

(Translation)

July 31, 2017

**BRIEF STATEMENT OF ACCOUNTS**  
**FOR THE FIRST QUARTER OF THE YEAR ENDING MARCH 31, 2018**  
(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:	<a href="http://www.nipponham.co.jp/en/">http://www.nipponham.co.jp/en/</a>
Representative:	Juichi Suezawa President and Representative Director
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Scheduled date of filing of quarterly report:	August 7, 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 first quarter of the year ending March 31, 2018 (April 1, 2017 through June 30, 2017):**

(1) Consolidated operating results (accumulated):

(The percentages indicate the rates of increase (decrease) from the first quarter of 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.	
	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%
First quarter of the year ending March 31, 2018	303,297	3.7	13,916	43.8	13,241	52.9	9,368	58.3
First quarter of the year ended March 31, 2017	292,387	(3.3)	9,679	(21.8)	8,661	(27.4)	5,919	(31.2)

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

First quarter of the year ending March 31, 2018:	¥10,404 million	- %
First quarter of the year ended March 31, 2017:	¥833 million	(91.9%)

(yen)

	Earning per share attributable to NH Foods Ltd. shareholders (basic)	Earning per share attributable to NH Foods Ltd. shareholders (diluted)
First quarter of the year ending March 31, 2018	44.40	43.13
First quarter of the year ended March 31, 2017	29.06	27.29

(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 first quarter of the year ending March 31, 2017, 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)
First quarter of the year ending March 31, 2018	741,079	408,902	404,120	54.5	1,913.63
Year ended March 31, 2017	720,276	408,356	404,126	56.1	1,916.47

**2. State of dividends:**

(yen)

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2017	—	—	—	52.00	52.00
Year ending March 31, 2018	—				
Year ending March 31, 2018 (forecast)		—	—	53.00	53.00

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

**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) period of the previous fiscal year in respect of the second quarter (cumulative) period, respectively.)

	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)
Second-quarter (cumulative) period	620,000	4.5	27,500	17.4	24,500	12.0	18,500	25.4	87.60
Whole-year period	1,260,000	4.8	58,000	7.8	53,000	7.9	38,500	10.0	182.31

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

**\* Notes:**

- (1) Changes in significant subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the period under review: Yes

New subsidiaries: 1 (Name: Breeders& Packers Uruguay S.A.)  
 Excluded subsidiaries: - (Name: )

For more information, please refer to “2. Consolidated Quarterly Financial Statements and Primary Notes, (10) Note on Business Combination” on page 20 hereof.

- (2) Application of simplified accounting treatments and special accounting treatments: None

- (3) Changes in accounting policies:

1) Changes associated with changes in accounting standards: Yes

2) Other changes: None

For more information, please refer to “2. Consolidated Quarterly Financial Statements and Primary Notes, (7) Changes in Accounting Policies” on page 18 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:

First quarter of the year ending March 31, 2018:	211, 185, 466 shares
Year ended March 31, 2017:	210, 895, 298 shares

2) Number of shares of treasury stock as of the end of the period:

First quarter of the year ending March 31, 2018:	5,740 shares
Year ended March 31, 2017:	25,901 shares

3) Average number of shares outstanding during the period:

First quarter of the year ending March 31, 2018:	210, 970, 483 shares
First quarter of the year ended March 31, 2017:	203,704, 572 shares

\* A brief statement of accounts for a quarter is not subject to quarterly review.

\* 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) Explanation on Forward-looking Information such as the Forecast of Consolidated Business Results" on page 10.

## CONTENTS OF ATTACHMENT

1. Qualitative Information on the Statement of Accounts for the First Quarter of the Fiscal Year under Review .....	6
(1) Explanation on the Operating Results.....	6
(2) Explanation on the Financial Position .....	9
(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results .....	10
2. Consolidated Quarterly Financial Statements and Primary Notes.....	12
(1) Consolidated Quarterly Balance Sheets.....	12
(2) Consolidated Quarterly Statements of Income .....	14
(for the consolidated cumulative first quarter period of the year)	
(3) Consolidated Quarterly Statements of Comprehensive Income .....	15
(for the consolidated cumulative first quarter period of the year)	
(4) Consolidated Quarterly Statements of Cash Flows .....	16
(5) Note on the Premises of a Going Concern.....	18
(6) Note on Material Change (if Any) in the Amount of Shareholders' Equity.....	18
(7) Changes in Accounting Policies.....	18
(8) Segment Information.....	18
(9) Note on Discontinued Operations.....	19
(10) Note on Business Combination.....	20
* 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.	
▪ August 3, 2017 (Thursday): 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 Statement of Accounts for the First Quarter of the Fiscal Year under Review

(1) Explanation on the Operating Results:

Overview of Operating Results in General

The Japanese economy during the first quarter of the fiscal year under review continued on a track of slow recovery as business results of companies generally showed steady performance due to the positive effects of the government's various economic policies, etc. On the other hand, because of the growth of uncertainty of the world economy, the future of the economic conditions such as currency exchange and stock market movement remains unpredictable.

In the food and fresh meats industry, the business conditions remain severe with the prices of certain raw materials have increased due to supply shortage, increases of costs for distribution and labors due to labor shortage, and intensifying sales competition.

Under these circumstances, NH Foods Ltd. and its subsidiaries (the "Group"), in this fiscal year, which is the final year of 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 complete efforts to achieve "Creating a stable business model through reform". To be specific, the Group has implemented various measures, including reinforcement of its domestic farm business, development and sales promotion of new products, improvement of the product brand awareness, enhancement of the cost competitiveness and profitability including improvement of productivity as well as development of human resources. Further, as to the overseas business, the Group has made efforts to reinforce its overseas beef business through the acquisition of Breeders & Packers Uruguay S.A., which is a major meat processing company in the Oriental Republic of Uruguay. As to the reinforcement of its management system, the Group has continued to make efforts of enhancement in line with the "Nipponham Group Fundamental Policy on Corporate Governance".

As a result of these activities, for the first quarter of the fiscal year under review, on a consolidated and cumulative basis, net sales amounted to ¥303,297 million, increasing 3.7% from the corresponding period of the previous fiscal year. Operating income increased 43.8% from the corresponding period of the previous fiscal year to ¥13,916 million. Income from continuing operations before income taxes and equity in earnings of associated companies increased 52.9% from the corresponding period of the previous fiscal year to ¥13,241 million. Net income attributable to NH Foods Ltd. increased 58.3% from the corresponding period of the previous fiscal year to ¥9,368 million.

Overview of Operating Segments

(Processed Foods Business Division)

With regards to sales of the hams and sausages business, although for the consumer products, in particular, the sales of "SCHAU ESSEN" for which an active promotion was

implemented continued favorably and adding up of the sales of “*Hojyun Arabiki Wiener*” etc. for which television commercials were introduced were successful, the net sales were the same level as the corresponding period of the previous fiscal year due to the decrease of the sales quantity of private brand products, etc. The sales of the business purpose products struggled due to the intensified competition despite the effort to expand the sales with the proposition of new menus and the active involvement in a promotion plan. As a result, the overall sales of the hams and sausages business decreased slightly.

With regards to sales of the processed foods business, for the consumer products, while sales of “*CHIKICHIKI Bone*” for which the active promotion was implemented commemorating 30th anniversary of sales, and “*Tenshinkaku*” for which the efforts to expand its product lineup were made continued favorably, the net sales were less than that of the corresponding period of the precious fiscal year, due to the struggles of our primary brand “*Chuka Meisai*” and “*Ishigama Kohbo*”. Further, the sales of the business purpose products increased favorably, with the products for the convenience stores channel and restaurants channel being continued favorably, and the overall sales of the processed foods business were higher than that of the corresponding period of the previous fiscal year. As a result, the overall sales of the Processed Foods Business Division increased.

With regard to profits, while cost improvement etc. by way of a structural reform in the sales division contributed, , delay of improving activities in the manufacturing division due to increase of labor costs etc. due to labor shortage, resulted in the decrease of profits.

As a result, for the first quarter period of the fiscal year under review, on a consolidated and cumulative basis, net sales of the Processed Foods Business Division amounted to ¥83,228 million, increasing 2.3% from the corresponding period of the previous fiscal year, and operating income decreased 18.3% compared to the corresponding period of the previous fiscal year to ¥908 million.

(Fresh Meats Business Division)

In the fresh meats business, the Company made an effort to promote the Company’s branded fresh meat including “*Sakurahime*” and “*Mugikomachi*”, and implemented; a holding of a promotional event at an official football match of Cerezo Osaka which titled “Nipponham Group Sakurahime Supporting Match”; promotion in a radio program; and in-store promotion, etc. which coincided with the start of the television commercials for “*Mugikomachi*” in Hokkaido from June. Further, the sales increased, due to the increase in quantity of sales of domestic poultry which were produced steadily and imported beef which were mainly US produced beef and continued to be supplied steadily; and high market price in respect of domestic and imported poultry as well as domestic pork, etc.

With regard to profits, in the domestic farm business, much higher poultry market price than the previous fiscal year; and in the sales division, efforts to purchase supplies with anticipating the future market trend and to strengthen the sales of the products, mainly, the Company’s branded fresh meat, to expanded channels such as restaurants, major retailers and convenience stores, under the severe business environment of shortage of imported poultry supplies and decrease in number of domestic cattle produced, led to increase in profits.

As a result, for the first quarter period of the fiscal year under review, on a

consolidated and cumulative basis, net sales of the Fresh Meats Business Division amounted to ¥193,091 million, increasing 4.8% from the corresponding period of the previous fiscal year and operating income amounted to ¥12,874 million, increasing 54.6% from the corresponding period of the previous fiscal year.

(Affiliated Business Division)

In the marine products business, despite the efforts to implement price revision and to expand exports, mainly trades among third countries, the net sales were lower than that of the corresponding period of the previous fiscal year, due to the shortage of raw materials for the Company's manufacturing products and the impact of the decrease of fish catches for salmon and squid.

Among the dairy products business, with regard to yogurt and lactic acid probiotic beverages, net sales were higher than that of the corresponding period of the previous fiscal year, due to great expansion of sales of lactic acid probiotic beverages for major retailers channels and steady sales of drink yogurt products for convenience stores channels. Further, with regard to cheese, since the sales of consumer products grew greatly in addition to sales being strong for business purpose products for restaurants and bakery channels, net sales of the overall dairy products business were higher than that of the corresponding period of the previous fiscal year.

With regard to profits, in the marine products business, while the net profit rate has been improved as a result of price revisions, mainly for fish for sushi, profits were lower than that of the corresponding period of the previous fiscal year, due to cost increases and lower factory operating rate owing to shortage of raw materials. In the dairy products business, profits were higher than that of the corresponding period of the previous fiscal year, due to sales expansions for yogurt and lactic acid probiotic beverages as well as cheese, and resulted improvements of factory operating rates, while prices for raw materials are in growing trend.

As a result, for the first quarter period of the fiscal year under review, on a consolidated and cumulative basis, net sales of the Affiliated Business Division amounted to ¥38,283 million, increasing 1.5% from the corresponding period of the previous fiscal year and operating income amounted to ¥489 million decreasing 16.6% from the corresponding period of the previous fiscal year.

(Overseas Business Division)

In Asia and Europe operations, the net sales were higher than that of the corresponding period of the previous fiscal year, due to successful businesses for export sales in Thailand, domestic sales in Vietnam and Turkey. In North America operations, the net sales were lower than that of the corresponding period of the previous fiscal year due to decrease of exports of fresh meats, despite expansion of domestic sales as a result of expansion of sales bases etc. In Australia operations, the net sales were lower than that of the corresponding period of the previous fiscal year, due to lower sales prices impacted by world-wide decrease of the beef market price.

With regards to profits, for the Asia and Europe operations, although processed meat production in Thailand and poultry business in Turkey were successful, the profits were lower than that of the corresponding period of the previous fiscal year due to increase of costs for sales with increase of sales. The Americas operations saw the decrease of exports of fresh



meats and resulted decrease of net profits, which led to lower profit than that of the corresponding period of the previous fiscal year. For the Australia operations, due to the effect of reduction of production costs etc., profits were higher than that of the corresponding period of the previous fiscal year, despite the impact from the decrease of beef market prices.

As a result, for the first quarter period of the fiscal year under review, on a consolidated and cumulative basis, net sales of the Overseas Business Division amounted to ¥55,832 million, increasing 1.0% from the corresponding period of the previous fiscal year and operating loss amounted to ¥515 million (an operating loss of ¥574 million for the corresponding period of the previous fiscal year).

(2) Explanation on the Financial Position:

<Financial position>

At the end of the first quarter period of the fiscal year under review, total assets increased by 2.9% from the end of the previous fiscal year to account for ¥741,079 million, due to the increase of the inventories by ¥16,911 million from the end of the previous fiscal year and the increase of the property, plant and equipment (at cost, less accumulated depreciation) by ¥7,490 million from the end of the previous fiscal year, etc., though the cash and cash equivalents decreased by ¥13,541 million from the end of the previous fiscal year and the time deposit also decreased by ¥5,494 million. Liabilities increased by 6.5% from the end of the previous fiscal year to account for ¥332,177 million as notes payable and accounts payable increased by ¥10,974 million and short-term bank loans increased by ¥7,366 million from the end of the previous fiscal year. Interest-bearing debt increased by ¥6,566 million from the end of the previous fiscal year to account for ¥144,850 million.

Total NH Foods Ltd. shareholders' equity was the same level as the end of the previous fiscal year to account for ¥404,120 million. However, due to an increase in total assets, the NH Foods Ltd. shareholders' equity ratio decreased by 1.6 percentage points from the end of the previous fiscal year to 54.5%.

<Cash flows>

With regard to operating activities, accrued expenses and other current liabilities increased by ¥10,549 million, net income amounted to ¥9,391 million, notes payable and accounts payable increased to ¥8,626 million, though inventories increased by ¥14,859 million. As a result, net cash provided by operating activities amounted to ¥6,885 million.

With regard to investing activities, net decrease of cash and cash equivalents from acquisition of business amounted to ¥13,610 million and acquisition of non-current assets amounted to ¥7,897 million and as a result, net cash used in investing activities amounted to ¥16,626 million.

With regard to financing activities, cash dividends amounted to ¥10,978 million, while short-term bank loans increased by ¥7,152 million. As a result, net cash used in financing activities amounted to ¥3,764 million.

As a result, cash and cash equivalents at end of the first quarter period of the fiscal

year under review decreased by ¥13,541 million in comparison with the end of the previous fiscal year to amount to ¥69,098 million.

(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results:

For the cumulative first quarter period of the fiscal year ending March 31, 2018, mainly due to steady poultry market, the fresh meat business contributed to the favorable business results. Following the fresh review of the future forecast of the business results considering these circumstances, the forecasts of consolidated business results for the cumulative second quarter period of the fiscal year ending March 31, 2018 and for the whole-year period of the fiscal year ending March 31, 2018 which were publicized on May 9, 2018 as “Brief Statement of Accounts for the year ending March 31, 2017” are adjusted as described below:

Adjustment to the forecast of consolidated business results for the second quarter (cumulative) period of the fiscal year ending March 31, 2018 (April 1, 2017 through September 30, 2017):

(millions of yen, unless otherwise indicated)

	Net sales	Operating income	Income before income taxes and equity in earnings of associated companies	Net income attributable to NH Foods Ltd.	Earnings per share attributable to NH Foods Ltd. shareholders (yen)
Previous forecast (A)	610,000	25,500	23,000	17,500	82.99
Adjusted forecast (B)	620,000	27,500	24,500	18,500	87.60
Amount of increase or decrease (B)-(A)	10,000	2,000	1,500	1,000	
Rate of increase or decrease (%)	1.6%	7.8	6.5	5.7	
(For reference) Actual results for the previous second quarter (Second quarter period of the fiscal year ended March 31, 2017)	593,092	23,432	21,870	14,749	72.40

Adjustment to the forecast of consolidated business results for the whole-year period of the fiscal year ending March 31, 2018 (April 1, 2017 through March 31, 2018):

(millions of yen, unless otherwise indicated)

	Net sales	Operating income	Net 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 (yen)
Previous forecast (A)	1,250,000	56,000	51,000	37,000	175.46
Adjusted forecast (B)	1,260,000	58,000	53,000	38,500	182.31
Amount of increase or decrease (B)-(A)	10,000	2,000	2,000	1,500	
Rate of increase or decrease (%)	0.8%	3.6	3.9	4.1	
(For reference) Actual results for the previous fiscal year (Fiscal year ended March 31, 2017)	1,202,293	53,802	49,112	35,004	171.74

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. Consolidated Quarterly Financial Statements and Primary Notes

(1) Consolidated Quarterly Balance Sheets:

(millions of yen)

	Year ended March 31, 2017 (as of March 31, 2017)	First quarter period of the year ending March 31, 2018 (as of June 30, 2017)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	82,639	69,098
Time deposits	18,616	13,122
Trade notes and accounts receivable	128,579	133,313
Allowance for doubtful receivables	(373)	(342)
Inventories	132,697	149,608
Deferred income taxes	6,650	-
Other current assets	10,590	12,838
Total current assets	379,398	377,637
Property, plant and equipment - at cost, less accumulated depreciation	283,364	290,854
Intangible assets, less accumulated amortization	4,715	9,975
Investments and other assets:		
Investments in associated companies	5,100	4,789
Other investment securities	28,828	30,565
Other assets	11,244	11,753
Total investments and other assets	45,172	47,107
Deferred income taxes - non-current	7,627	15,506
Total Assets	720,276	741,079

	(millions of yen)	
	Year ended March 31, 2017 (as of March 31, 2017)	First quarter period of the year ending March 31, 2018 (as of June 30, 2017)
<u>Liabilities and Equity</u>		
Current liabilities:		
Short-term bank loans	48,804	56,170
Current maturities of long-term debt	12,822	12,874
Trade notes and accounts payable	101,857	112,831
Accrued income taxes	8,920	3,350
Deferred income taxes	1,402	-
Accrued expenses	22,357	28,665
Other current liabilities	21,591	23,446
Total current liabilities	217,753	237,336
Liability under retirement and severance programs	13,268	13,550
Long-term debt, less current maturities	76,658	75,806
Deferred income taxes - non-current	2,561	3,681
Other long-term liabilities	1,680	1,804
Total liabilities	311,920	332,177
NH Foods Ltd. shareholders' equity:		
Common stock	31,806	32,126
Capital surplus	58,873	59,077
Retained earnings:		
Appropriated for legal reserve	8,275	8,364
Unappropriated	303,208	301,522
Accumulated other comprehensive income	2,005	3,041
Treasury stock, at cost	(41)	(10)
Total NH Foods Ltd. shareholders' equity	404,126	404,120
Noncontrolling interests	4,230	4,782
Total equity	408,356	408,902
Total Liabilities and Equity	720,276	741,079

(Note) Breakdown of other accumulated comprehensive income

	Year ended March 31, 2017	First quarter period of the year ending March 31, 2018
Net unrealized gains on securities available-for-sales	8,650	9,836
Pension liability adjustments	(3,656)	(3,602)
Foreign currency translation adjustments	(2,989)	(3,193)

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

(millions of yen)

	First quarter period of the year ended March 31, 2017 (April 1, 2016 through June 30, 2016)	First quarter period of the year ending March 31, 2018 (April 1, 2017 through June 30, 2017)
Net sales	292,387	303,297
Cost of goods sold	238,770	243,898
Selling, general and administrative expenses	43,938	45,483
Other operating costs and expenses (income) - net	790	215
Interest expense	334	304
Other income (expenses) - net	106	(156)
Income from continuing operations before income taxes and equity in earnings of associated companies	8,661	13,241
Income taxes	2,521	3,990
Income from continuing operations before equity in earnings of associated companies	6,140	9,251
Equity in earnings of associated companies - net of applicable income taxes	30	140
Net income from continuing operations	6,170	9,391
Loss from discontinued operations - net of applicable income taxes	(250)	-
Net income	5,920	9,391
Net income attributable to noncontrolling interests	(1)	(23)
Net income attributable to NH Foods Ltd.	5,919	9,368

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

	(millions of yen)	
	First quarter period of the year ended March 31, 2017 (April 1, 2016 through June 30, 2016)	First quarter period of the year ending March 31, 2018 (April 1, 2017 through June 30, 2017)
Net income	5,920	9,391
Other comprehensive income (loss) - net of applicable income taxes		
Net unrealized gains on securities available-for-sale	(714)	1,186
Pension liability adjustments	87	54
Foreign currency translation adjustments	(4,598)	(356)
Total other comprehensive income (loss)	(5,225)	884
Comprehensive income	695	10,275
Net comprehensive loss attributable to noncontrolling interests	138	129
Net comprehensive income attributable to NH Foods Ltd.	833	10,404

(4) Consolidated Quarterly Statements of Cash Flows:

(millions of yen)

	First quarter period of the year ended March 31, 2017 (April 1, 2016 through June 30, 2016)	First quarter period of the year ending March 31, 2018 (April 1, 2017 through June 30, 2017)	(For reference)  Year ended March 31, 2017 (April 1, 2016 through March 31, 2017)
<b>Operating Activities:</b>			
Net income	5,920	9,391	35,055
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,043	5,184	20,287
Impairment losses	43	112	2,285
Income taxes deferred	(1,930)	(1,553)	(1,257)
Foreign exchange transaction adjustments	(1,335)	(142)	715
Decrease (increase) in trade notes and accounts receivable	2,281	(3,656)	(796)
Decrease (increase) in inventories	(7,191)	(14,859)	1,305
Increase (decrease) in other current assets	348	(1,882)	742
Increase in trade notes and accounts payable	8,215	8,626	7,705
Increase (decrease) in accrued income taxes	(4,282)	(5,697)	1,808
Increase (decrease) in accrued expenses and other current liabilities	12,393	10,549	(1,039)
Others - net	(192)	682	(1,556)
<b>Net cash provided by operating activities</b>	<b>19,313</b>	<b>6,885</b>	<b>65,254</b>
<b>Investing Activities:</b>			
Capital expenditures	(7,062)	(7,897)	(40,183)
Proceeds from sales of capital assets	241	146	1,211
Decrease (increase) in time deposits	0	5,104	(7,735)
Purchases of marketable securities and other investment securities	(22)	(22)	(624)
Proceeds from sales and maturities of marketable securities and other investment securities	36	19	2,481
Investments to associated companies	-	0	(195)
Net decrease in cash and cash equivalents resulting from purchase of business	-	(13,610)	-
Net increase (decrease) in cash and cash equivalents resulting from sales of business	-	(40)	5,372
Others - net	(469)	(326)	(1,402)
<b>Net cash used in investing activities</b>	<b>(7,276)</b>	<b>(16,626)</b>	<b>(38,271)</b>
<b>Financing Activities:</b>			
Cash dividends	(6,739)	(10,978)	(6,744)
Increase in short-term bank loans	4,115	7,152	4,063
Proceeds from debt	476	1,991	6,282
Repayments of debt	(1,383)	(2,605)	(15,277)
Contributions from noncontrolling interest	-	765	424
Acquisition of treasury stock	(2)	(3)	(9)
Others - net	39	(86)	(178)
<b>Net cash used in financing activities</b>	<b>(3,494)</b>	<b>(3,764)</b>	<b>(11,439)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,409)</b>	<b>(36)</b>	<b>(226)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,134</b>	<b>(13,541)</b>	<b>15,318</b>
<b>Cash and cash equivalents at beginning of the period (year)</b>	<b>67,321</b>	<b>82,639</b>	<b>67,321</b>
<b>Cash and cash equivalents at end of the period (year)</b>	<b>74,455</b>	<b>69,098</b>	<b>82,639</b>
<b>Additional cash flow information:</b>			
Cash payment for the period (year)			
Interest paid	344	292	1,136
Income taxes paid	6,990	8,293	14,305



NH FOODS LTD. (2282)  
BRIEF STATEMENT OF ACCOUNTS FOR  
THE FIRST QUARTER OF THE YEAR  
ENDING MARCH 31, 2018

Capital lease obligations incurred	1,159	602	3,864
Conversion of convertible bonds	-	638	15,771

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

Not applicable.

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

Not applicable.

(7) Changes in Accounting Policies:

From April 1, 2017, the Company applied the FASB Accounting Standard Update No. 2015-17, "Balance Sheet Classification of Deferred Taxes". This update requires that deferred tax asset or liability be classified to non-current in a consolidated balance sheet. The adjustments have not been made to the past accounting periods retrospectively.

(8) Segment Information:

Operating segment information:

The operating segments of the consolidated companies consist of four business groups as follows:

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 84 subsidiaries and 8 associated companies.

For the consolidated cumulative first quarter period of the year ended March 31, 2017 (April 1, 2016 through June 30, 2016):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
(1) External customers	77,624	158,106	36,938	24,742	297,410	(5,023)	292,387

(2) Intersegment	3,764	26,187	771	30,539	61,261	(61,261)	-
Total	81,388	184,293	37,709	55,281	358,671	(66,284)	292,387
Operating expenses	80,277	175,964	37,123	55,855	349,219	(66,511)	282,708
Operating income (loss)	1,111	8,329	586	(574)	9,452	227	9,679

For the consolidated cumulative first quarter period of the year ending March 31, 2018 (April 1, 2017 through June 30, 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	79,857	165,876	37,373	25,518	308,624	(5,327)	303,297
(2) Intersegment	3,371	27,215	910	30,314	61,810	(61,810)	-
Total	83,228	193,091	38,283	55,832	370,434	(67,137)	303,297
Operating expenses	82,320	180,217	37,794	56,347	356,678	(67,297)	289,381
Operating income (loss)	908	12,874	489	(515)	13,756	160	13,916

(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 figures for the consolidated cumulative first quarter period of the year ended March 31, 2017 has been reclassified based on the operating segment information for the consolidated cumulative first quarter period of the year ending March 31, 2018.
5. The discontinued operations were previously under control of Overseas Business Division. In regard to this, they have been excluded from segment information of the consolidated first quarter cumulative period of the year ended March 31, 2017.

(9) 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 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.

(10) Note on Business Combination

On June 1, 2017, the Company and its subsidiary acquired 100% of the issued shares of Breeders & Packers Uruguay S.A. (“BPU”) and made it as a subsidiary.

The acquisition of BPU which is a meat processing company in the Oriental republic of Uruguay was for the purpose of expanding the basis of the beef production business which is currently being operated mainly in Australia.

The fair value of the consideration paid for the acquired BPU shares is as follows:

(millions of yen)	
The fair value of consideration paid (cash)	¥14,549

In addition, the purchase price is to be determined after adjusting changes in working capital based as of the agreement and so on, according to the price adjustment clause.

Further, the expenses incurred in relation to the share acquisition was ¥458 million and they were included in “Selling, general and administrative expense” of the consolidated statement of income.

As of July 31, 2017, the Company is in the process of calculating the fair value of the acquired assets and assumed liabilities in accordance with ASC 805 “Business Combination”, and therefore has yet to complete such calculation. The tentative fair value allocated to the assets and liabilities of BPU is as follows:

(millions of yen)	
Cash and cash equivalents	939
Trade notes and accounts receivable	1,296
Inventories	2,205
Property, plant and equipment	7,398
Other assets	821
Trade notes and accounts payable	(2,402)
Other liabilities	(1,057)
The net assets acquired	9,200
Goodwill	5,349
Total	14,549

The goodwill is included in the Overseas Business Division referred to in the operating segment information and is not deductible for tax purposes.