltd. shareholders' equity	356,353	404,126	47,773
Noncontrolling interests	5,007	4,230	(777)
Total equity	361,360	408,356	46,996
Total Liabilities and Equity	682,855	720,276	37,421

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

	Year ended March 31, 2016	Year ended March 31, 2017	Increase (decrease)
Net unrealized gains on securities available-for-sale	5,588	8,650	3,062
Pension liability adjustments	(5,377)	(3,656)	1,721
Foreign currency translation adjustments	(1,726)	(2,989)	(1,263)

2. Consolidated Statements of Income

(millions of yen)

	Year ended March 31, 2016 <small>(April 1, 2015 through March 31, 2016)</small>	Year ended March 31, 2017 <small>(April 1, 2016 through March 31, 2017)</small>	Increase (decrease)
Net sales	1,229,324	1,202,293	(27,031)
Cost of goods sold	1,005,646	968,995	(36,651)
Selling, general and administrative expenses	174,471	179,496	5,025
Other operating costs and expenses (income) - net	11,849	5,320	(6,529)
Interest expense	1,384	1,140	(244)
Other income (expenses) - net	(665)	1,770	2,435
Income from continuing operations before income taxes and equity in earnings (losses) of associated companies	35,309	49,112	13,803
Income taxes:			
Current	12,905	15,787	2,882
Deferred	212	(1,257)	(1,469)
Total income taxes	13,117	14,530	1,413
Net income from continuing operations before equity in earnings (losses) of associated companies	22,192	34,582	12,390
Equity in earnings (losses) of associated companies - net of applicable income taxes	(207)	485	692
Net income from continuing operations	21,985	35,067	13,082
Net loss from discontinued operations - net of applicable income taxes	(3,230)	(12)	3,218
Net Income	18,755	35,055	16,300
Net loss (income) attributable to noncontrolling interests	3,024	(51)	(3,075)
Net income attributable to NH Foods Ltd.	21,779	35,004	13,225
Operating income (based on Japanese accounting practices)	49,207	53,802	4,595

3. Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Year ended March 31, 2016 <small>(April 1, 2015 through March 31, 2016)</small>	Year ended March 31, 2017 <small>(April 1, 2016 through March 31, 2017)</small>
Net income	18,755	35,055
Other comprehensive income (loss) - net of applicable income taxes		
Net unrealized gains (losses) on securities available-for-sale	(677)	3,063
Pension liability adjustments	(4,082)	1,727
Foreign currency translation adjustments	(5,535)	(1,886)
Total other comprehensive income (loss)	(10,294)	2,904
Comprehensive income	8,461	37,959
Net comprehensive loss attributable to noncontrolling interests	3,677	565
Net comprehensive income attributable to NH Foods Ltd.	12,138	38,524

4. Consolidated Statements of Changes in Equity

For the year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

(millions of yen)

	NH Foods Ltd. Shareholders' equity						Total	Noncontrolling interests	Total equity
	Common stock	Capital surplus	Retained earnings appropriated for legal reserve	Unappropriated retained earnings	Accumulated other comprehensive income (loss)	Treasury stock			
Balance, April 1, 2015	24,166	51,038	7,905	262,887	8,126	(458)	353,664	2,760	356,424
Net income				21,779			21,779	(3,024)	18,755
Other comprehensive loss					(9,641)		(9,641)	(653)	(10,294)
Cash dividends				(9,370)			(9,370)	(41)	(9,411)
Transfer to retained earnings appropriated for legal reserve			245	(245)			—	—	—
Acquisition of treasury stock						(10)	(10)	—	(10)
Disposition of treasury stock		(10)				11	1	—	1
Acquisition and capital increase of subsidiaries							—	6,094	6,094
Others		(70)					(70)	(129)	(199)
Balance, March 31, 2016	24,166	50,958	8,150	275,051	(1,515)	(457)	356,353	5,007	361,360

For the year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

(millions of yen)

	NH Foods Ltd. shareholders' equity						Total	Noncontrolling interests	Total equity
	Common stock	Capital surplus	Retained earnings appropriated for legal reserve	Unappropriated retained earnings	Accumulated other comprehensive income (loss)	Treasury stock			
Balance, April 1, 2016	24,166	50,958	8,150	275,051	(1,515)	(457)	356,353	5,007	361,360
Net income				35,004			35,004	51	35,055
Other comprehensive income					3,520		3,520	(616)	2,904
Cash dividends				(6,722)			(6,722)	(22)	(6,744)
Transfer to retained earnings appropriated for legal reserve			125	(125)			—	—	—
Acquisition of treasury stock						(9)	(9)	—	(9)
Disposition of treasury stock		(29)				31	2	—	2
Conversion of bonds with stock acquisition rights	7,640	7,770				394	15,804	—	15,804
Capital increase of subsidiaries		235					235	150	385
Others		(61)					(61)	(340)	(401)
Balance, March 31, 2017	31,806	58,873	8,275	303,208	2,005	(41)	404,126	4,230	408,356

5. Consolidated Statements of Cash Flows

(millions of yen)

	Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 through March 31, 2017)
Operating Activities:		
Net income	18,755	35,055
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,926	20,287
Impairment losses	11,081	2,285
Income taxes deferred	272	(1,257)
Foreign exchange transaction adjustments	(3,193)	715
Increase in trade notes and accounts receivable	(113)	(796)
Decrease in inventories	5,894	1,305
Decrease (increase) in other current assets	(34)	742
Increase (decrease) in trade notes and accounts payable	(304)	7,705
Increase (decrease) in accrued income taxes	(598)	1,808
Increase (decrease) in accrued expenses and other current liabilities	232	(1,039)
Others - net	617	(1,556)
Net cash provided by operating activities	52,535	65,254
Investing Activities:		
Capital expenditures	(37,604)	(40,183)
Proceeds from sales of capital assets	1,839	1,211
Increase in time deposits	(202)	(7,735)
Purchases of marketable securities and other investment securities	(2,798)	(624)
Proceeds from sales and maturities of marketable securities and other investment securities	475	2,481
Investments in associated companies	(1,891)	(195)
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	—	5,372
Others - net	(395)	1,402
Net cash used in investing activities	(49,139)	(38,271)
Financing Activities:		
Cash dividends	(9,411)	(6,744)
Increase in short-term bank loans	18,506	4,063
Proceeds from debt	30,408	6,282
Repayments of debt	(32,614)	(15,277)
Contributions from noncontrolling interests	1,502	424
Acquisition of treasury stock	(10)	(9)
Others - net	(199)	(178)
Net cash provided by (used in) financing activities	8,182	(11,439)
Effect of exchange rate changes on cash and cash equivalents	(1,661)	(226)
Net increase in cash and cash equivalents	9,917	15,318
Cash and cash equivalents at beginning of the year	57,404	67,321
Cash and cash equivalents at end of the year	67,321	82,639
Additional cash flow information		
Cash payment for the year		
Interest paid	1,496	1,136
Income taxes paid	13,165	14,305
Capital lease obligations incurred	4,686	3,864
Conversion of bonds with stock acquisition rights	—	15,771

6. Notes on the Premises of a Going Concern

Not applicable.

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

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

- i) Number of consolidated subsidiaries: 85 companies
- ii) Number of equity-method companies: 7 companies

(2) Summary of principal accounting policies

i) Basis of preparation of consolidated financial statements:

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

NH Foods Ltd. has re-classified some figures in the presentation for the previous fiscal year to comply with the presentation for the year ended March 31, 2017.

ii) Method and basis of evaluation of inventories:

Inventories are stated at the lower of cost, which is determined principally by the average cost method, or market. Market value is based on the net realizable value.

iii) Method and basis of valuation of marketable securities:

The Group accounts for their investments in debt and equity securities in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 320 "Investments - Debt and Equity Securities."

Investments classified as available-for-sale:

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

iv) Method of depreciation and amortization of fixed assets:

Property, plant and equipment:

By the straight line method.

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

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

In accordance with ASC Topic 715 “Compensation - Retirement Benefits,” to prepare for the payment of retirement and severance benefits to employees, the Group accounts for liability under retirement and severance programs based on the projected benefit obligations and the fair value of plan assets at the balance sheet date.

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

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

vi) Accounting treatment of consumption taxes:

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

(3) Changes in accounting policies

Not applicable.

8. Notes on Consolidated Financial Statements

(1) Segment information

Operating segment information:

As of April 1, 2016, NH Foods Ltd. newly established the “Overseas Business Division.” Overseas subsidiaries and overseas associated companies which were under the control of each business division (Processed Foods Business Division, Fresh Meats Business Division, Affiliated Business Division) are now under the control of the “Overseas Business Division.” Accordingly, the Group has realigned its operating segments from its three conventional operating groups into four business groups since for the consolidated first quarter period of the year ended 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 mainly at overseas subsidiaries and associated companies

For the year ended March 31, 2016 (April 1, 2015 through March 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	324,302	654,151	155,772	116,250	1,250,475	(21,151)	1,229,324
(2) Intersegment	13,823	99,783	2,889	128,444	244,939	(244,939)	-
Total	338,125	753,934	158,661	244,694	1,495,414	(266,090)	1,229,324
Operating expenses	334,227	714,965	156,420	241,129	1,446,741	(266,624)	1,180,117
Operating income	3,898	38,969	2,241	3,565	48,673	534	49,207
Assets, depreciation and amortization and capital expenditures							
Assets	171,482	311,506	68,498	93,950	645,436	29,213	674,649
Depreciation and amortization	5,797	6,776	1,637	2,122	16,332	2,204	18,536
Capital expenditures	9,386	11,889	7,111	3,916	32,302	4,290	36,592

For the year ended March 31, 2017 (April 1, 2016 through March 31, 2017): (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	334,249	642,118	155,930	91,566	1,223,863	(21,570)	1,202,293
(2) Intersegment	14,004	99,447	3,111	122,818	239,380	(239,380)	-
Total	348,253	741,565	159,041	214,384	1,463,243	(260,950)	1,202,293
Operating expenses	340,342	697,667	155,295	215,635	1,408,939	(260,448)	1,148,491
Operating income (loss)	7,911	43,898	3,746	(1,251)	54,304	(502)	53,802
Assets, depreciation and amortization and capital expenditures							
Assets	173,480	328,463	71,505	104,965	678,413	41,863	720,276
Depreciation and amortization	5,951	7,183	1,914	2,104	17,152	2,349	19,501
Capital expenditures	11,306	22,125	3,847	3,568	40,846	2,896	43,742

(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 Group 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. Figures for the year ended March 31, 2016 have been reclassified in accordance with the operating segment information for the year ended March 31, 2017.
5. Depreciation and amortization represents depreciated amounts for property, plant and equipment and intangible assets. Depreciation and amortization for each segment do not include those included in corporate overhead expenses and profit and loss of certain subsidiaries stated in (Note) 2.
6. Capital expenditures represents increases in property, plant and equipment and intangible assets.
7. The discontinued operations were previously under control of Overseas Business Division. In regard to this, it has been excluded from Segment Information of each fiscal year.

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

	Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 through March 31, 2017)
	(millions of yen)	
Net income (Numerator):		
Net income attributable to NH Foods Ltd.	21,779	35,004
Dilutive effect of the issuance of convertible-bonds-type bonds with stock acquisition rights	59	57
Net income attributable to NH Foods Ltd. shareholders (diluted)	21,838	35,061
	(thousand shares)	
Shares (Denominator):		
Weighted average number of shares to calculate earnings per share attributable to NH Foods Ltd. shareholders (basic)	203,701	203,824
Dilutive effect of stock options granted	173	160
Dilutive effect of the issuance of convertible-bonds-type bonds with stock acquisition rights	13,538	13,424
Average number of shares to calculate earnings per share attributable to NH Foods Ltd. shareholders (diluted)	217,412	217,408

(3) Note on Discontinued Operations

During the consolidated second quarter period of the year ended March 31, 2017, Texas Farm, LLC, NH Foods Ltd.'s subsidiary in United States, which engaged in the hog farming business, was transferred 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, NH Foods Ltd. judged that the business fell under the discontinued operation in accordance with ASC 205. Prior years' consolidated balance sheets and consolidated 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.

(4) Events subsequent to March 31, 2017

At the extraordinary meeting of the Board of Directors held on April 28, 2017, NH Foods Ltd. resolved to acquire 100% of the issued shares of Breeders & Packers Uruguay S.A. ("BPU") to subsidiarize the company, and entered into a stock purchase agreement on the same day.

(i) Reasons for acquiring the shares:

NH Foods Ltd. believes that the acquisition of the shares of BPU, a fresh meat packer in the Oriental Republic of Uruguay, will enable us to expand its base of beef production business into South America in addition to Australia, where it is currently evolving the business, thereby contributing to the enhancement of its corporate value.

(ii) Outline of the acquired entity:

Trade name:	Breeders & Packers Uruguay S.A.
Headquarters:	Montevideo, Oriental Republic of Uruguay
Main business:	Processing and sale of fresh meat (beef)

(iii) Acquisition date:

May 31, 2017 (tentative)

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

Purchase price:	USD 135 million
Equity ratio after acquisition:	100.0%

(v) Accounting treatment of the business combination:

As the assets acquired and liabilities assumed have yet to be determined, detailed information on the accounting treatment of the business combination has not been disclosed.

- END -