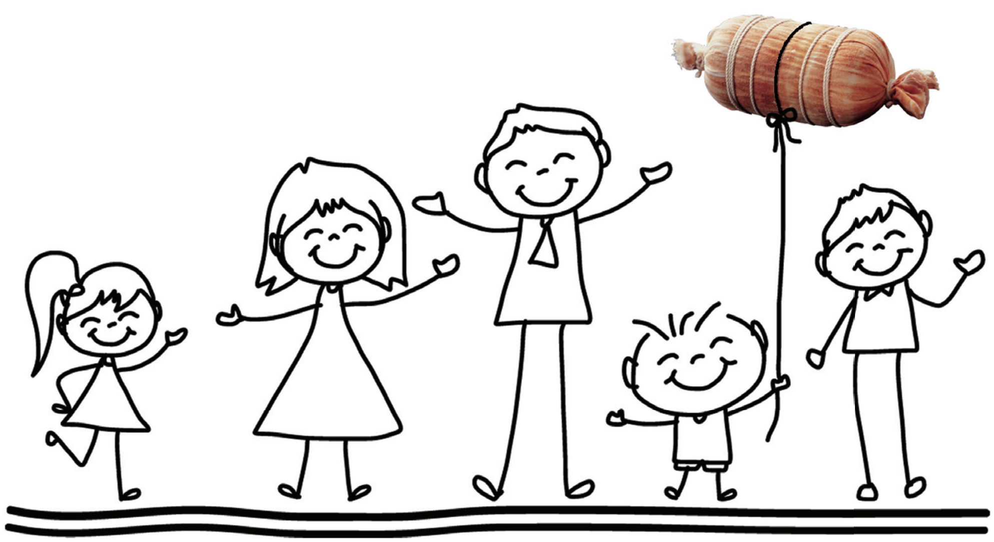
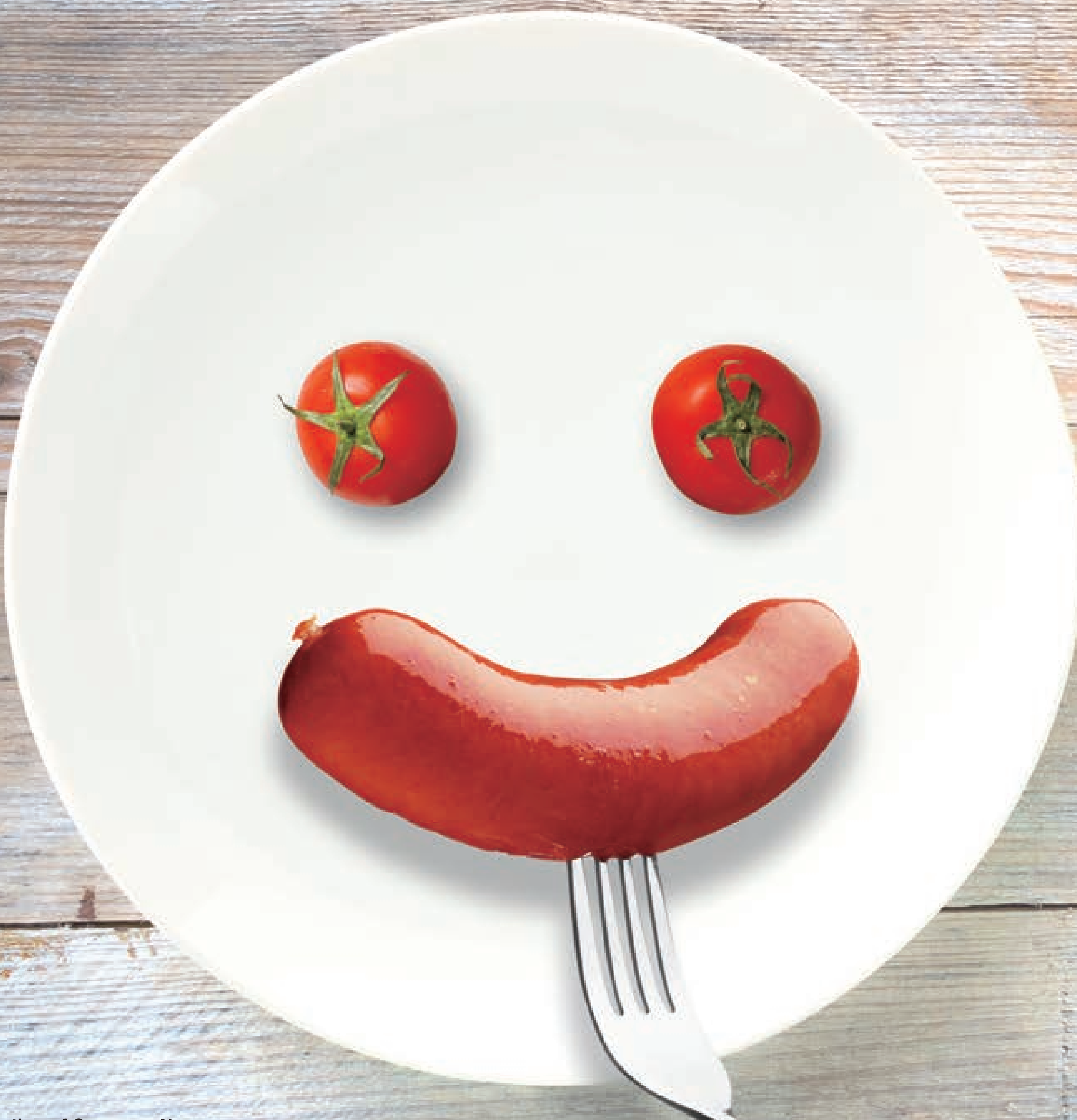
Nipponham Group



Annual Report 2015 → Year Ended March 31, 2015

For everyone's "Joy of Eating"

Nipponham Group brings a smile to you



Explanation of Company Name

In this annual report, the "Group" refers to NH Foods Ltd. and its subsidiaries unless otherwise indicated.

Corporate Philosophies

1. Under the basic theme of "Joy of Eating" our company creates a culture that marks an epoch and contributes to society.
2. Our company is a place where employees can feel truly happy and fulfilled.

Management Principles

1. Act with noble ideals and the determination to achieve them.
2. Learn from others, teach others, and be willing to be taught by others.
3. Create the times by meeting the needs of the times.
4. Expand relationships through quality and service, and take responsibility for all people with whom we have relationships.
5. Strive for a highly functional organization.

The Group's Brand Statement

The Brilliance of People for the Future of Food

The Group Brand Pledges

We aspire to share the pleasures of good eating and the joys of health with people around the world.

We pledge to impart
the "Joy of Eating" with the greatest of care,
through products that reflect our appreciation
of the bounty of nature and our uncompromising
commitment to quality,
and to remain at the forefront
in our exploration of
food's contribution to a happy and healthy life.

Nipponham Group
人輝く、食の未来

“The Brilliance of People for the Future of Food” by delivering the “Joy of Eating”

Our commitment

On April 1, 2015, the Group launched New Medium-Term Management Plan Part 5. We have positioned this three-year initiative as a period for positioning ourselves for 10 years hence by accelerating our transformation of our growth strategies by building a stable business model.

Started from
April 2015
3/2016 ▸ 3/2018

New Medium-Term Management Plan Part 5

Theme

Creating a Stable Business Model Through Reform

Management Policies

1. Establish competitive advantages of domestic businesses
2. Accelerate to a global company

Long-Term Goal of the Group

The World Leader in Delivering the "Joy of Eating"

- Operating income ratio of 5% or more
- ROE (return on equity) of 8% or more
- Top 5 in domestic food industry
- Top 3 in overseas fresh meats industry

Points Regarding Reform

1 Pursuit of a business model invulnerable to high raw material costs and fresh meat prices

- Manifestation of effects of capital expenditures (high-capacity/high-speed line)
- Expansion of new businesses and reinforce and enhance product development structure

2 Expansion of overseas net sales at an early stage

- Strengthen marketing in local and emerging nations' markets and utilize Group synergies
- Aim for 15% in Part 5 with 20% ten years in view

3 Realize synergies and evolution of brands (the Group, companies, products)

- Strategic brandings (effective utilization of brand assets)
- Cultivate brands that are chosen by customers, and develop these differentiations from other companies

4 Set ROIC as a new management indicator for business divisions in addition to ROE

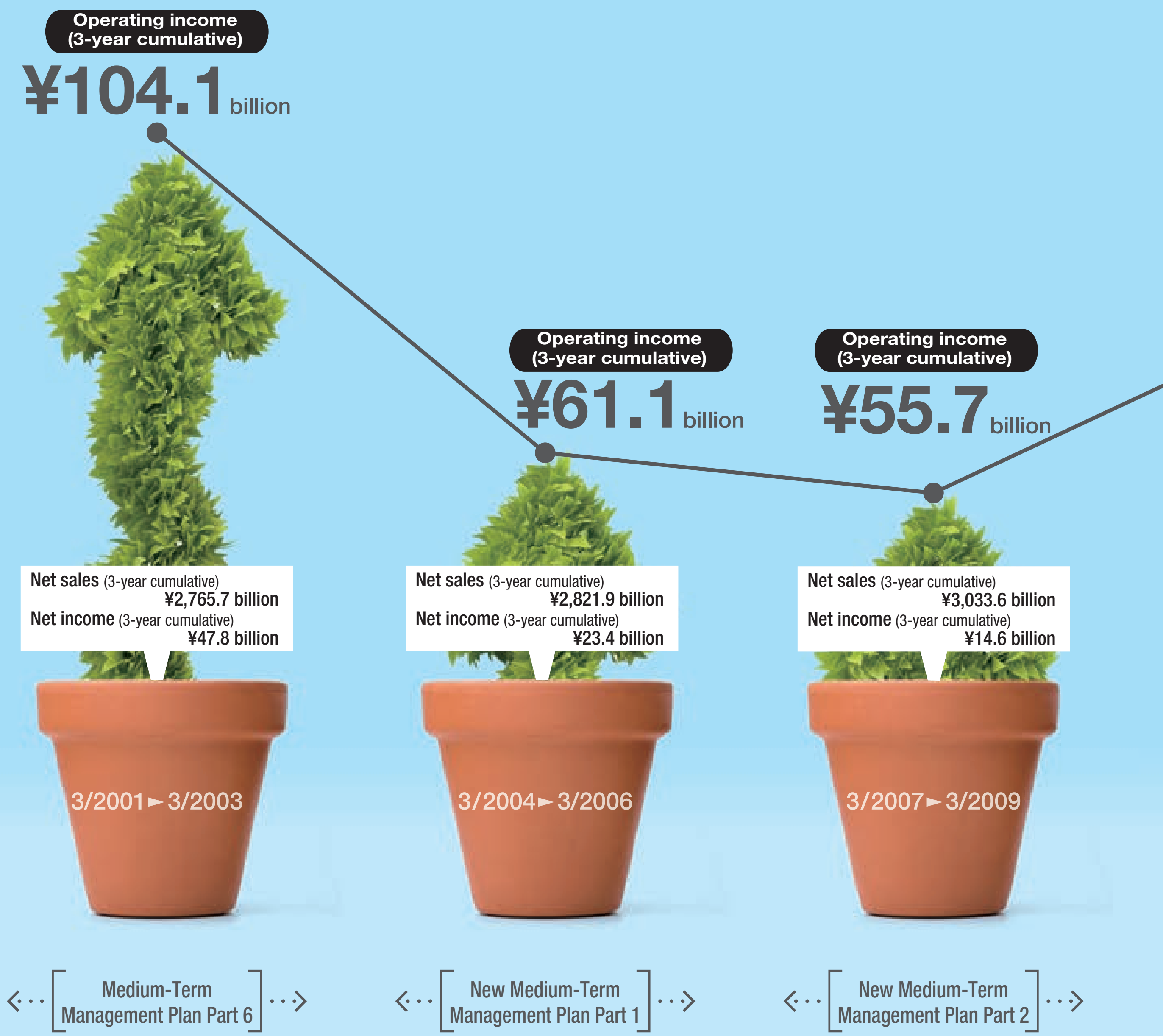
- Continue to use ROE, aiming at 8% or more
- Add ROIC to pursue efficiency of invested capital

➡ For more information, see Strategy on pp. 14–38.

Delivering the “Joy of Eating” to even more people

Growing together with our stakeholders

We generated ¥112.2 billion in operating income under New Medium-Term Management Plan Part 4, representing a V-shaped recovery since the Part 2 predecessor. We look to post a record-high ¥52.0 billion in operating income in the last year of Part 5. Over the three years of this initiative, we are targeting ¥139.0 billion in operating income, representing a 24% gain from Part 4.



For more information, see Strategy on pp. 14–38.

Consolidated Financial Highlights

Consolidated Financial Highlights

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31

	Millions of Yen				
	2015	2014	2013	2012	2011
Net Sales	**¥1,212,802**	¥1,122,097	¥1,022,839	¥1,017,784	¥989,308
Operating Income	**48,444**	35,700	28,021	26,513	33,175
Income from Continuing Operations before Income Taxes and Equity in Earnings (Losses) of Associated Companies	**44,544**	35,303	28,031	26,766	29,523
Net Income Attributable to NH Foods Ltd.	**31,048**	24,524	16,459	11,655	16,731
Total Assets	**661,567**	627,220	610,293	589,125	590,688
Total NH Foods Ltd. Shareholders' Equity	**353,664**	320,984	293,414	290,020	281,067
Interest-Bearing Debt	**136,806**	144,963	149,821	139,187	155,263
Net Cash Provided by (Used in) Operating Activities	**29,681**	32,952	37,407	26,432	36,761
Net Cash Provided by (Used in) Investing Activities	**(31,517)**	(27,021)	(22,384)	(19,098)	(12,829)
Free Cash Flow	**(1,836)**	5,931	15,023	7,334	23,932
Net Cash Provided by (Used in) Financing Activities	**(17,187)**	(9,373)	(10,964)	(23,745)	(36,951)
Capital Expenditures	**35,694**	29,152	33,285	19,487	17,189
Depreciation and Amortization	**18,951**	18,649	19,323	23,756	24,115
Per Share Amounts:			Yen		
Basic Earnings per Share Attributable to NH Foods Ltd. Shareholders	**¥ 152.43**	¥ 122.11	¥ 79.42	¥ 54.79	¥ 78.67
Diluted Earnings per Share Attributable to NH Foods Ltd. Shareholders	**143.11**	110.92	71.44	49.40	70.92
Total NH Foods Ltd. Shareholders' Equity	**1,736.18**	1,575.97	1,474.60	1,363.34	1,321.37
Cash Dividends	**46.00**	37.00	24.00	18.00	16.00
Financial Indicators:					
Ratio of Operating Income to Net Sales	**4.0%**	3.2%	2.7%	2.6%	3.4%
Return on Equity (ROE)	**9.2%**	8.0%	5.6%	4.1%	6.1%
Return on Assets (ROA)	**6.9%**	5.7%	4.7%	4.5%	4.9%
NH Foods Ltd. Shareholders' Equity Ratio	**53.5%**	51.2%	48.1%	49.2%	47.6%
Debt/Equity Ratio	**0.39 times**	0.45 times	0.51 times	0.48 times	0.55 times
Interest Coverage Ratio	**24.2 times**	21.3 times	22.8 times	14.5 times	17.0 times
Payout Ratio (Consolidated)	**30.2%**	30.3%	30.2%	32.9%	20.3%
Stock Price: High	**¥2,999**	¥1,863	¥1,599	¥1,180	¥1,267
Low	**¥1,505**	¥1,292	¥ 923	¥ 918	¥ 851

	Millions of Yen					Thousands of U.S. Dollars
	2010	2009	2008	2007	2006	**2015**
	¥953,616	¥1,028,449	¥1,029,694	¥975,466	¥962,369	**$10,106,683**
	24,855	21,417	17,769	16,533	10,181	**403,699**
	24,024	6,287	7,760	13,835	2,550	**371,199**
	15,721	1,657	1,555	11,386	952	**258,731**
	604,201	583,684	608,809	612,933	591,426	**5,513,057**
	271,908	270,439	287,457	298,428	291,580	**2,947,200**
	187,585	168,950	183,539	171,211	169,701	**1,140,049**
	67,448	37,776	29,690	33,164	(21,793)	**247,342**
	(16,369)	(4,519)	(26,997)	(17,999)	(15,662)	**(262,642)**
	51,079	33,257	2,693	15,165	(37,455)	**(15,300)**
	(5,227)	(24,761)	7,451	(6,322)	(1,745)	**(143,225)**
	19,754	22,148	18,627	19,441	20,996	**297,450**
	24,408	24,000	23,939	22,975	23,731	**157,925**

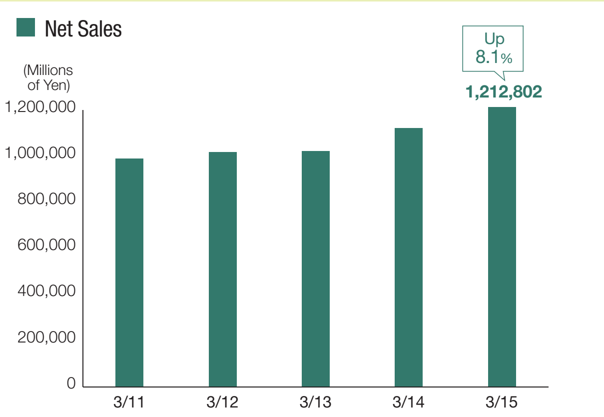
	Yen					U.S. Dollars
	¥ 69.69	¥ 7.26	¥ 6.81	¥ 49.89	¥ 4.17	**$ 1.27**
	68.99	7.25	6.80	49.83	4.17	**1.19**
	1,278.83	1,185.25	1,259.74	1,307.77	1,277.41	**14.47**
	16.00	16.00	16.00	16.00	16.00	**0.38**

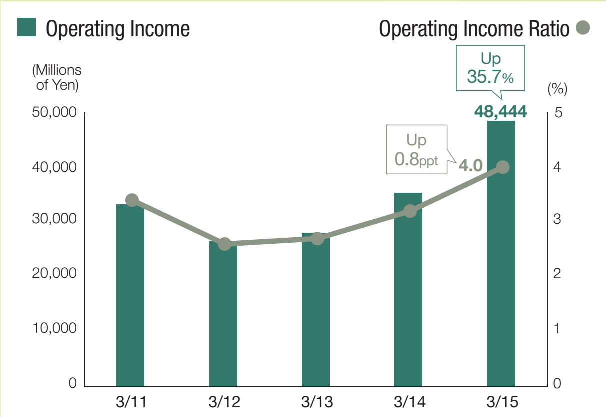
	2.6%	2.1%	1.7%	1.7%	1.1%
	5.8%	0.6%	0.5%	3.9%	0.3%
	4.0%	1.1%	1.3%	2.3%	0.4%
	45.0%	46.3%	47.2%	48.7%	49.3%
	0.69 times	0.62 times	0.64 times	0.57 times	0.58 times
	31.6 times	15.0 times	11.0 times	11.4 times	
	23.0%	220.4%	234.9%	32.1%	383.7%
	¥1,239	¥1,860	¥1,589	¥1,483	¥1,434
	¥ 987	¥ 885	¥1,023	¥1,175	¥1,106

Notes

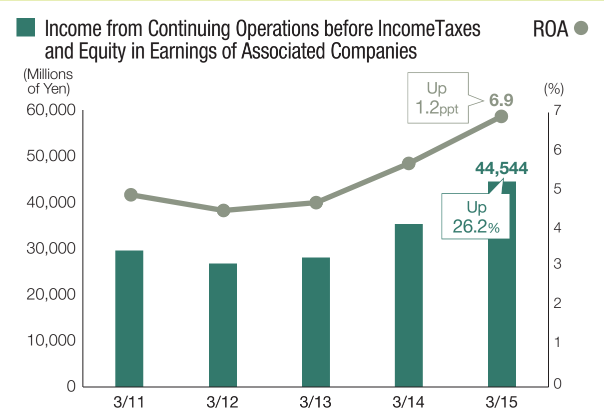
1. Figures are based on the consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America.
2. The United States dollar amounts represent translations of Japanese yen at the rate of ¥120 = $1. See Note 1 to the consolidated financial statements.
3. Figures have been rounded to the nearest unit.
4. Certain figures for the years ended on or before March 31, 2014 were adjusted retrospectively as a result of a change in accounting policy about the classification of "cash and cash equivalents" for the year ended March 31, 2015.
5. The consolidated financial statements for the years ended on or before March 31, 2009, have been reclassified to conform to the presentation requirements in accordance with the Accounting Standards Codification ("ASC") of the U.S. Financial Accounting Standards Board Topic 810, "Consolidation."
6. In accordance with ASC Topic 205 "Presentation of Financial Statements," certain figures for the years ended March 31, on or before 2008 relating to the discontinued operation have been reclassified to conform to the current year's presentation.
7. No gain or loss due to the transfer of the substitutional portion of the Employees' Pension Fund or no settlement loss from the restructuring of employees' benefit plans and special severance payment is included in operating income for the year ended March 31, 2006.
8. Operating income represents net sales less cost of goods sold and selling, general and administrative expenses.
9. Interest-bearing debt consists of 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.
10. Capital expenditures represent the additions to tangible and intangible fixed assets.
11. Depreciation and amortization consist of depreciation of tangible fixed assets and amortization of intangible fixed assets.
12. ROE = (Net income attributable to NH Foods Ltd. / Average total NH Foods Ltd. shareholders' equity) × 100
    ROA = (Income from continuing operations before income taxes and equity in earnings (losses) of associated companies / Average total assets) × 100
    Free Cash Flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities
    NH Foods Ltd. Shareholders' Equity Ratio = (NH Foods Ltd. shareholders' equity / Total assets) × 100
    Debt / Equity Ratio = Interest-bearing debt / NH Foods Ltd. shareholders' equity
    Interest Coverage Ratio = Net cash provided by operating activities / Interest paid

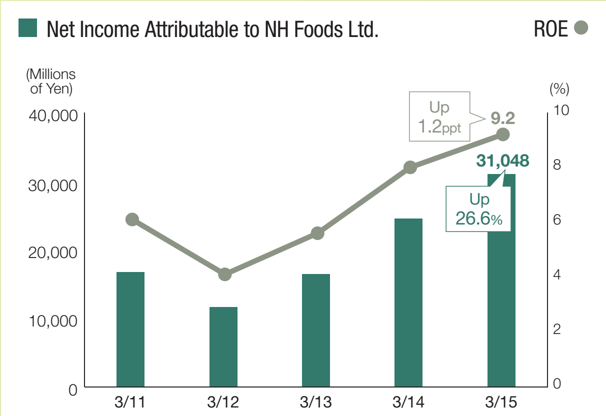
Consolidated Financial Highlights

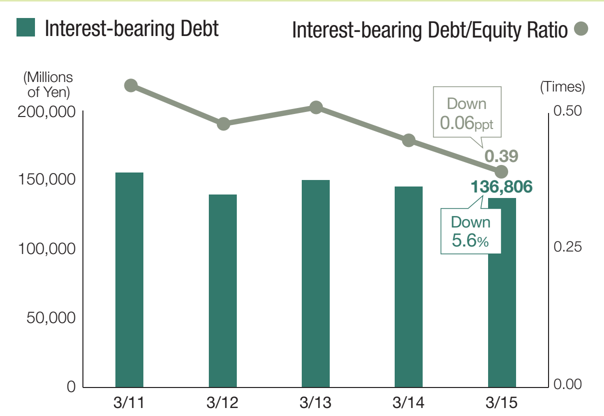


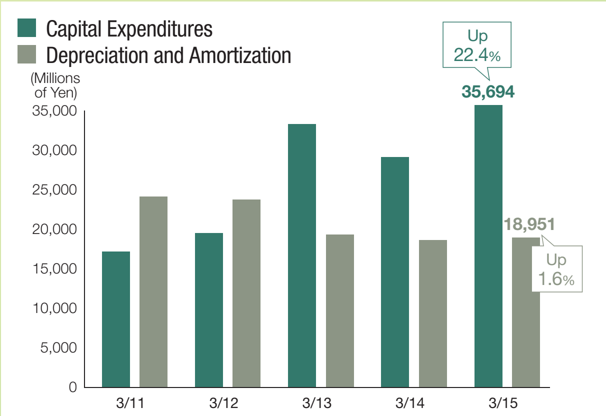


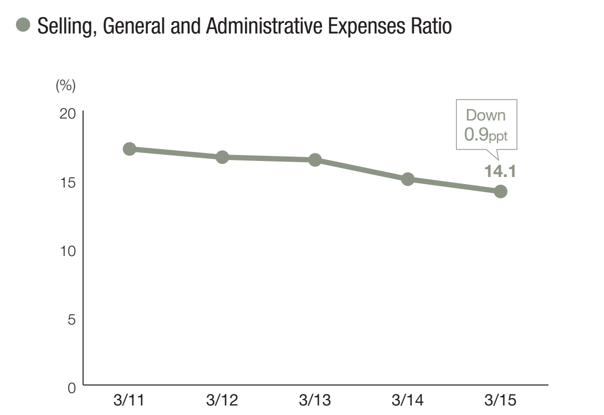
Note: Operating income is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, in accordance with Japanese accounting practices.

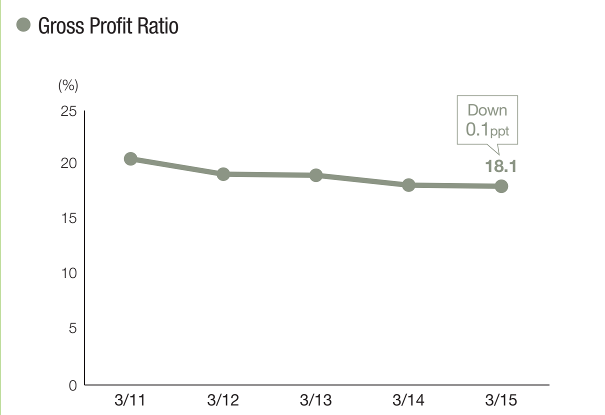




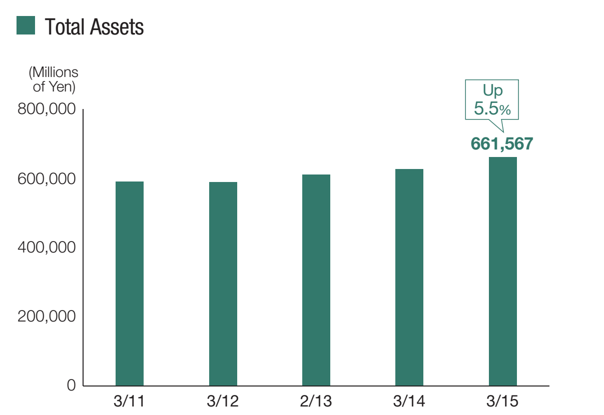


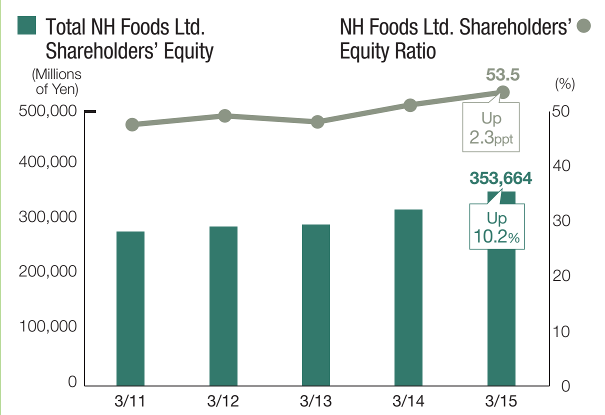


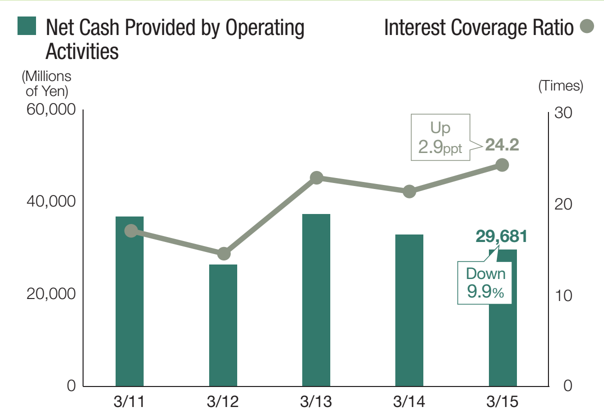


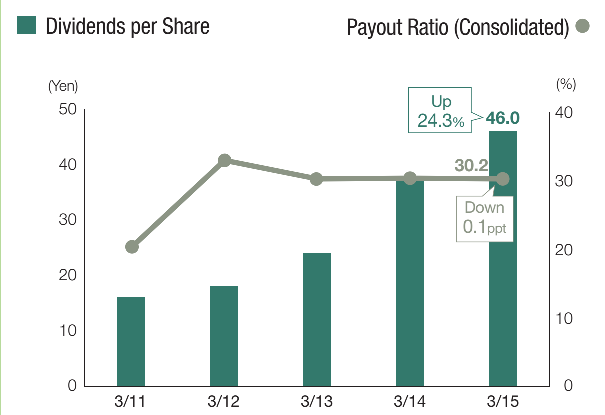


Note: Gross profit represents net sales less cost of goods sold.



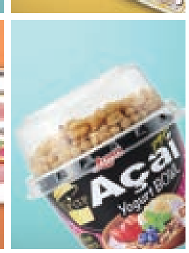


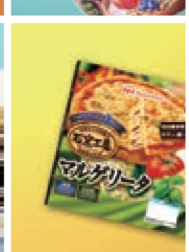




Our Products

We rigorously manage the quality of all of our offerings, delivering fresh meats, processed foods, marine products, dairy products, and a variety of other foods that we produce and process to dining tables around the world.

Contents

Forward-looking statements

This annual report includes forecasts regarding targets, strategies, and earnings. These forecasts are based on information available at the current time and contain certain assumptions about the future. They are subject to numerous external uncertainties in areas such as the economic environment, market trends, and exchange rates. Actual performance may differ significantly from the targets in this presentation, and investment decisions should not be based exclusively on them.

A Message to Shareholders

President and Representative Director

Juichi Suezawa

By becoming the world leader in delivering the “Joy of Eating,” the Group is contributing to people’s happiness and healthy living.

The Group exceeded its net sales and operating income targets in the year ended March 31, 2015. This was testament to efforts to shift our growth strategy into a higher gear. In April 2015, we launched New Medium-Term Management Plan Part 5, creating a stable business model through reform. We are deploying policies under this initiative to establish competitive advantages of domestic businesses and accelerate to a global company. We accordingly shifted to a new Group management policy to drive progress.

Our vision is to operate in keeping with the four key management priorities for all of our businesses and to realize our brand statement, “The Brilliance of People for the Future of Food.”

We operate an integration system for cattle, hogs, and chickens, extending from production and breeding to processing, logistics, and sales. We aim to become a globally diversified enterprise specializing in proteins as we build our international presence. We consider it important to become a dynamic, diverse, and vision-driven entity in our efforts to lead the world in delivering the “Joy of Eating.”

We look forward to the support and encouragement of shareholders and other investors for our efforts to fulfill our growth potential in the years ahead.

Four Management Objectives

New Medium-Term

New Medium-Term Management Plan and Changes in Key Figures

Challenges: Reinforce domestic operations while growing as a global player

New Medium-Term Management Plan
Part 3
3/2010 ► 3/2012

Maintained capital investment within the scope of depreciation, strengthened the Group's financial position.

Final year of Plan Part 3 (March 2012)

	Forecasts	Results	Achievement rate
Net sales	¥1,150.0 billion	¥1,017.8 billion	88.5%
Operating income	¥35.0 billion	¥26.5 billion	75.7%
Operating income ratio	3.0%	2.6%	–

Improve the profitability of domestic operations and reinforce the foundation of overseas operations

New Medium-Term Management Plan
Part 4
3/2013 ► 3/2015

Targeting proportion of overseas sales by at least 10%

Generated cash flow by building market share, invested in new growth businesses

Final year of Plan Part 4 (March 2015)

	Forecasts	Results	Achievement rate
Net sales	¥1,080.0 billion	¥1,212.8 billion	112.3%
Operating income	¥43.0 billion	¥48.4 billion	112.6%
Operating income ratio	4.0%	4.0%	–
Return on equity	7.0%	9.2%	–

Part 4 (3-year cumulative)

	Forecasts	Results
Cash flows from operating activities	¥134.0 billion	¥100.0 billion
Capital expenditures	¥100.0 billion	¥98.1 billion
Depreciation and amortization	¥70.0 billion	¥56.9 billion

Management Plan Part 5

New Medium-Term Management Plan Part 5
3/2016 ► 3/2018

Theme

Creating a stable business model through reform

[Management Policies]

1 Establish competitive advantages of domestic businesses
- Establish No. 1 brand supported by customers
- Continue to improve profitability
- Strengthen Group synergies

2 Accelerate to a global company
- Globalize integration
- Expand area of deployment
- Expand business domains

Top-notch management for No.1 quality that promotes the growth strategy
- Enhancement of quality of “products,” “management,” and “human resources”
- Continuous strengthening of compliance and corporate governance
- Pursuit of social responsibility

Part 5 Final Year Forecast (March 2018)

Net sales	¥1,300.0 billion
Operating income	¥52.0 billion
Operating income ratio	4.0%
Return on equity	At least 8.0%

Part 5 Forecast 3-year cumulative (Reference Figures)

Cash flows from operating activities	¥160.0 billion
Capital expenditures	¥147.0 billion
Depreciation and amortization	¥66.5 billion

Management Strategies

1. Continuous strengthening of profitability in domestic businesses
- Further strengthening of procurement ability and integration
- Expansion of market share by active investment in growth markets

2. Expansion of overseas net sales at an early stage
- Further advance into large markets and emerging nations
- Overseas expansion of a diversity of top brand products

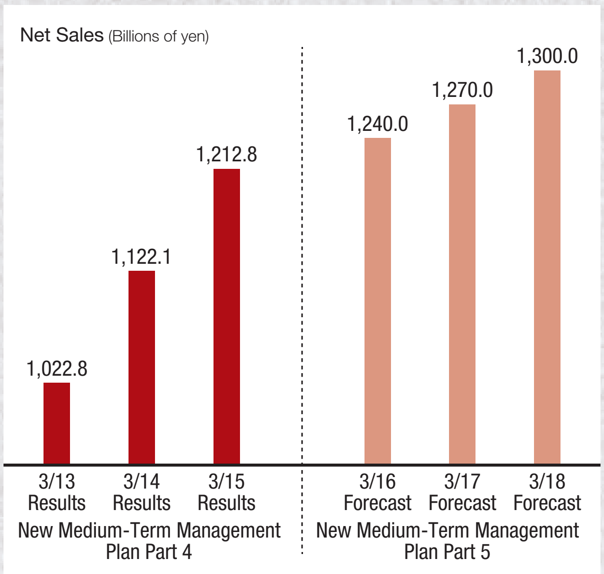
3. Promotion of strategic branding
- Promotion of marketing and branding across the Group; realization of brand synergies between the Group, companies, and products

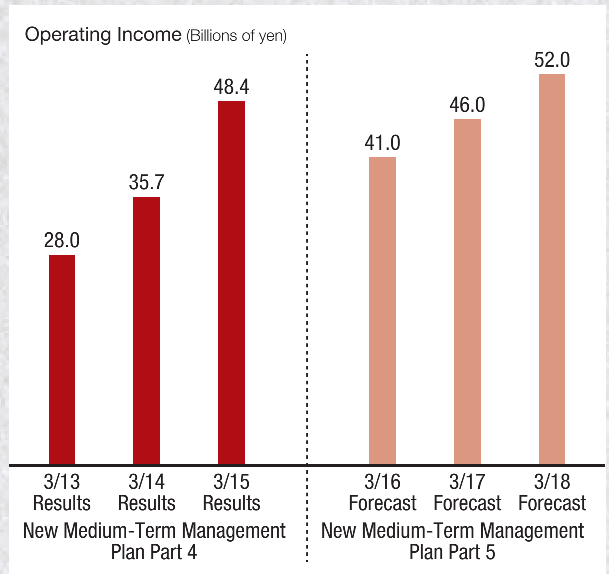
4. Reinforcement of cross-Group corporate functions
- Procurement and cultivation of human resources responsible for global and management
- Introduction of ROIC as a business division performance indicator

New Medium-Term

Targets for Key Figures

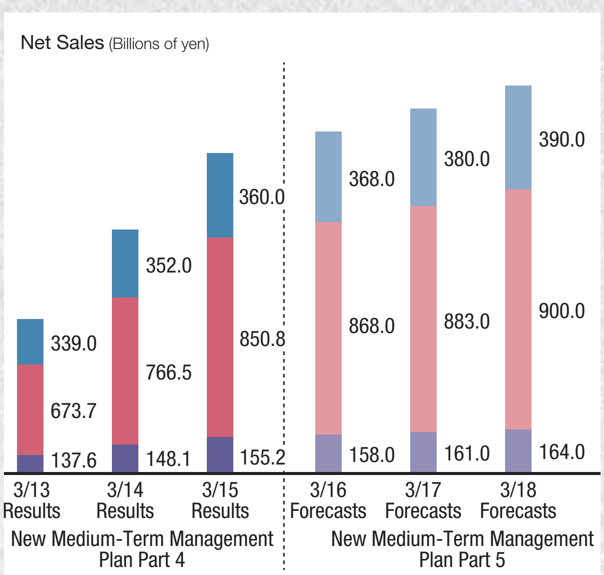
Targets for Key Figures

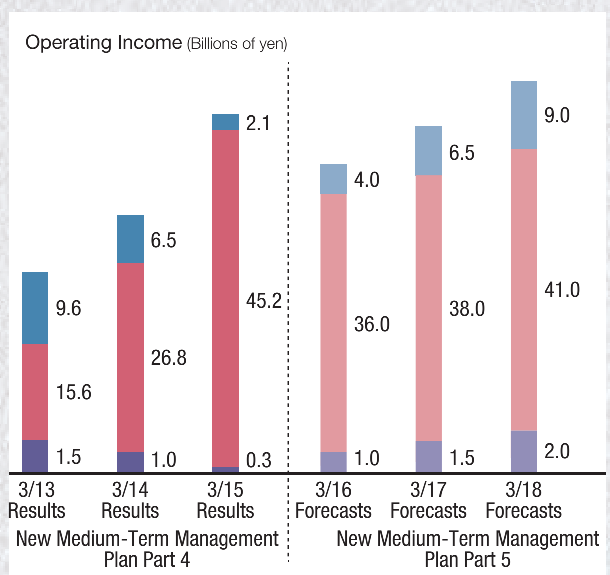




Net Sales and Operating Income by Business Segment

Processed Foods Business Division
Fresh Meats Business Division
Affiliated Business Division

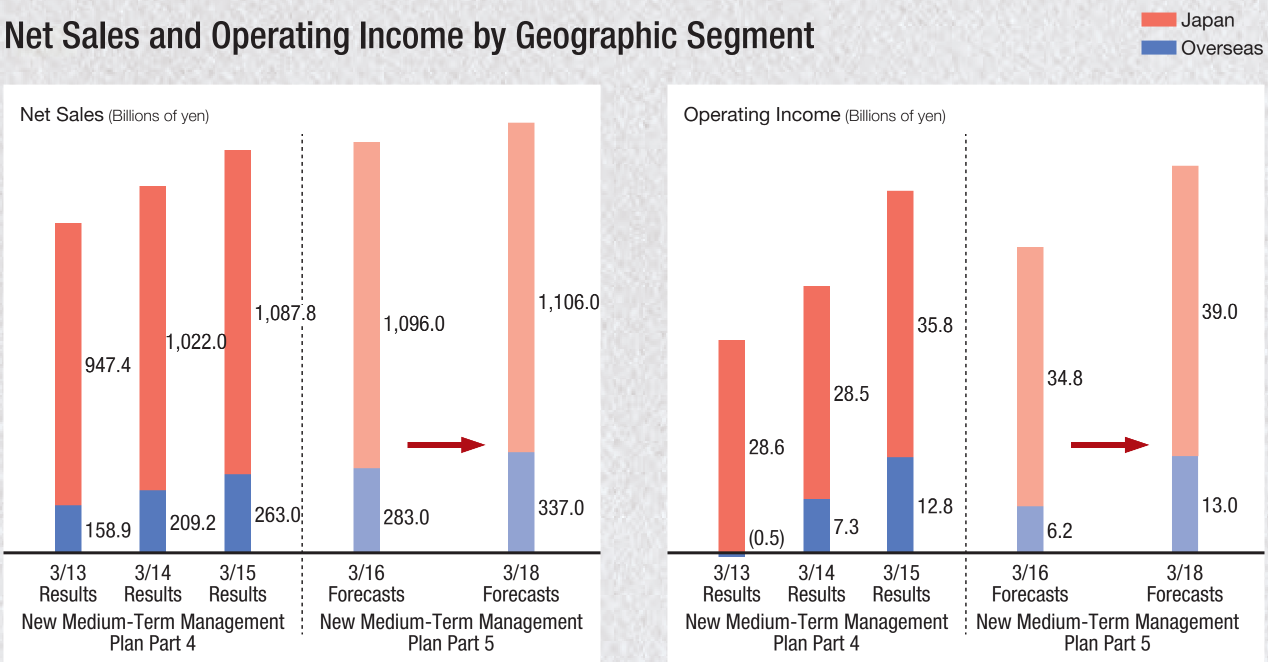




Net sales by business segment are before intersegment elimination.

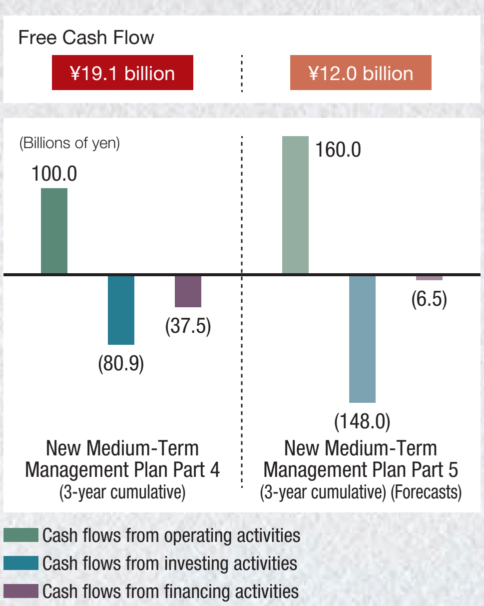
Management Plan Part 5

Net Sales and Operating Income by Geographic Segment

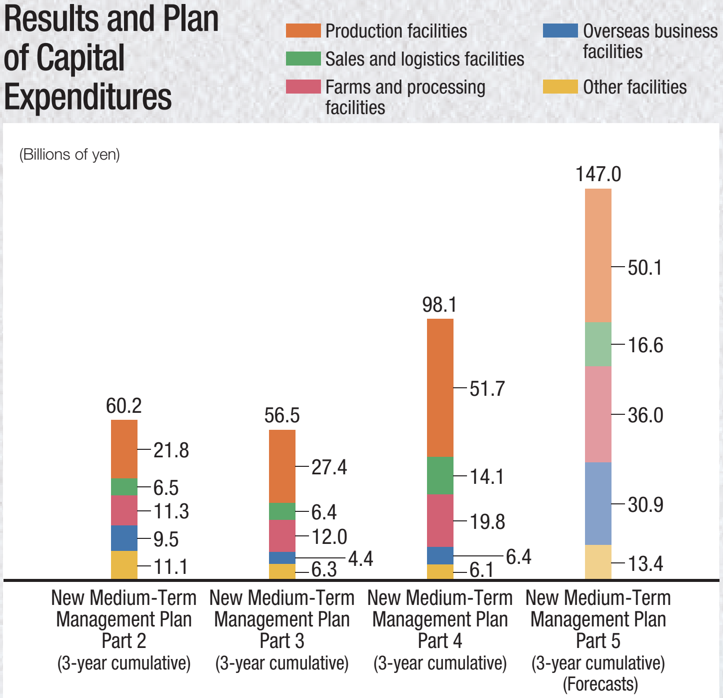


Net sales by geographic segment are before intersegment elimination.

Cash Flows



Results and Plan of Capital Expenditures



In keeping with our new theme of creating a stable business model through reform, we will pursue further growth while delivering the "Joy of Eating" around the world.

Nipponham Group will endeavor to achieve the goals of New Medium-Term Management Plan Part 5 by cultivating its brand, the brand that customers prefer, improving its competitive advantages, and undertaking reforms to become a truly global company.

Juichi Suezawa

President and Representative Director

Transition to New Medium-Term Management Plan and New Issues

Achievements of New Medium-Term Management Plans

The new theme of Medium-Term Management Plan Part 5, launched in April 2015, which coincided with my becoming president, is creating a stable business model through reform. But before discussing Part 5, I will talk about the planned stages, the transitional phase, that led up to the selection of this theme and overall direction for Part 5.

During the nine years of New Medium-Term Management Plan Parts 1 to 3, which ran from April 2003 to March 2012, our focus was on strengthening internal controls and structural reforms to improve our financial position. Part 1 positioned compliance and corporate governance as a management priority to restore the trust following several incidents in 2002. We put all of our efforts into management reforms and reinforcing our business foundations. Under Part 2, we focused on management for No. 1 quality and structural reforms at production sites, including efforts to overhaul our plants and sales structure, sustainably reinforcing our brand and putting ourselves on track to improve our profit margins. Under Part 3, we undertook selection and focus initiatives in core areas. Actions included consolidating headquarters functions, strengthening the foundations of overseas businesses, and bolstering integration to pave the way for new progress and become a more stable company. These initiatives became the foundations for our growth strategy, enabling us to improve our debt/equity ratio from 0.86 times in 2003 to 0.5 times in 2012.

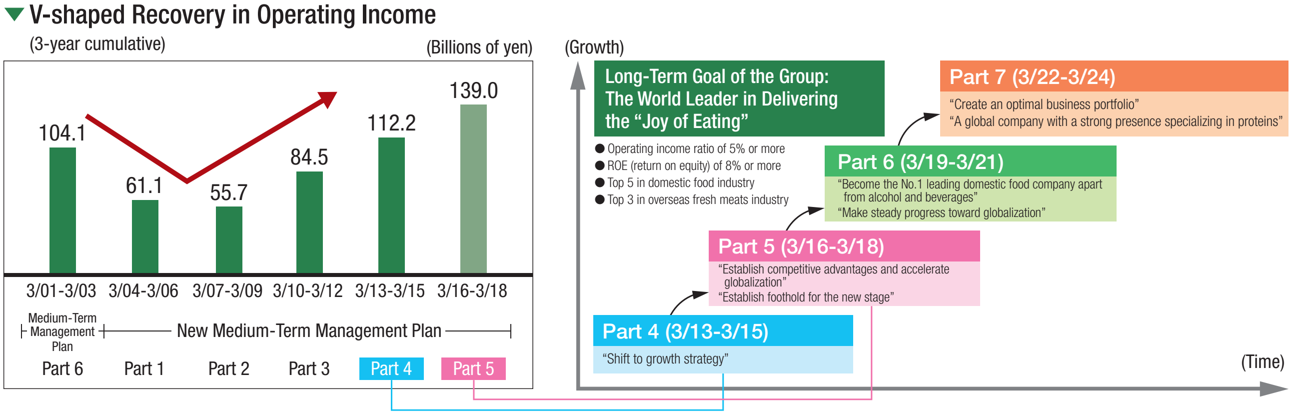
Embracing a New Theme: Creating a Stable Business Model Through Reform

Against the backdrop of the Group's internal structure and financial position, we promoted ROE management under Part 4, which we began in April 2012. While monitoring efforts to optimize our capital structure, we invested extensively in growth and efficiency strategies. At the same time, we committed ourselves to maintaining a dividend payout ratio of 30% as part of our focus on shareholder-oriented management. This period was also a time of transition to a growth strategy that encompassed revamping and systematizing Group brands and reinforcing the foundations of overseas operations.

Under Part 5, which the Group deployed in April 2015, we embarked on creating a stable business model through reform to maintain stability amid diverse, anticipated changes in the operating climate. We have positioned Part 5 as a launchpad for accelerating our transition to growth strategies and for attaining goals for 10 years down the track. We reaffirmed our determination to achieve an operating income ratio of at least 5%, a return on equity (ROE) of 8% or more, rank among one of the top five companies in sales in the domestic food sector, and become one of the top three in sales of overseas fresh meats.

Under Part 5, we deployed return on invested capital (ROIC) as a new management indicator for business divisions. By establishing a benchmark for strategies to invest in future growth, we also positioned Part 5 as a period for more rigorously evaluating our investments.

V-shaped Recovery in Operating Income



Review of New Medium-Term Management Plan Part 4 and Measures under Part 5

Building a Business Model That is Impervious to the External Climate

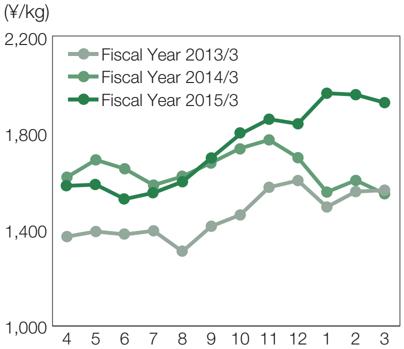
Although recovering gradually, the Japanese economy remains vulnerable to the effects of a higher consumption tax, persistent yen depreciation, and rising raw material and fuel prices. The market has shrunk amid a declining birthrate and aging population, and, as a result, consumption remains less than vibrant. Moreover, Japan has experienced a series of food industry scandals and heightening consumer concerns about food safety and security.

Rapid fluctuations in food supply and demand resulting from population growth in emerging nations, as well as from global climate change, have been particularly large in the fresh meats arena. Depending on how multilateral economic initiatives fare, including the Trans-Pacific Partnership (TPP) and other economic partnership agreements (EPA), we will likely experience major changes in the trade climate.

Fluctuations in fresh meats markets and in the costs of raw materials and fuels as a result of supply and demand trends for fresh meats are particularly affecting the businesses of the Group. Under Part 5, we need to create a more stable business model by overhauling our model to make it less vulnerable to external factors. In the Processed Foods Business Division and the Affiliated Business Division, it will be important to step up the development of products that customers want by putting more effort into creating value and branding. We will need to establish a sustainable earnings structure by becoming more cost competitive and establishing competitive advantages in domestic businesses. The Fresh Meats Business Division will need to promote branded fresh meats such as Australian beef, *Whyalleaf*, and *Sakurahime*© domestic chicken, which offer the advanced safety and quality that can only come from the Group's integration system. Another important element will be to ensure stable supplies of fresh meats. While investing extensively in farms and processing plants upstream in our integration system, we will need to continue building sales structures that can respond instantly to changes in supply and demand by reinforcing our downstream logistics and marketing hubs. It will be vital to create a stable business model through reform to prepare for an unforeseeable future.

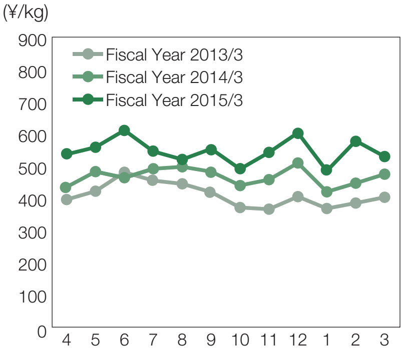
Beef Prices

Tokyo market A-3 wagyu steer prices[*1]



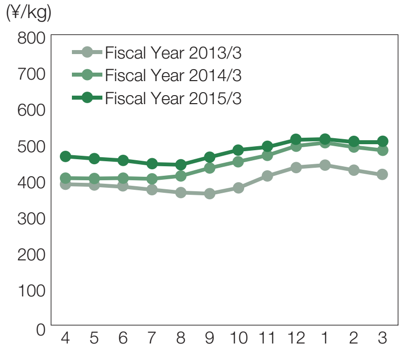
Pork Prices

Pork carcass prices (average price of three markets, "Tokyo, Saitama, Yokohama," excellent grade, tax excluded)[*1]



Chicken Prices

Domestic chicken wholesale prices (weighted average, tax excluded)[*2]

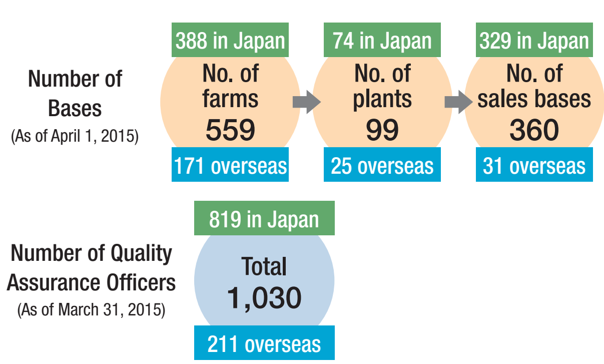


[*1] Source: Investigation by NH Foods Ltd. (all graphs based on average price)
[*2] Source: Calculation by NH Foods Ltd. Data from KEIMEI SHINBUNSYA, LTD.'s home page (all graphs based on average price)

Mobilizing All of Nipponham Group's Resources

What strengths can the Group harness to accommodate changes in the external climate and drive its growth strategies forward? In the Processed Foods Business, this strength is our product development capabilities. Here, we have top brands in many categories. One is *SCHAU ESSEN*®, a genuine coarse-ground wiener sausage. This product has generated ¥1 trillion in cumulative sales since its launch 30 years ago. Other successes include our *Ishigama Kobo*® chilled pizzas and our *Chuka Meisai*® chilled Chinese delicatessen series. Another strength is our marketing clout with retailers and other outlets, which enable us to reach consumers more effectively. In the Fresh Meats Business, we operate an integration system for three livestock species—cattle, hogs, and chickens—and are one of few companies in the world able to secure top shares in those product areas. Our integration system has enabled us to create branded fresh meats based on careful production and farming techniques that ensure stable supplies of safe, reliable fresh meats.

An extensive quality assurance system supported by more than a thousand personnel in Japan and abroad firmly underpins our product development, marketing capabilities, and our integration system. Another key contributor is our solid technological capabilities in diverse areas, including in creating new business domains and conducting testing. I believe that part of my role is to help enhance upstream product development and downstream marketing capabilities based on our integration system, our prime strength, organically linking the quality assurance and R&D capabilities that form the backbone of our operations. In other words, I am here to mobilize the Group's entire resources.



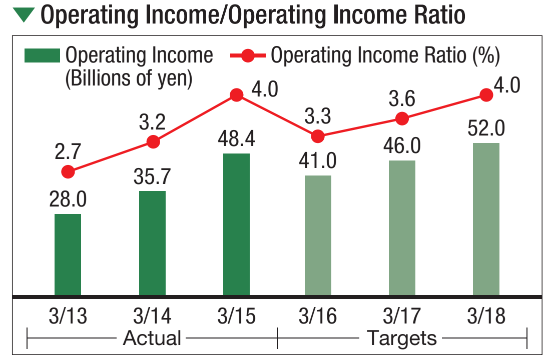
Qualitative Targets and Management Policies

In the year ended March 31, 2015, which was the final year of Part 4, we posted record highs of ¥1,212.8 billion in net sales and ¥48.4 billion in operating income. We exceeded our ROE target of 7% by reaching 9.2% in the final year of Part 4. The three-year cumulative net sales and operating income results under Part 4 exceeded the targets of ¥3,180 billion and ¥109 billion, reaching ¥3,357.7 billion and ¥112.2 billion, respectively. We thus achieved our overall targets for the three years.

Under the theme of creating a stable business model through reform, the management policies under Part 5, which we introduced in April 2015, are to establish competitive advantages of domestic businesses and to accelerate to become a global company. The financial targets for the first year of Part 5 are ¥1,240 billion in consolidated net sales, ¥41 billion in operating income, and a 3.3% operating income ratio. We expect the business environment in Australia to be challenging, and assume that earnings will decline in the first year of Part 5. Nonetheless, we seek to post record profits during the second year and beyond, and in the final year of Part 5 we look to generate ¥1,300 billion in net sales and ¥52.0 billion in operating income. We target an overseas sales ratio of 15%, an operating income ratio of 4%, an ROE of at least 8%, and an ROIC of at least 6%.

We believe that balancing growth strategies and financial and capital strategies to expand sales and improve profitability will enable us to sustainably enhance ROE and generate more cash flow. The resulting gains in corporate value will then contribute to shareholder-focused management.

▼ Operating Income/Operating Income Ratio



Establishing Competitive Advantages of Domestic Businesses

The Group must urgently boost the operating income ratio of the Processed Foods Business Division. The fiscal year ended March 31, 2015 was a very difficult time for the division, resulting in just ¥360.0 billion in net sales, ¥2.1 billion in operating income, and an operating income ratio of 0.6%. We need to develop products and brands offering more added value while enhancing cost competitiveness, by streamlining production and distribution to become more profitable. I believe that swiftly driving measures to enhance both efficiency and sales will enable us to achieve a V-shaped recovery for the Processed Foods Business Division.

One efficiency measure was to install a high-speed, high-capacity production line at Nipponham Factory's Ibaraki Plant over the course of Part 4. We have continued with our efforts to establish a management structure underpinned by production, sales, and logistics working in collaboration with sales plans, and have also implemented supply chain management (SCM) reforms. The latter efforts have included maintaining and restructuring our nationwide transportation networks across divisions and lowering logistics costs and inventories. These measures have borne fruit, particularly in terms of supply chain management reforms, lowering costs by around ¥2 billion since 2011, which was more than projected. In addition, we have revised prices twice since 2013, undertaking selection and focus efforts that lowered the number of product items from around 950 in 2012 to about 630 in 2015, as part of ongoing efforts to lower costs.

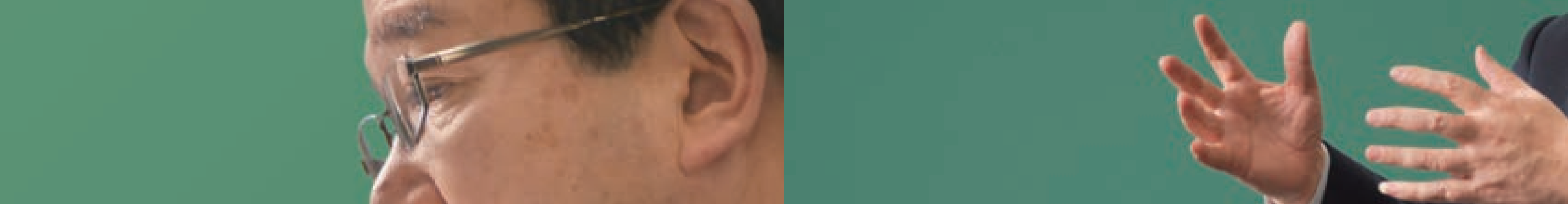
We have endeavored to expand sales by starting up OEM (original equipment manufacturer) plants at two locations in new business areas. Although productivity was low in the initial year because of a lack of experience in some manufacturing aspects, we look to improve the productivity of these operations and stabilize their performance as they amass experience down the track.

So, while we took various steps to improve the profitability of the Processed Foods Business, we still needed to tackle several key issues because raw material and fuel costs rose much more than we projected.

Under Part 5, we will continuously reduce costs, including through SCM reforms. We will also cultivate and expand in new domains, examples of which are OEM operations and joint logistics businesses that draw on the distribution infrastructure of the Processed Foods Business. By steadily streamlining operations, enhancing productivity, and undertaking initiatives in growth domains, we target a V-shaped recovery for the Processed Foods Business. Even more important than that for us as a manufacturer will be efforts to develop high value-added products and grow brands that consumers prefer.

In product development in particular, it is vital to view market-oriented ideas from consumer perspectives rather than those of products themselves. The most important factor in realizing a market-driven idea is to understand where sales are made. My first task on becoming president was to visit as many sales locations as possible to understand issues from the viewpoints of consumers. From here on, we, and in particular, the Fresh Meats Business Division, need to think in terms of B to B to C rather than our current B to B approach. The division's goal is to strengthen its development and promotion of brand meats.

It is also important to develop high value-added products in our Affiliated Business Division. We will become more competitive as a manufacturer, increasing profitability by lifting the in-house manufacturing goods ratio from the current 30%, to around 34.5% by the final year of Part 5.



Accelerating to Become a Global Company

Another challenge is to expand overseas sales. Since expanding internationally with our entries into the United States and Australia in 1977 and 1978, respectively, we have expanded our operations to cover 31 companies in 17 countries and regions in Australia, the Americas, Europe, and ASEAN. Around 6,000 of our 28,000 Group employees are abroad. To make our overseas operations a growth driver, we need to globally deploy our production and sales integration system and expand our areas of deployment.

Our Australian businesses upstream in our integration system were long in the red because of high cattle costs and a strong Australian dollar. These businesses have recovered significantly in the past few years, however, generating ¥5.7 billion in operating income in the year ended March 31, 2014, and ¥11.3 billion a year later. This turnaround was due partly to depreciation of the Australian dollar and a better export environment supported by improved plant operating rates. The main factor, however, was globalization reforms that repositioned our Australian businesses, refocusing them from being supply bases for Japan and making them marketing partners. A concomitant contributor was structural reforms, notably by divesting unprofitable operations and re-examining cattle fattening periods. We now export Australian beef to more than 30 countries, and we anticipate demand growth in emerging nations. We will advertise our *Whyalleaf* and *Omugi-Gyu* Australian branded beef to further expand sales.

At the same time, we are undertaking ongoing initiatives to expand markets for our fresh meats. We are endeavoring to expand sales in Europe with our office in Düsseldorf, Germany, which we opened in 2012. We also maintain a base in the United Kingdom. In April 2015, we invested about ¥8.6 billion and made Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi, a leading Turkish poultry company, a subsidiary. This move positioned us to enter the Middle East and European markets, where demand is expanding. In the future, we recognize that we need to accelerate globalization, as part of which we will make policy investments.

Nipponham Group's Overseas Bases

Note:
- As of April 2015
- Including equity-method affiliated companies
- Overseas bases include representative offices

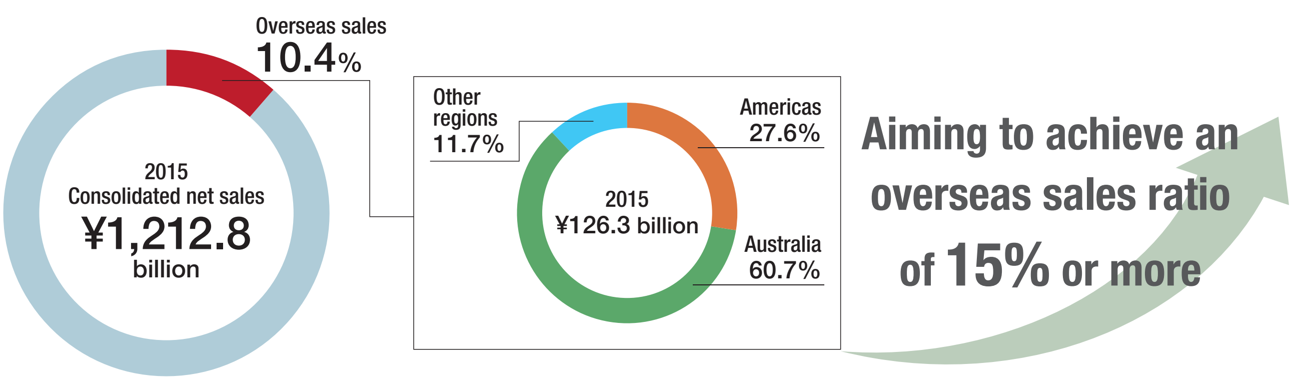
In ASEAN, we reinforced development of consumer and commercial products through our processed foods business in Thailand. We aim to export from Thailand to other Southeast Asian markets and Europe while also cultivating the local market. We are also reinforcing sales in Vietnam and the Philippines. We have endeavored to expand our business domains and sales areas, notably by starting up a trading firm in Hong Kong and launching an operation involving essence extraction in Taiwan.

In the Americas, we started producing *SCHAU ESSEN*® in Hawaii, and have started test sales. We plan to eventually set up manufacturing and sales units in North America for this product. In Mexico, we have stepped up local market sales. These are some of the efforts we have steadily undertaken to seed overseas operations. Expanding sales within overseas markets will be a key focus for us in the years ahead, as such an approach will help shield us from foreign exchange fluctuation risks.

We will continue to expand production and sales in North America, ASEAN, and other regions, building sales systems for local markets or third countries while also exporting to Japan. Under Part 5, we plan to expand our overseas operational network to cover around 20 countries, including Indonesia, Cambodia, Russia, and parts of the Middle East. We will reinforce efforts for collaboration beyond divisional boundaries in each region. We will reinforce overseas strategic efforts that leverage synergies between the Processed Foods Business, the Fresh Meats Business, and the Affiliated Business divisions.

Overseas sales accounted for 10% of net sales in the year ended March 31, 2015. We will need to increase the proportion to accelerate efforts to become a global company. By the year ending March 31, 2018, which is the final year of Part 5, we look to increase that proportion to 15% of net sales.

Overseas Sales Ratio (Year ended March 31, 2015)



Note: Net sales by geographic segment are before intersegment elimination.

Improving Brand Value

In Japan, the Group boasts the leading share in its industry and has top brands in numerous product categories, but the customers who buy these products have little awareness that the products come from the Group.

To further increase our market share in Japan, and to develop our business globally, we need to raise awareness of the organic connections between the Group brand, the corporate brands of Group companies, and product brands.

Having overhauled the Group brand and integrated corporate brands in April 2014, we aim to deliver reliability and trustworthiness to our customers. We want customers to truly embrace our brands, knowing that they have made the best choice in selecting our products.

To that end, Group employees will work together to ensure that customers around the globe make the best choice in selecting our products. We will gain their support and trust, by not only providing high-quality products but by supporting every aspect of their lives as a company that delivers dietary culture to enrich people's lives.

Nipponham Group companies share the same symbol as part of a new brand system.

Establishing Competitive Advantages by Utilizing Group Synergies

Since starting out as a ham and sausages business more than 70 years ago, we now have diversified our operations to encompass fresh meats, processed foods, marine products, freeze-dried products, lactic acid probiotic beverages, natural flavorings, food allergy safe products, frozen products, cheese, and health foods. Also, we have expanded our offerings to include functional ingredients, such as medical collagen. For us to become the No. 1 brand among customers in all domains, we will have to enhance Group synergies to create new value.

We believe that it is particularly important to cultivate human resources to enhance Group synergies. Exchanging personnel between Japan and overseas operations and between business divisions will not only integrate our superior expertise but also create a more dynamic corporate culture. We may one day need to deploy a human resources system that requires our people to gain experience abroad. We aim to create an organization that is diverse and flexible by creating a human resources database and posting and transferring personnel from Groupwide perspectives.

We established the Corporate Management Division in April 2015 to further reinforce Groupwide corporate functions. The division is endeavoring to enhance corporate value by formulating strategic policies, including for Group collaboration, implementing organizational reforms, constructing a global structure, creating an optimal funding and capital structure, and undertaking shareholder-oriented corporate finance.

We employ ROIC as a management indicator for enhancing the efficient use of funds, and are pursuing ongoing improvements in ROE.

The Group prioritizes the ability to generate cash flow and increase the return on equity in a shareholder-focused management approach designed to enhance corporate value.
In pursuing growth strategies to expand our business domains and profitability, we aim to improve ROIC to enhance the efficient use of funds while optimizing our capital and debt structures.

Yoshihide Hata

Vice President and Representative Director

Achievements under New Medium-Term Management Plan Part 4

Enhancing Capital Efficiency and Optimizing Efficient Use of Funds

Under New Medium-Term Management Plan Part 4, we pushed forward with financial and capital strategies to enhance capital efficiency and optimize the efficient use of funds. In the fiscal year ended March 31, 2015, the final year of Part 4, ROE was 9.2%, significantly above the targeted 7%. Total asset turnover and return on sales, which were key elements of ROE during the year, as well as profit expansion, were greater than planned, while our financial leverage was basically as projected. The operating income ratio was 4%, as forecast, while the effective tax rate was 30.3%, compared with an originally envisaged 42%, owing to significantly higher earnings in our Australian businesses. As a result of these factors, return on sales was far greater than anticipated.

In the fiscal year ended March 31, 2014, we responded to an increase in shareholder capital from the conversion of convertible bonds, acquiring treasury stock, suppressing stock dilution (to maintain earnings per share), and restructuring capital debt. Over three years, we acquired a total of around ¥46 billion in treasury stock, thereby maintaining shareholder returns and optimizing our capital and debt structures. In the fiscal year ended March 31, 2015, we retired 24,445,350 shares of treasury stock.

In keeping with the dividend policy resolved under Part 4, targeting a consolidated dividend payout ratio of 30%, commensurate with results, we boosted dividends in three consecutive years (¥24.00, ¥37.00, and ¥46.00 per share in the years ended March 31, 2013, 2014, and 2015, respectively).

Under Part 4, we generated a cumulative ¥100 billion in cash flow from operating activities over three years, but produced ¥34 billion less than our targeted amount. The shortfall under Part 3 was ¥30.5 billion, despite exceeding three-year cumulative base income projections, and reflected increases in inventories and other components of working capital. Although we instituted various measures to optimize inventories and trade receivables, and thereby enhance our ability to generate cash flows, improving the cash conversion cycle of working capital remained an issue.

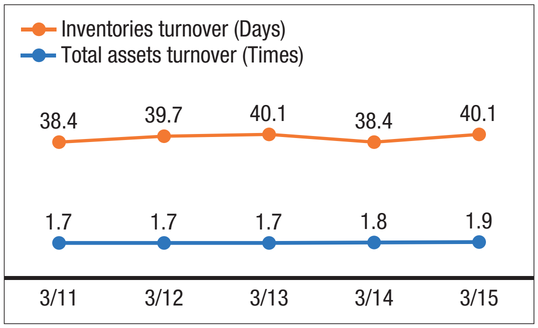
Cash Flows (Actual and Plan)

(Billions of yen)

	Part 3 Results (3-year cumulative)	Part 4 Results (3-year cumulative)	Part 5 Plan (3-year cumulative)
Net income	44.6	72.6	91.6
Depreciation and amortization	74.0	58.3	68.0
Others	12.0	(30.9)	0.4
Cash flows from operating activities	130.6	100.0	160.0
Cash flows from investing activities	(48.3)	(80.9)	(148.0)
Cash dividend	(10.6)	(16.4)	(26.5)
Purchase of treasury stock	(16.5)	(46.1)	
Others	(38.8)	25.0	20.0
Cash flows from financing activities	(65.9)	(37.5)	(6.5)
Free cash flow	82.3	19.1	12.0

Note: Dividends are based on the earnings forecast for Medium-Term Management Plan Part 5, and as such, the amount has not been determined.

Asset Efficiency



Financial Strategies under New Medium-Term Management Plan Part 5

Enhancing Capital Efficiency and Shareholder Returns

In keeping with the focus of Part 5, which is to create a stable business model through reform, we will undertake ongoing business reforms reflecting changes in the external climate over the medium to long term.

We will realize our management policies of establishing the competitive advantages of domestic businesses and accelerating our efforts to become a global company by continuing to deploy Part 4 growth strategies, which include making extensive capital investments so that we can sustainably increase sales and profitability.

As we push forward with our management and business strategies, we look to drive growth strategies while improving our invested capital efficiency. We will also strive to enhance capital efficiency by leveraging our financial and capital strategies to lower the weighted average cost of capital (WACC) through an optimized capital and debt structure.

Delivering shareholder returns is a key management challenge, and our basic policy is to make such returns commensurate with consolidated results. While we target a consolidated dividend payout ratio of 30%, we have set a lower dividend limit of ¥16 per share, for the time being. Our acquisitions of treasury stock take into account our growth investments and financial position as we strive to enhance shareholder value per share and ROE in a timely manner.

We believe that we can improve corporate value and ensure shareholder-focused management by balancing our business strategies and our financial and capital strategies in order to sustainably improve ROE and increase our ability to generate cash flows.

Capital Expenditures

(Billions of yen)

	Part 4 Results (3-year cumulative)	Part 5 Plan (3-year cumulative)
Production facilities	51.7	50.1
Sales facilities	14.1	16.6
Farms and processing facilities	19.8	36.0
Overseas business facilities	6.4	30.9
Other facilities	6.1	13.4
Total	98.1	147.0

Total Capital Expenditures (Part 5 Cumulative) ¥147.0 billion
(Difference from Part 4 + ¥48.9 billion)

Point of increases from Part 4 to Part 5
- Overseas business facilities........... + ¥24.5 billion (primarily Asia and Australia)
- Farms and processing facilities....... + ¥16.2 billion

Deploying ROIC as a New Management Indicator

We have positioned Part 5 to secure a strong foothold for the future. We will therefore invest extensively to expand our business domains and enhance efficiency based on our commitment to ensure top-notch management for No. 1 quality. We plan to invest ¥147.0 billion over the three years of Part 5, exceeding the ¥98.1 billion expended during Part 4. Around 60% of this expenditure will be for business expansion and strategic investment. This investment partly encompasses capital expenditures related to corporate acquisitions implemented or decided under Part 4. About 40% of capital expenditures will be allocated for pursuing higher efficiencies, reinforcing quality assurance, and maintaining or upgrading existing facilities. Because the deployments of high-capacity lines and new plant startups have run their course for each value chain, our investments in production facilities will be lower than those under Part 4. At the same time, expenditures for farms and processing facilities, overseas business facilities, and sales and logistics facilities should all exceed Part 4 levels. In the fresh meats business, we will expand our investments in farms to increase the Group's procurement capabilities, underpinning our integration strengths, which we believe is a vital strategy for ensuring our competitive advantage as a manufacturer.

While investing heavily, we will also endeavor to increase ROIC. We consider it important to review investment components and pursue returns and replace assets with those offering high capital efficiency through selectivity and focus.

To that end, we are deploying ROIC as a management indicator for each business division. We will push forward with measures to increase the operating income ratio and invested capital turnover elements of ROIC through progress in PDCA cycles for the value chains of each of these units. In other words, we will develop high value-added products, improve productivity by installing high-capacity lines at production facilities, concentrate inventories upstream by instituting SCM reforms, and pursue selectivity and focus for product items to shrink inventory turnover periods. We are confident that these and other initiatives will lead to improvements at each business site and thereby increase ROIC.

While progressing with such growth strategies, we consider deploying ROIC in our business strategies to pursue invested capital efficiencies and increase the efficient use of funds as the best approach for enhancing ROE. We will build an optimal business portfolio by allocating management resources effectively based on ROIC.

Financial and Capital Strategy Policies

Under Part 5, our basic financial strategy policy will be to continue the Part 4 approach of balancing interest-bearing debt and cash flow in increasing ROE as a capital efficiency benchmark while increasing the efficient use of funds to maximize cash flow. We will deploy financial and capital strategies that seek to optimize our debt/equity ratio and lower the WACC. An ideal ratio ranges between 0.4 and 0.5 times, which is close to the optimal capital and debt structure. We believe that we can maintain an appropriate ratio of 0.39 times, our debt/equity ratio as of March 31, 2015.

We will endeavor to pursue procurement means that are compatible with our management strategies, diversifying funding sources in the financial and capital markets, while enhancing our ratings from credit rating agencies.

During the three years of New Medium-Term Management Plan Part 5, we plan to generate ¥160 billion in cash from operating activities and use ¥148 billion in cash from investing activities, for a free cash flow of ¥12 billion. Over the three years of Part 5, our investment cash flow plan is to invest a total of ¥126.4 billion to acquire facilities and allocate ¥30 billion for investment policy purposes, accelerating our efforts to become a global company. We will use ¥6.5 billion in financing activities, delivering shareholder returns in keeping with our dividend policy and procuring and repaying interest-bearing debt. (All figures are on a cumulative basis, for the duration of New Medium-Term Management Plan Part 5.)

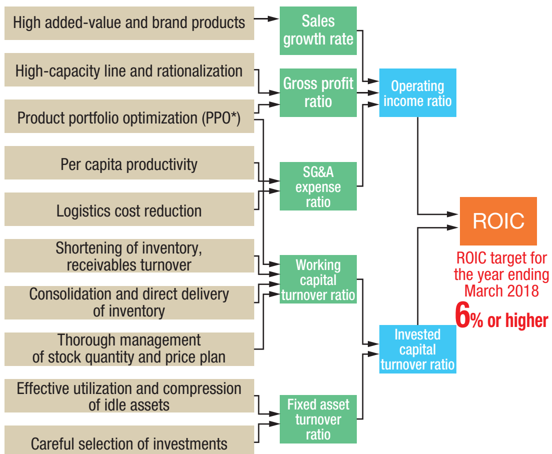
Establishing Corporate Management Division to Increase Group Synergies

In April 2015, we reorganized the Corporate Division and headquarters administrative departments to set up the Corporate Management Division. We made this move to reinforce corporate functions across the Group, promote collaboration within the Group and revitalize our organizational culture, establish a global business management structure, and strengthen corporate finance capabilities, thereby maintaining top-notch management for No. 1 quality. We particularly look to cultivate global human resources and management personnel, drive forward with financial strategies from international perspectives, enhance alliances to expand overseas businesses, and build a global business management structure.

We will undertake strategic branding so that all stakeholders will choose, need, and support us. Although we have deployed branding efforts at the divisional and departmental levels, we will undertake a more broad-based approach through consistent brand management in order to more efficiently and effectively realize the Group's objectives.

We are confident that by bolstering internal collaboration and synergies under the Group brand banner we will be able to establish our competitive advantages and accelerate globalization, thereby enhancing brand and corporate value and ensuring continuous growth.

Measures to Improve ROIC (Reverse ROIC Tree)



* PPO: Product(s) Portfolio Optimize

As an entity that embodies the Group's commitment to the "Joy of Eating," the Processed Foods Business Division is evolving to meet new challenges and engineer a V-shaped recovery in operating income.

Nipponham Group continues striving to reach its objectives of increasing the number of top brands in each category and pursuing its category No. 1 strategy to boost sales while reinforcing its cost competitiveness by enhancing productivity.

Koji Kawamura

Representative Director and Senior Managing Executive Officer,
General Manager of Processed Foods Business Division

Review of New Medium-Term Management Plan Part 4 and Measures under Part 5

Quantitative Targets and Evaluation

Under New Medium-Term Management Plan Part 4, the Processed Foods Business Division boosted revenues for three consecutive years by increasing sales volumes of the core *SCHAU ESSEN*® brand and the flagship *Utsukushi-no-Kuni*® gift product. In contrast, earnings declined for two straight terms despite ongoing measures to improve productivity. In each of the four years through the fiscal year ended March 31, 2013, the division posted at least ¥8 billion in operating income. In recent years, however, it has been unable to offset surging expenses resulting from higher raw material and fuel costs by revising prices and undertaking improvement initiatives. Results for the fiscal years ended March 31, 2014 and 2015 were therefore disappointing, as we generated operating income of just ¥6.4 billion and ¥2.1 billion, respectively.

Under New Medium-Term Management Plan Part 5, the division seeks to steadily improve performance and engineer a V-shaped recovery. We target ¥368 billion in sales and ¥4 billion in operating income in the first year, ¥380 billion in sales and ¥6.5 billion in operating income in the second year, and ¥390 billion in sales and ¥9 billion in operating income in the third and final year of this plan.

Initiatives to Boost Profitability

Key challenges for the division are to increase sales volumes and the operating income ratio. Under Part 5, we will reinforce core brands and sales promotions and strengthen proposal capabilities for commercial channels integrating manufacturing and sales, thereby boosting sales volume. We will build on the production and logistics efficiency efforts undertaken under Part 4 to increase cost competitiveness and thus improve profitability.

Investing Heavily in Production Facilities

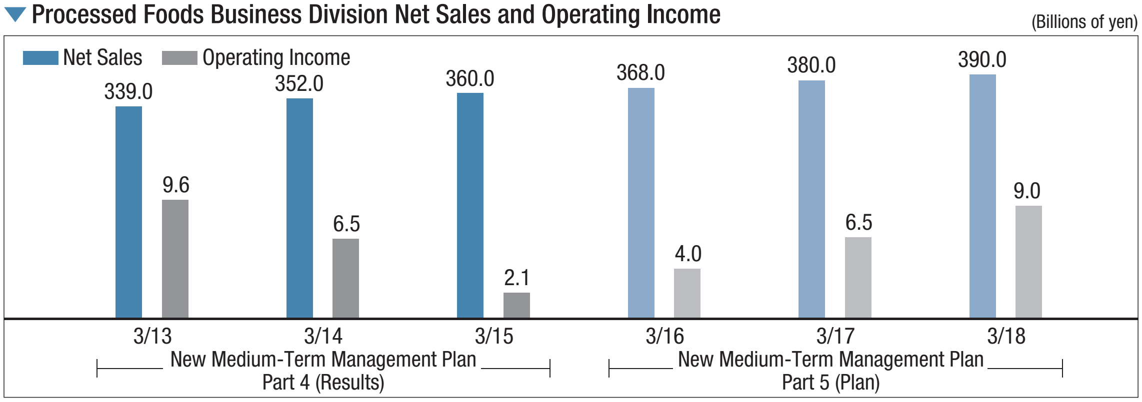
Under Part 4, we made ¥39.9 billion in capital expenditures, exceeding a targeted ¥35.0 billion. We spent a total of ¥20.5 billion to install high-speed, high-capacity lines at Nipponham Factory's Ibaraki Plant and to enter the OEM business. We plan to increase the capacity utilization of high-capacity lines at that plant and other facilities and boost productivity. Under Part 5, we have adopted ROIC as a management indicator, and we will endeavor to optimize investments and returns.

Enhancing Productivity Through Selectivity and Focus

The hams and sausages business and the deli and processed foods business leveraged selectivity and focus to lower the number of items from around 950 in the year

▼ Processed Foods Business Division Net Sales and Operating Income

(Billions of yen)



ended March 31, 2012 to about 630 today. We will take advantage of this reduction to integrate and streamline production lines and thereby improve productivity.

Overhauling Supply Chain Management

We have continued to overhaul supply chain management over the past three years. Under Part 4, we cut costs by a total of around ¥2 billion, which was more than we initially projected. Under Part 5, we plan to realize savings of around ¥0.7 billion through supply chain management initiatives, building a management structure that integrates manufacturing, sales, and logistics, thereby improving product inventory turnover.

Basic Strategies under New Medium-Term Management Plan Part 5

Even throughout the duration of Part 5, we assume that the yen will remain low and that it will be impossible to avoid the impact of higher raw material and fuel costs. The domestic market will probably continue to shrink as the population declines and ages, and with these developments we expect to see strategies involving low prices and private brands driving the food industry's operating climate.

We believe that it will be vital in such an adverse environment to generate the efficiencies in productivity improvements to enhance our cost competitiveness, as I mentioned earlier, and deploy measures to expand sales. We will undertake the following initiatives under Part 5 in our efforts to expand sales and recover profitability.

Establish Competitive Advantages for Domestic Businesses

Part 4 was a period in which the Group's top brands penetrated the market. We increased sales volumes of such unrivaled offerings as *SCHAU ESSEN*®, the *Ishigama Kobo*® pizza series, and the *Chuka Meisai*® line of Chinese delicatessen items. We also established a strong position for the *Utsukushi-no-Kuni*® gift brand. On the downside, we experienced delays in developing major products that could ultimately become core brands. We consider it necessary to strengthen our brand positions to accelerate initiatives to drive our category No. 1 strategies. The Processed Foods Business Division has long reflected consumer needs in its offerings, but amid strong product orientation prevailing in the market today the slower cultivation of new categories has become an issue. I will spearhead efforts to transform mindsets in our organization to meet new challenges, including by encouraging the developers who drive our efforts.

Evolving Our Domain Strategy

Our division has long engaged in five domains—consumer, commercial, high-end, frozen foods for consumer use, and overseas. We are now expanding to seven domains with the addition of OEM and logistics as new growth domains.

Accelerating Overseas Businesses

We will leverage our production units in Thailand, China, Mexico, and the United States to expand sales within those markets while increasing their exports to third countries. In Thailand, for example, we will reinforce development of consumer and commercial products while positioning our operations there to export throughout ASEAN and Europe.

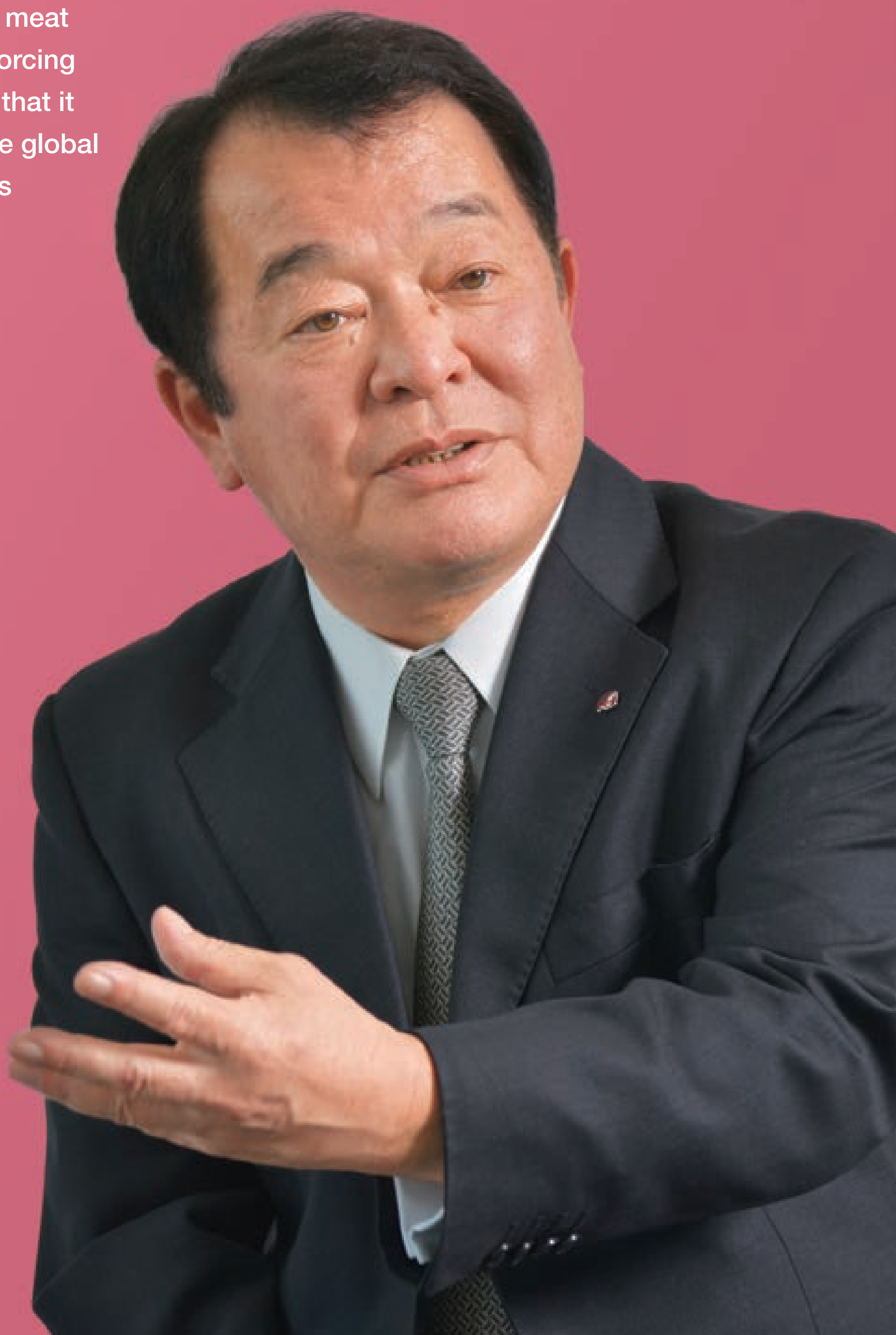
In the United States, Group company Redondo's, LLC, is manufacturing *SCHAU ESSEN*® in Hawaii, and aims to expand throughout the U.S. market. In the overseas domain, we will expand sales within countries to reduce foreign-exchange risks and boost brand penetration. During the final year of Part 5, we look to generate about ¥4 billion in sales and expect operating income to reach around ¥0.5 billion.

Quality Underpinning Growth

Several major incidents in recent years have heightened consumer concerns about food safety. The Group has secured certification under the FSSC 22000 Food Safety Management System to reinforce its commitment to management for No. 1 quality, with the aim to prevent and manage serious problems and ensure thorough safety assessments and quality audits from the development and design stages.

We aim to become a worldwide trader in fresh meats by globally deploying the integration system that we established in Japan.

Nipponham Group is expanding its fresh meat production and procurement and is reinforcing the brand clout of the meat it obtains so that it can maintain a structure for supplying the global market, to strengthen its competitiveness and accommodate global food demand.



Katsumi Inoue

Director and Senior Managing Executive Officer,
General Manager of Fresh Meats Business Division

Review of New Medium-Term Management Plan Part 4 and Measures under Part 5

Quantitative Targets and Evaluation

During the three years of New Medium-Term Management Plan Part 4, the division was a key driver of results for the Group. The division generated an aggregate ¥2,291.0 billion in sales compared with a target of ¥2,082.0 billion. Operating income for that period was ¥87.6 billion, exceeding the target of ¥64.0 billion. In the year ended March 31, 2015, the final year of Part 4, our Australian businesses finally achieved profitability, generating ¥11.3 billion in operating income. Segment sales for the period under review thereby climbed to ¥850.8 billion, while operating income rose to ¥45.2 billion.

Although we benefited from external factors, such as higher prices owing to increased livestock prices, our performance largely reflected steady progress in various respects. They included operational reforms at our Australian and U.S. businesses, securing sufficient livestock in Japan, and efforts to improve pricing. Also, we greatly expanded exports of Australian beef beyond the traditional prime market of Japan to include Europe, the United States, and other destinations, which really drove our sales expansion. This effort reflected disparate market conditions worldwide; in other words, demand may have been low in Japan but was high elsewhere. In the end, our achievements were the result of ongoing efforts to market Australian beef and cultivate a local marketing partner structure.

In the year ending March 31, 2018, the final year of Part 5, we look to further increase sales of branded fresh meats and expand our overseas business. For the segment, we therefore target sales of ¥900 billion and operating income of ¥41 billion, and aim to increase our share of the domestic fresh meats market.

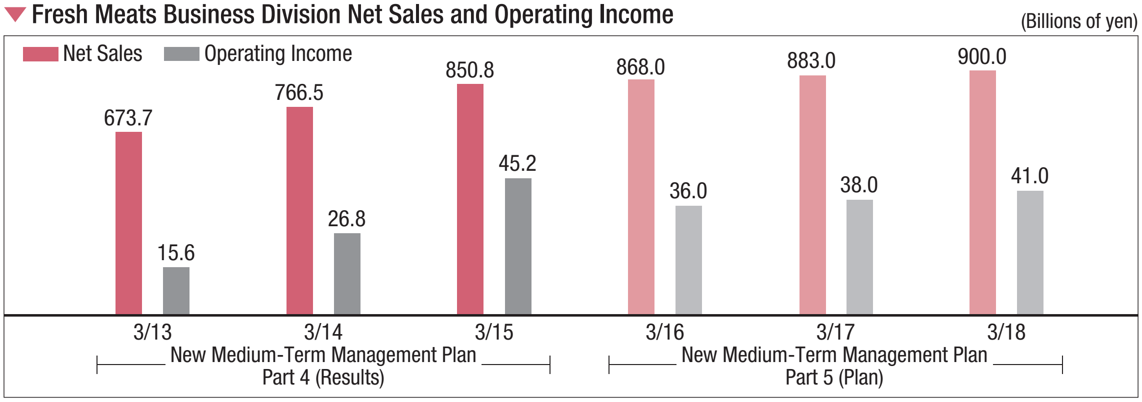
Basic Strategies under New Medium-Term Management Plan Part 5

The strength of our fresh meats business lies in our vertical integration system that handles all processes in-house, from production and breeding through to slaughter, processing distribution, and marketing. We are one of only a few companies in the world with an integration system for three livestock species—cattle, hogs, and chickens. The prime source of our competitive edge is that we can provide stable supplies of fresh and safe meat.

What is truly innovative about this system is not simply to maintain upstream firms but to also have the strong marketing capabilities of the downstream group of Nippon Food companies. In other words, the infrastructure must include sales offices, logistics centers, and other elements that support selling capabilities nationwide. Our fresh meats business has 116 sales offices throughout Japan. In our view, the Group's greatest strength is that it can consistently and swiftly supply meat to consumers around the nation.

We will fully leverage this competitive wellspring under Part 5 to generate synergies and deploy measures that take us to the next stage of our development.

Fresh Meats Business Division Net Sales and Operating Income



Expanding Branded Meat Sales Volume

We are taking advantage of our integration system in endeavoring to expand sales volumes of branded meats. We are working to increase sales of strategic products that can become competitive successors to offerings like *Sakurahime*® domestically produced chicken and *Whyalleaf* Australian beef. These strategic brands include *Mugikomachi*® domestically produced pork, *Megumi-no-Kuni*® Japanese beef, the fruit of our integration system, and *Dolce Porco*®, from slowly fattened Italian hogs.

We are augmenting our traditional focus on our B to B business, or marketing to volume retailers and restaurants, by also cultivating our B to B to C business, or promoting ourselves directly to consumers so that they can directly choose our brands. We will thereby create a stable business model that is resistant to fluctuations in the fresh meats and other markets.

Reinforcing Production and Procurement Capabilities

We will undertake extensive capital expenditures to expand production volume and reinforce procurement capabilities in support of the above measures. The Fresh Meats Business Division has allocated around ¥82.3 billion for capital expenditures under Part 5, about ¥42.8 billion higher than under Part 4, to propel growth.

Priorities for domestic production businesses are to set up new farms and plants. In our food and logistics operations, we are revamping shipping capabilities to reflect changes in logistics needs. In our overseas fresh meats business, we look to set up new sales offices and facilities, and will also increase investments in our new Turkish subsidiary, Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi.

Strengthening Cost Competitiveness

We plan to become more cost competitive in various aspects of our integration system. We will continue with our feed cost reduction project for domestic production sites and will rationalize manufacturing lines.

Reinforcing Our Logistics Structure

Speedy product deliveries directly affect competitiveness in the domestic fresh meats sector, so reinforcing our logistics structure is a constant challenge. We will add to our existing structure that includes the Fresh Meats Business Division's plants, two logistics centers in East and West Japan, and 116 domestic sales offices, by setting up transfer facilities near consumption areas to create a speedy delivery system.

Developing Our Overseas Businesses to Become a Worldwide Trader

By 2020, the global food market is expected to be double the size of that in 2009. Demand should rise in developed nations and elsewhere, notably in Brazil, Russia, India, and China, as well as in ASEAN. It will therefore be urgently necessary to build a fresh meat supply structure for markets around the world. The Group's vision is to become a worldwide trader in fresh meats. We will get there by gathering global fresh meat supply information, identifying sales opportunities in each region, and creating a climate in which we can flexibly cover shortfalls in each country.

Ege-Tav in Turkey

We will transform ourselves into a manufacturer while promoting a symbiotic relationship within the Group to increase Group synergies.

We will increase the in-house manufactured goods ratio and leverage Group synergies to push forward with sales and product strategies that extend beyond divisional and corporate boundaries, thereby enhancing profitability.

Kazunori Shinohara

Director and Executive Officer,
General Manager of
Affiliated Business Division

Review of New Medium-Term Management Plan Part 4 and Measures under Part 5

Quantitative Targets and Evaluation

In the final year of New Medium-Term Management Plan Part 4, ended March 31, 2015, the Affiliated Business Division posted ¥155.2 billion in sales and ¥0.3 billion in operating income. During the three years of Part 4, the division generated an aggregate ¥440.9 billion in sales, or more than 5% more than the targeted ¥418.0 billion. Operating income during that period was just ¥2.8 billion, considerably less than the ¥9.7 billion targeted. The division's principle businesses are marine products and such dairy products as cheese and yogurt. The division needs to address several issues that affected performance. In the marine products business, the issues were delayed price revisions to cover higher raw material costs for marine products, as well as higher expenses. In the dairy products business, we experienced lower cheese sales volumes and higher material costs, leading to an ongoing earnings decline.

Under Part 5, it will be important for us to take advantage of growing global demand in the dairy products market as consumers become more health oriented. There remains considerable room for expansion in the marine products business, as while demand is shrinking in Japan, the market, which includes processed foods and restaurants, is still worth more than ¥4 trillion. For Part 5, we thus target aggregate segment sales of ¥483 billion and operating income of ¥4.5 billion.

Basic Strategies under New Medium-Term Management Plan Part 5

The Affiliated Business Division has progressed by endeavoring to become a third business pillar for the Group. We aim to step up efforts in that direction under Part 5, transforming ourselves into a manufacturer to boost profitability.

Strengthening Product Competitiveness and Procurement Capabilities Through Collaboration Between Manufacturing, Sales, and Development Operations

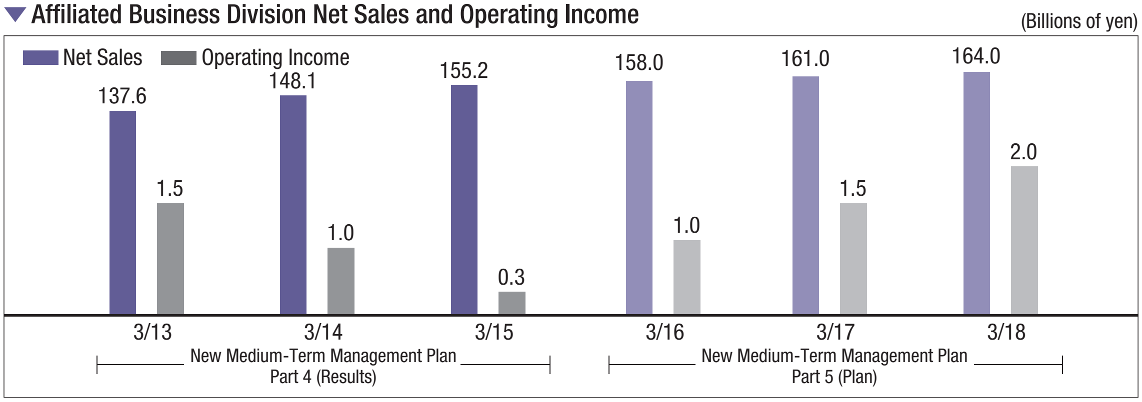
To become a manufacturer, it will be important to leverage collaboration between manufacturing, sales, and development operations to enhance our product competitiveness and reinforce procurement capabilities. We will need to solidify our foothold as a manufacturer to further improve product competitiveness. We believe that our starting point as a manufacturer will be to put in place our infrastructure, strengthening production capacity, and deploying high-capacity facilities to increase efficiency.

Under Part 4, our divisional capital expenditures were ¥13.3 billion. We have allocated a total of ¥18.0 billion in such spending under Part 5, and will strive to reinforce our foundations as a manufacturer, verifying our ROIC in the process.

One of the key issues for the division is poor profitability because of a low in-house production ratio. The division's in-house manufactured goods ratio was around 30% in the

▼ Affiliated Business Division Net Sales and Operating Income

(Billions of yen)







year ended March 31, 2015. We look to increase that figure to 34.5% by the final year of Part 5 (the year ending March 31, 2018) by operating new plants and through other initiatives.

Cultivating Collaboration with Suppliers to Stabilize Raw Materials Procurement

We believe that it is important to stabilize raw materials procurement. In the case of raw marine materials, for example, we face risks in holding large inventories if we rely on some fish species that can only be caught once a year. By pushing ahead with product development that encompasses a wider range of species, we can diversify and stabilize raw materials procurement and thereby improve our inventory turnover.

Similarly, we aim to diversify the procurement of raw materials for dairy products because we currently rely excessively on supplies from certain countries. We therefore look to shift upstream in keeping with the Group's strong integration system model, reinforcing collaboration within the Group while cultivating suppliers and endeavoring to stabilize raw materials procurement.

Initiatives at Marine Foods Corporation

Kushiro Marusui Co., Ltd. joined the Group in November 2013. The entity is a leader in marine products processing in Kushiro, Hokkaido, with purchasing rights at its fish market. By deepening collaboration with that company, we aim to brand products made in Hokkaido.

Marine Foods aims to expand sales by stepping up development of raw fish products for the sushi business, which is one of its strengths. The company will highlight the quality advantages of its upstream tuna farming business in Uwakai, in western Japan, to heighten its profile among consumers.

Activities at Hoko Co., Ltd.

Since the Great East Japan Earthquake, the marine products business has experienced increasing demand for canned seafood. Hoko therefore constructed a new facility at the Hachinohe Factory to boost production. The dairy products business accommodated rising demand by installing a new line at the Nishinomiya Factory, which accommodates increasing sales of baby cheese products.

Under Part 5, Hoko aims to build the industry's top commercial cheese production structure by launching operations at the Yamato Factory in September 2015. At the Chikusei Factory, which is scheduled to commence operations in October 2015, Hoko also plans to ramp up sales by creating a structure to efficiently and hygienically produce commercial frozen foods.

Hoko looks to develop overseas operations by exporting Russian raw marine materials to Asia. In China, the company manufactures freeze-dried products that it delivers to Japanese food producers. Hoko aims to expand sales within China by also supplying local instant noodle makers.

Progress at Nippon Luna, Inc.

During Part 4, Nippon Luna accommodated rising demand by upgrading its yogurt beverages production line. The company's challenges are to increase its supply capacity in the Tokyo metropolitan area and set up a logistics structure. While its production is concentrated at the core Kyoto Factory, the company plans to begin operations at the Shinkanto Factory during the year ending March 31, 2018, putting in place a supply structure to accommodate sales growth in eastern Japan. Nippon Luna is leveraging proposal-based marketing to introduce distinctive high value-added products and is developing and expanding private brand offerings for convenience store chains.

Reinforcing the Management Base by Utilizing Group Synergies

These three affiliated companies have their own brand histories, and are still small entities within Nipponham Group. They will leverage their strengths as Group members, collaborating with the Fresh Meats Business Division and the Processed Foods Business Division, taking advantage of their strong sales capabilities to expand their customer bases and reinforce proposal-based marketing of dairy and marine products. By promoting a symbiotic relationship across the Group, these affiliated companies will increase synergies within our entire organization.

▼Increase Profitability by Raising In-house Manufactured Goods

	In-house manufactured goods	
	3/15	3/18
Marine Foods	10.7%	15.7%
Hoko	41.9%	50.0%
Nippon Luna	97.0%	92.6%
Affiliated Business Division Total	29.8%	34.5%

The Strengths of Our Vertical Integration System

Our vertical integration system underpinned the growth strategies of New Medium-Term Management Plan Part 4. We have evolved the system in the more than 70 years since founder Yoshinori Okoso set up a meat processing plant in Tokushima, in 1942. In 2015, we embarked on Part 5, whose theme is to create a stable business model through reform so that we can become a resilient corporate group under all operating climates. In this special feature, we will spotlight the strengths of our vertical integration system as pivotal to meeting the challenges of change.

Production and Breeding

We produce safe fresh meats at farms in Japan and overseas.

Packing and Processing

We ensure speedy and stable supplies by slaughtering, processing, and shipping meats so that they are as fresh as possible.

Consignment and Distribution

We created a speedy supply system that links domestic and overseas production and sales bases.

Sales

We established a locally oriented direct sales system and sell through various channels nationwide.

Volume Retailers and Restaurants

We provide fresh meats to all kinds of customers, including volume retailers, restaurants, and regular retailers.

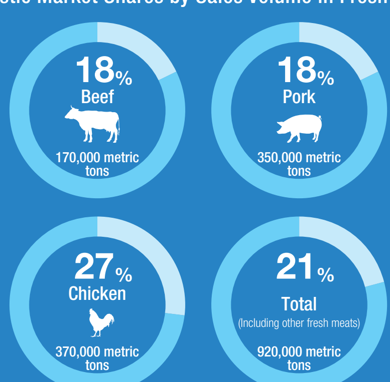
Asset 1

One of Japan's Biggest Meat Suppliers and Sellers

Once predecessor Tokushima Ham Co., Ltd. was founded as a ham and sausage business, it realized that fresh ingredients were vital. With this in mind, the company built a slaughterhouse on its premises and started selling some of the fresh meat it produced there. This was the forerunner of the Group's Fresh Meats Business. Today we handle everything from production and breeding through to slaughter, processing and distribution, and sales of three livestock species—cattle, hogs, and chickens. We are one of Japan's biggest meat suppliers and sellers, and we refer to our setup of directly integrating fresh meat supplies upstream through downstream as a vertical integration system.

Integrating production and sales enables us to promptly deliver safe fresh meats to customers, retaining freshness and quality. Maintaining our own farms upstream means that we can provide stable supplies to markets where demand is high. The integration system that we have evolved over many years is the unique foundation of our competitiveness.

Domestic Market Shares by Sales Volume in Fresh Meats



Source: Investigation by NH Foods Ltd.

Asset 2

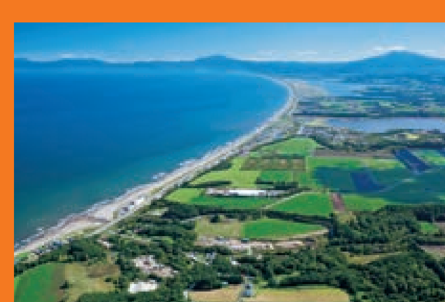
Integrating Quality Assurance System with Food Safety and Security Efforts

Our commitment to Management for No. 1 Quality underpins our vertical integration system. The Group's 25 business sites, including production and processing plants in Japan and overseas, have obtained Safe Quality Food (SQF) certification,* attesting to a quality assurance system that is uncompromising in meeting customer demand for safety and security.

We adhere to a principle of preventing and not spreading diseases by maintaining stringent systems at our farms to ensure disinfections and the control of vehicles and people entering our sites. We also follow stringent hygiene management procedures at slaughtering and meat processing plants to ensure that our products are safe for customers.

Each production and processing site constantly refines its measures to secure SQF certification.

* SQF certification is an international standard combining HACCP food management to ensure safety with elements of the ISO 9001 quality management system.



Nippon White Farm Co., Ltd. Shiretoko Factory

Asset 3

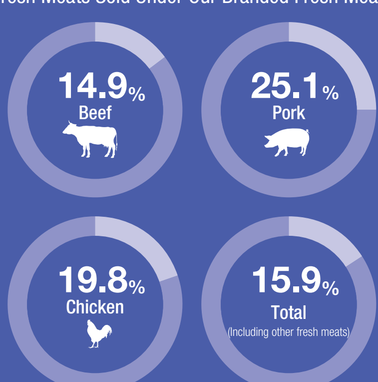
Developing High-Quality Branded Fresh Meats

Our branded fresh meats are the fruit of our integration system. This setup enables us to generate steady margins because we can minimize our vulnerability to foreign exchange market fluctuations by handling development and production at our own farms.

Consumers prize our *Sakurahime*® domestically produced chicken because it reflects our commitment to quality feedstuffs and production methods, texture, flavor, and rich vitamin E content. This brand now represents around 30% of Group chicken shipments. Consumer packs of this brand, a first for the Group, were only possible because our Fresh Meats Business is integrated.

Our integration efforts function well in other areas too, notably with products in the Processed Foods Business, a good example of which is our flagship *Utsukushi-no-Kuni*® gift brand, as it allows us to develop unique, high valued-added products.

Fresh Meats Sold Under Our Branded Fresh Meats



Source: Investigation by NH Foods Ltd.

Asset 4

Deploying Vertical Integration to Maintain a Business Model That is Impervious to Market Fluctuations

We have steadily deployed a vertical integration system in Japan and overseas. This system is a feature of our Australian cattle farming business, which we started in 1998, and the hog farming business that we launched in the United States in 1995. Having entered the Turkish chicken business in April 2015, we now have introduced a second integration system overseas. We will leverage integration in Japan and abroad to achieve optimal benefits.

The biggest benefit of having both procurement and sales capabilities in Japan and overseas is that we are less vulnerable to fluctuations in fresh meat markets. When prices are up, we generate profits from upstream operations even if sales downstream are lackluster. When struggling upstream because prices have dropped, we can secure profits by expanding volumes downstream on the strength of a leading share of the Japanese market. By balancing procurement of three major livestock species and maintaining domestic and overseas production, we can hedge against market fluctuation risks for these species.

Our integration system is vital for maintaining a business model that is impervious to market fluctuations.

Whyalla Feedlot

Upstream

Production, Breeding, Slaughtering, and Processing

Leveraging Procurement to Maintain Stable Supplies

A key benefit of directly managing farms and processing plants is that we can produce and procure safe, high-quality fresh meats. We have invested extensively in farms and plants in Japan and abroad, realizing a mechanism to ensure stable supplies of fresh meat to high-demand markets by reinforcing our procurement capabilities through our upstream integration system.

Japan

Pork Business

Shipping around **620,000** hogs annually
(of the 1,830,000 the Group slaughters every year)

Creating Branded Pork Through Specific Feed Blends and Breeding Improvements

Hog farming business Interfarm Co., Ltd. and slaughtering operation Nippon Food Packers, Inc. spearhead our pork business. Integrating these operations is pivotal to delivering safe, high-quality pork to customers.

In 1951, our predecessor built a slaughterhouse on its premises to secure fresh ingredients for its hams and sausages. We subsequently established Hokkai Meat (currently, Nippon Food Packer, Inc., Doto Plant), a slaughterhouse, in 1967, and Yakumo Farm (currently, Interfarm Co., Ltd., Donan Office), a hog farming operation, in 1977. As a result of efforts to produce safe, high-quality pork, we are now Japan's biggest hog farming entity.

Our farm production system starts with rearing mother hogs and extends to breeding, delivery, raising, and feeding. Computers control air-conditioning and animal inventory at piggeries. With our extensive disease prevention system, we manage hygiene strictly to ensure that our pork is safe. We humanely slaughter hogs and process them safely in our efforts to deliver fresh products to customers. We maintain such branded pork offerings as *Healthy Pork®* and *Shiretoko Pork*, which are the fruit of special feeds and breeding improvements.

We undertake initiatives to reflect our appreciation for the bounty of nature, ensuring that we waste nothing. We do our best to protect the environment, a particular need for the hog farming business, and harmonize with communities, notably through investments in facilities to dispose of or effectively use hog manure.

Japan

Chicken Business

Shipping about **66** million chickens annually

Providing Safe, High-Quality Chickens Through Disease Prevention and Rationalization Efforts

The Group's chicken farming business started with a joint investment in Nippon Broiler Co., Ltd., in 1968.

Today, the Nippon White Farm Group oversees our domestic chicken farming business. We handle everything from raising chicks to collecting and incubating eggs, feeding, slaughtering, and processing chickens. We maintain particularly strict disease prevention measures at production sites. We extensively clean and disinfect areas using the all-in/all-out method (placing and removing whole flocks in and from coops). We undertake initiatives to prevent pathogens from entering, growing within, or leaving sites.

It takes only around 70 minutes after delivering a chicken to the slaughterhouse for us to process and pack the meat. We produce fresh, high-quality offerings at very competitive prices through extensive efforts to rationalize and automate operations. We invest appropriately in plant and equipment to ensure that we can deliver safe, high-quality chicken to customers.

The Nippon White Farm Group also produces our *Sakurahime®* chicken. Very popular among our customers, this brand features pink meat, a whiter fat, and more vitamin E content. These attributes have resulted from our commitment to quality feed and production methods. Our supplies of quality, high value-added products enable us to maintain a business model that is not subject to market fluctuations.

Australia

Beef Business

Shipping about **140,000** head of Whyalla beef cattle annually
(of about **640,000** head slaughtered every year at three plants in Australia)

Australian Branded Beef Testament to Pursuit of High Quality: Grain-Fed and Raised in Less Stressful Environments

Darling Downs in Queensland is blessed with a warm climate and is one of Australia's richest grain belts. It is here that we maintain the 6,000-hectare Whyalla Feedlot.

This vast, stress-free facility feeds grain to a maximum of around 50,000 head of cattle at any one time, and ships around 140,000 animals per year (as of March 31, 2015). The branded Australian beef we sell in Japan, including *Whyalleaf* and *Omugi-Gyu*, is all grown at this feedlot.

As well as providing the right feed, we are very careful about the well-being of cattle, including in terms of the drinking water from aquifers as well as in using computer systems to track the histories and health of each animal. Through these efforts, we are able to maintain high quality.

Safe, High-Quality Beef Production Underpinned by Traceability and Health Management

We operate Oakey Beef Exports Pty. Ltd., a slaughterhouse and processing plant in Oakey, Queensland, about a two-hour drive from the Whyalla Feedlot.

This facility slaughters cattle from feed farms, processing them into carcasses or boxed beef for shipment. Outsiders are astonished to see how the facility can process so much meat so quickly and cleanly. The main strength of this highly mechanized plant is that it harnesses computer-controlled automation and operates at a processing speed that ensures our meatpacking offers outstanding safety and quality.

The Oakey facility is one of the most advanced processing plants in Australia, featuring a precision traceability management system in which each animal is tagged electronically and an exhaustive cleaning regime of seven to eight hours every day. Testing rooms within the facility manage everything from sanitary inspections of equipment and machinery to water quality and temperature to optimize safety.

Overview of Nipponham Group's Australian Business

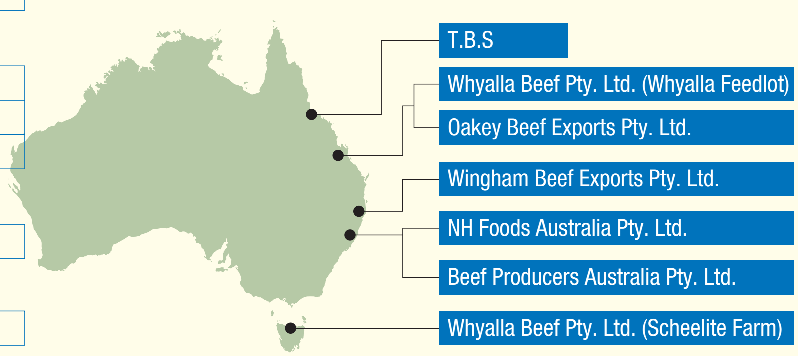
Breeding and feedlot
Whyalla Beef Pty. Ltd.

Processing
T.B.S
Oakey Beef Exports Pty. Ltd.
Wingham Beef Exports Pty. Ltd.

Imports
NH Foods Australia Pty. Ltd.

Nipponham Group

Delivering to over 30 countries and regions around the world



Downstream

Consignment, Distribution, and Sales

Using Sales Capabilities to Drive Business Model Reforms

Supply is only valuable when it services demand. We identify supply and demand conditions at each location around the world. This approach has helped us to overhaul our Australian beef business model by underpinning its sales capabilities with a global network. In Japan, we are further evolving our integration approach by leveraging our sales capabilities backed by our top share of the Japanese market.

Japan

Distribution Business

Maintaining Some of Japan’s Largest Refrigeration and Frozen Storage Facilities to Support Transactions within the Group

Distribution plays a vital role midstream in our integration system to ensure that we deliver high-quality fresh meats resulting from our upstream through downstream operations.

Nippon Logistics Center, Inc. maintains the nation’s largest refrigeration and frozen storage facilities in Kawasaki, Kanagawa Prefecture, to serve East Japan and in Nishinomiya, Hyogo Prefecture, for West Japan. These facilities operate 24/7 and also serve as bonded warehouses for imported goods. Nippon Logistics Center handles most of the Group’s fresh meats in Japan as the products move from upstream to downstream through our integration system. As well as serving the Group, the center also provides outsourced logistics for other companies.

Nippon Chilled Logistics, Inc. speedily delivers fresh meats from logistics centers to Nippon Food Group as it sells these products around Japan. We plan to construct distribution facilities to accelerate deliveries.

Nippon Logistics Center is capable of handling products from overseas

Japan

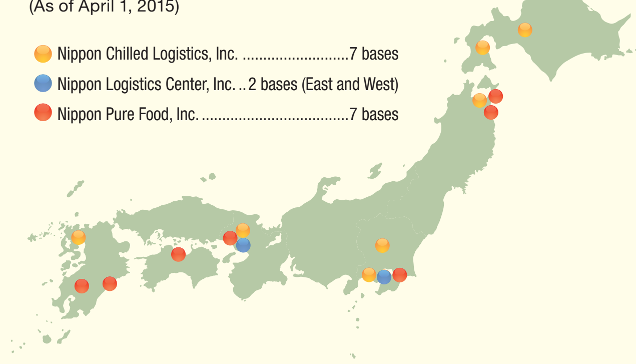
Sales Business

Sales Clout Driving No. 1 Domestic Market Share

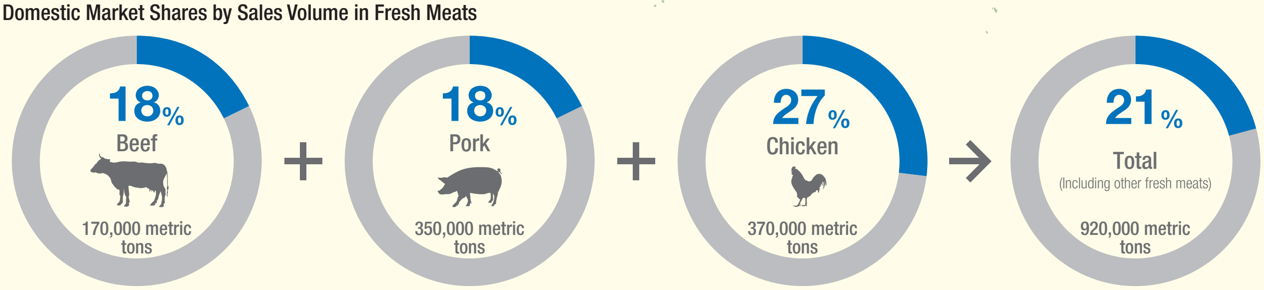
As well as production, sales are also important in our integration system. Each Nippon Food company is downstream in supporting our system with advanced sales capabilities. This setup has enabled us to attain top market shares in Japan for beef, pork, and chicken. Nippon Food companies serve every corner of Japan by exploiting their 116 sales bases. We will leverage these strengths to reinforce upstream supplies and further expand sales.

Sales Bases **116**

Logistic Companies, Logistics Centers, and Fresh Meats Processing Bases
(As of April 1, 2015)



Domestic Market Shares by Sales Volume in Fresh Meats



Source: Investigation by NH Foods Ltd.

Australia

Beef Business

Business Model Reforms in Australia

The Group initially positioned its Australian beef business as a procurement base for Japan. This made the business vulnerable to demand fluctuations in Japan, and making cuts for which there was less demand greatly affected profitability, as prices of such cuts were often low. We resolved this situation by diversifying the markets to which we sell our Australian beef. While demand might be low for some cuts in Japan, it might be high in another country. So, at our overseas sales bases we cultivated prospective marketing and sales channels outside Japan.

Our sales reforms in Australia were a milestone in efforts to boost profitability. Our Australian businesses incurred an operating loss of ¥1.4 billion in the year ended March 31, 2013. However, they posted operating income of ¥5.7 billion a year later and then ¥11.3 billion in the year under review. Another advantage is that we can now choose where to sell our Australian beef by assessing trends in fresh meat markets and exchange rates, thereby dispersing risks and building a business model that is minimally vulnerable to the business climate. Our business model reforms through flexible sales capabilities have greatly improved the performance of our Australian businesses, making them a driver of the Group's results.

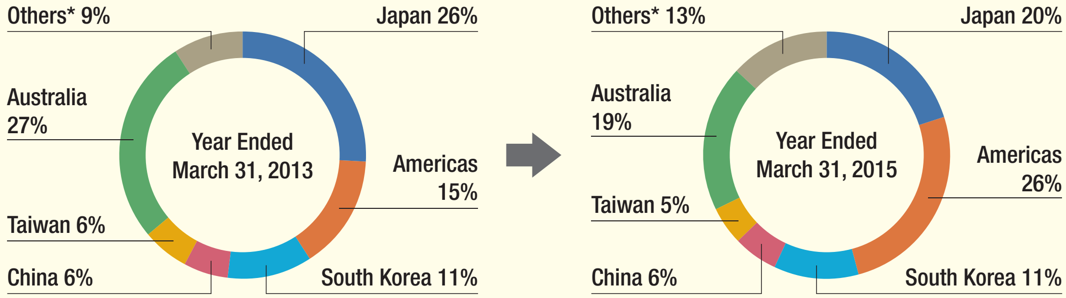
Also Enjoying Robust Sales within Australia

As of March 31, 2015, the Group accounted for 10% of Australian beef production, making it the third-largest player in that market. We sell 21% of our Australian beef in Australia, enjoying robust sales there. Of that amount, 70% goes to two major supermarket chains, an American retail chain, and a major wholesaler. The remaining 30% goes to butcher shops, hotels, and restaurants.

Exporting Branded Beef to More Than 30 Countries and Regions

As evident in two big brands for the Japanese market—*Barley Beef* and *Whyalleaf*—the key feature of Australian beef is that it is grain fed and offers high added value. Our marketing activities overseas have made the great taste of Australian brands well known throughout North America, Europe, and Asia, helping us to export Australian beef to more than 30 countries and regions.

Sales of Australian Business



* Others include the EU, Indonesia, and the Middle East

Development and Proposals

Developing and Proposing Competitive Products

We will set about delivering high value-added products and services from the perspectives of retailers and customers rather than us as a manufacturer. We made our integration system flexible for that reason, encompassing everything from development and production to sales and marketing.

Developing Branded Fresh Meats

We can only expand sales by proposing merchandise that generates sales and earnings for supermarkets, butcher shops, and other retailers. These retailers demand merchandise that they can sell even if it is expensive. Our branded fresh meats are not only delicious but also safe, catering to the discerning tastes of consumers.

Nipponham Group's integration system makes it possible to develop branded fresh meats that deliver high added value. Our numerous brands include the domestically produced *Healthy Pork®* and *Shiretoko Pork*, our *Whyalleaf* and *Barley Beef* Australian beef, and *Sukoyaka Sangenton pork* from the Americas.

Using Food Advisors

No matter how attractive the merchandise, it cannot sell if consumers do not understand its value. It is therefore helpful to propose creating sales areas that generate interest in merchandise and use food advisors who can suggest cooking methods and provide information on new products. Nipponham Group proposes using food advisors to enhance sales floor effectiveness and expand sales of branded fresh meats.

A food adviser proposing an attractive sales area

Initiatives to Convey the Value of Branded Fresh Meats

We use our consumer packaging to build consumer understanding of the value of our branded fresh meats. *Sakurahime®* domestic chicken brand offerings are vacuum packed where the chicken is produced and delivered direct to the table. We maintain a website naming stores that handle this range.

The website also includes product descriptions, recipes, reports from consumers, and other information as part of marketing efforts to generate repeat purchasing for the *Sakurahime®* brand. We conduct similar initiatives for our *Utsukushi-no-Kuni®* gift product, which uses pork from our domestic farms. On our special website for *Utsukushi-no-Kuni*,® only displayed during the summer and winter gift-giving seasons, we highlight the melt-in-the-mouth flavor of this pork, present what we do at our farms, and introduce how to cook this product so delicious.

Sakurahime® consumer packaging

Utsukushi-no-Kuni® gift product

Conclusion

Providing Safer Products and Ensuring More Stable Supplies

We will refine, reinforce, and expand our vertical integration system to ensure safer and more stable supplies of products as the world leader in delivering the "Joy of Eating."

Reinforcing Domestic Integration

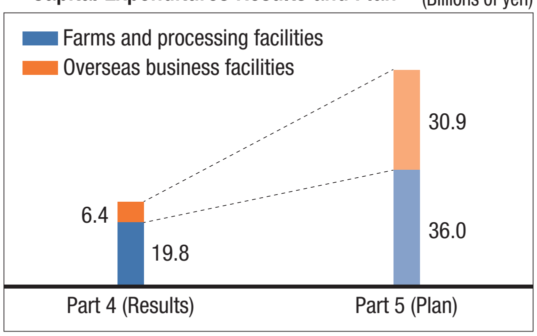
We aim to reinforce our domestic integration system under New Medium-Term Management Plan Part 5. Upstream, we will address such changes in the operating climate as fluctuations in fresh meats demand and supply trends in markets, as well as high raw material and fuel prices. We will ensure stable supplies and profitability by investing extensively in Nippon Food Packer Tsugaru, Inc. and other farming operations and slaughterhouses while bolstering our procurement and processing capabilities. We thereby aim to spread out our production bases to avoid risks from natural disasters and diseases.

We will expand supplies of such high value-added branded fresh meats as *Sakurahime*® fresh chicken, the result of development and production efforts at our own farms. At the same time, we will strengthen our marketing and sales structure to build customer support and repeat buying. We will leverage our integration system to step up development of high value-added hams and sausages and deli items and undertake proactive measures to increase synergies with our branded fresh meats.

The Group will endeavor to expand its business scale by bolstering its procurement capabilities and its production and sales structures to tackle such changes in the business climate.

Capital Expenditures Results and Plan

(Billions of yen)



Strengthening Overseas Integration

We seek to accelerate to become a global company under Part 5. We will make our overseas operations a new growth driver by globalizing our integration system and expanding the areas that we enter. On the production front, we will make heavy capital investments in Ege-Tav in Turkey and position its chicken business so that we can build a global chicken supply system.

Our Australian beef business exports to more than 30 countries and regions, and should grow even more as it handles more livestock. We will increase processing capacity by investing solidly in slaughterhouses and refrigeration facilities. We will also increase our procurement of cattle to raise at our own farms in efforts to expand our branded beef business. We will stabilize earnings and provide high value-added products by reinforcing our integration system in terms of numerical increases and brand business expansion.

Summary

The Strengths of a Business Model Created Through Our Integration System

1. We can pursue safety and security in-house

We can handle all processes within the Group, from production through to slaughter, processing, distribution, and marketing, thereby ensuring stringent quality control and safety management.

2. We can shield ourselves from fresh meat market trends

We can avoid the impact of market fluctuations by selling in countries where demand and market prices are high when demand and market prices are low in Japan.

3. Lower sales exposure to foreign exchange fluctuations

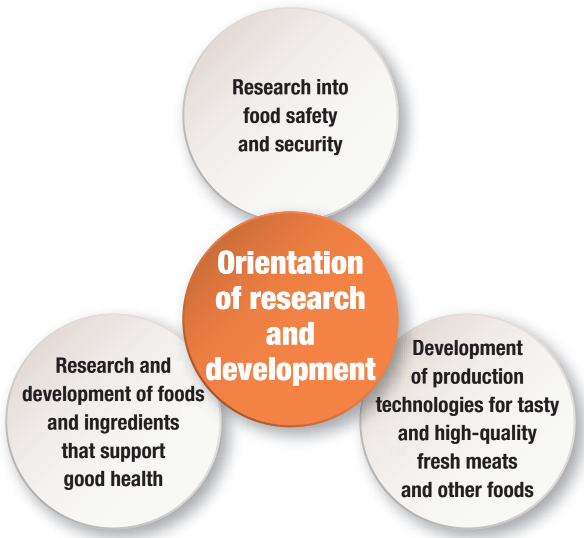
We can avoid the impact of yen depreciation or other fluctuations in foreign exchange markets by selling offerings in the countries where they are produced or by exporting them.

4. We can avoid procurement risks

We can stabilize supplies by spreading out our farms in Japan and abroad to avoid risks from natural disasters and diseases.

We are committed to exploring new areas and pursuing basic research.

The Research and Development Center (RDC), as the core research facility of the Group, explores new areas while pursuing basic research that looks ahead one or two decades.



Three Directions for Pursuit of Research and Development in New Areas

At the RDC, in the pursuit of research into food safety and security, we have acquired ISO/IEC 17025, an international certification for inspection and analysis, and we strive to enhance product quality by carrying out thorough inspection and precision management of the Group's products and raw materials. In collaboration with the Quality Assurance Department, we are training personnel with advanced inspection and analysis skills, as well as handling contract inspections for external organizations, among other endeavors.

With regard to research and development of foods and ingredients that support good health, we make effective use of not only the edible parts of livestock, but also the parts that are largely inedible (including chicken legs, hides, and placenta), to develop health food ingredients such as collagen and placenta extracts, which are raw materials for health foods and cosmetics, and to study scientific functionality. Additionally, medical use collagen harnesses nerve extension features and is used for regenerative medicine.

As for the development of production technologies for tasty and high-quality fresh meats and other foods, we aim to boost the competitiveness of the fresh meats business by developing technology to increase productivity of livestock. For example, we are working toward healthy livestock farming that makes minimal use of drugs, through selection of disease-resistant strains of pigs to develop disease-resistant breeds, and blood testing of farm sows. Furthermore, by quantifying items evaluated in the analysis of good taste, such as flavor, texture, aroma, and appearance, we are helping improve product value by scientifically guaranteeing the good taste of brand meat.

Fostering the Seeds of Business from a Medium- to Long-Term Perspective

Fostering the seeds of new businesses based on results obtained through wide-ranging research is also an important part of the RDC's work. Research on pet food and research on allergy-safe food products have each developed into independent businesses.

Also, with regard to effective utilization of livestock by-products, an area in which we have pursued basic research for 30 years, we sell ingredients developed for use in health foods and cosmetics. This business is distinguished by the ability to offer safe and functional ingredients backed up by our own farms and outstanding inspection technology, which also highlights the strengths of integration by the Group.

Medical use collagen

Medical use collagen, for which pig skin is a raw material, leverages nerve extension function and is used as a basic material in regenerative medicine.

Developing Functional Food Ingredients That Value the Bounty of Nature

At the Group, we cultivate the bounty of nature with our own hands. As such, we have been engaged for many years in research aimed at effectively utilizing the Group's plentiful livestock products, and have developed a variety of functional food ingredients that support health. Among these, we have been conducting research for over 15 years on imidazole dipeptide, which is found abundantly in chicken breast meat, and we have determined that it is effective in alleviating fatigue and improving endurance and athletic ability.

In addition, recognizing their effectiveness, we develop and market collagen and placenta extracts, which are useful in beauty products, elastin peptides, and vegetable lactobacilli with anti-allergy effects. These ingredients are used as safe and traceable raw materials not only by the Group but also by many food companies and health food companies in a wide range of processed foods and health foods, among others.

Future Initiatives

Most food manufacturers' research centers on product development. The Group is one of the few food manufacturers to maintain basic research facilities. We believe that such research is essential when developing products, particularly in terms of studying livestock health to provide safe, fresh, and high-quality meat as well as other products, and exploring how fresh meat can benefit human health. We will continue to contribute to realizing the Group's brand statement, "The Brilliance of People for the Future of Food."

Various functional ingredients developed at the RDC

Delivering Quality Food That is Safe and Tasty

The Group promotes a unique quality assurance framework based on its Five Quality Policies to deliver safe and high-quality food. We also constantly enhance quality assurance standards through external certifications and third-party evaluations.

Transparent Food Production

The Group pursues transparent food production by delivering safe, quality food and providing as much information as customers need. We therefore deployed a quality assurance framework based on our Five Quality Policies.

Quality Assurance Framework to Ensure Safety

To ensure food safety and security, we are linking safety assessments, quality audits, and safety inspections with human-resource development, an integral component that underpins the Group's quality assurance framework.

Note: As of March 31, 2015, the Group employed 1,030 safety assurance officers (819 in Japan and 211 overseas).

Third-Party Assessments

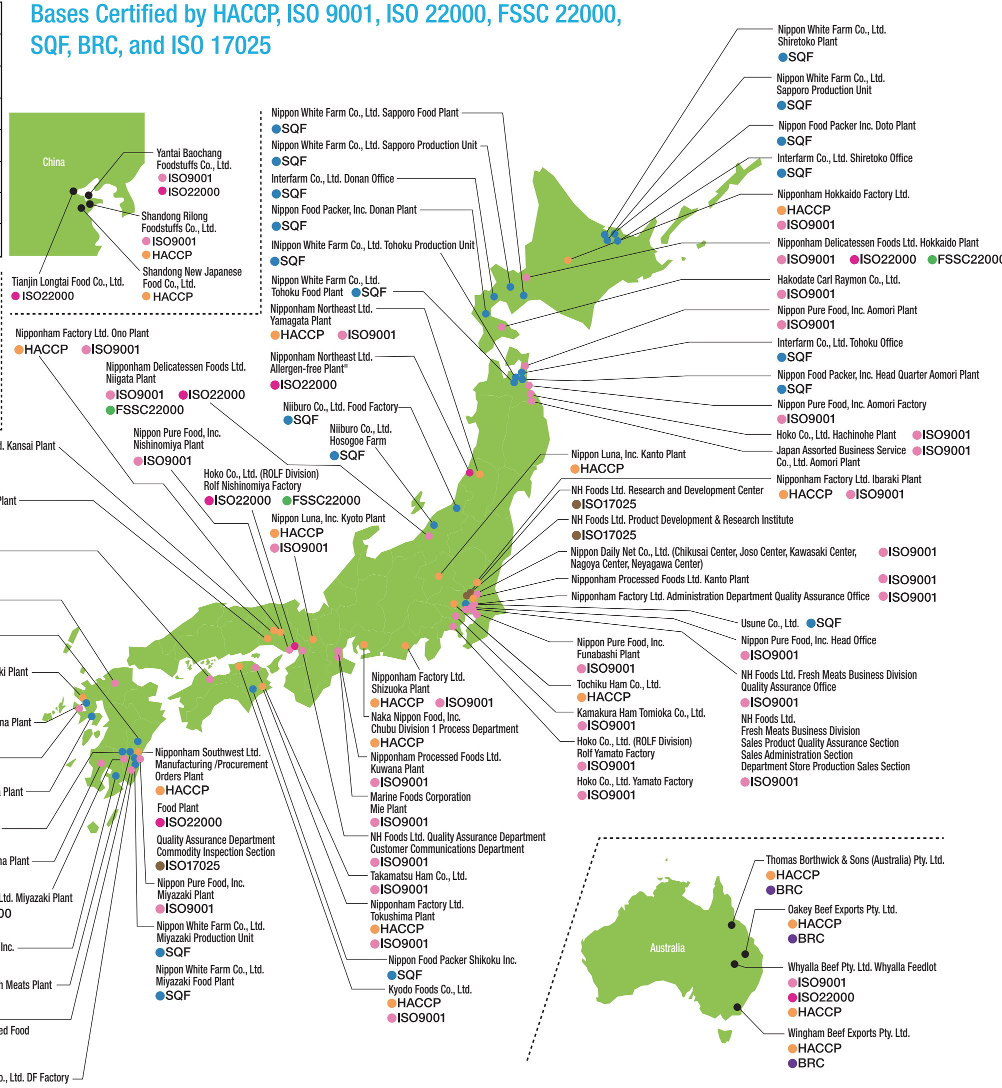
The Group ensures safety and security by constantly enhancing its quality assurance standards through external certifications and third-party evaluations.

Certified Bases within Nipponham Group

HACCP	28
ISO9001	56
ISO22000	10
FSSC22000	4
SQF	25
BRC	4
ISO17025	4
Total	131

Bases Certified by HACCP, ISO 9001, ISO 22000, FSSC 22000, SQF, BRC, and ISO 17025

- HACCP
- ISO9001
- ISO22000
- FSSC22000
- SQF
- BRC
- ISO17025



USA
Day-Lee Foods, Inc.
SQF
HACCP
Redondo's, LLC
HACCP

Mexico
NH Foods Mexicana S.A.DE C.V.
HACCP

Thailand
Thai Nippon Foods Co., Ltd.
HACCP
BRC
ISO17025

Thai Nippon Vegetable Co., Ltd.
HACCP
ISO9001

Vietnam
NH Foods Vietnam Joint Stock Company
HACCP

HACCP
The Hazard Analysis and Critical Control Point method for food products. Controls not only final products but also the entire production process in order to prevent sanitation hazards arising in the manufacturing stage.

ISO 9001
An international standard for quality management systems established in 1987 by the International Organization for Standardization (ISO).

ISO 22000
Aimed at the production, distribution, and sale of safe food products, ISO 22000 is an international standard for food safety management systems that specifies the requirements needed to operate on the basis of the HACCP method and ISO 9001.

FSSC 22000
One of the food safety management systems, FSSC 22000 is an international standard integrating ISO/TS 22002-1 (prerequisites for food safety) with ISO 22000 (food safety management systems).

SQF
An international management system that inspects and monitors control methods to ensure the safety and quality of food.

BRC
A food safety standard formulated by the British Retail Consortium, the BRC, in addition to being a food safety standard, includes requirements related to quality and legal compliance and is the most widely used of the GFSI-recognized standards, primarily in European countries and the United States.

ISO 17025
An international standard that specifies general requirements for the competence of laboratories or calibration facilities seeking to receive certification for the performance of tests and/or calibrations.

As of March 31, 2015

Approaches to Ensuring Product Quality

Safety Assessments

We deliver safe products to customers by assessing the safety of ingredients and by reviewing the compliance of labeling and specifications with statutory requirements and by maintaining product labels and records.

Safety Assessment Flow

Obtaining and closely examining information on ingredients

Detailed examination of production information

First check → Second check → Third check

Launch products and issue product records

To customers

To business partners

Assessment Details

1. Confirm specifications and safety of ingredients

Labeling items					
Ingredients labeling	Genetic modification	Prevent misrepresentations of quality	Nutrients	Places of origin	Measurement labeling

2. Confirm product safety, quality, laws, and other elements

Quality and safety items					
Allergens	Microbial control	Establishing best-before date	Food preparation methods	FT-CCP	Traceability

Quality Audits

To ensure that our products offer solid quality, we confirm that the manufacturing environments of and quality assurance systems for ingredients and products function properly, both in Japan and overseas.

Flow of Quality Audits

We repeatedly audit quality at our domestic and overseas plants and suppliers.

Ingredients

Production site audits

Our safety checks start with food origins, including farms and aqua-culture ponds.

Processed products

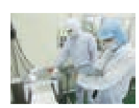
Manufacturing plant audits

We confirm quality and safety management at meat and processing plants and other facilities.

Audit Details

Confirmation items

- Voluntary quality rules
- Items reflecting social conditions
- Current laws and information in Japan and abroad
- Customer feedback and suggestions
- Audit items reflecting international standards and other contemporary factors

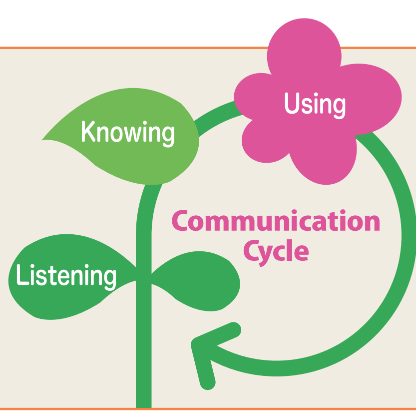


Examples of auditing items

- Food safety management and responsibility of management
- Product development and design
- Internal auditing and corrective action
- Supplier performance
- Traceability
- Food defense
- Facility and equipment requirements and hygiene control
- Storage, delivery, and distribution management

Results Verification and Improvement

We guarantee consistently reliable quality for customers by verifying the results of quality audits and constantly improving the production environment.



Listening

We heed customer feedback and endeavor to identify the intentions, expectations, and levels of satisfaction of customers. We create databases from this information for analysis and communication. Group units then share this information for developing and improving products, services, sales proposals, and other related activities.

- Through phone calls, e-mail, and other means
- Through monitoring participation
- At stores or events
- Through surveys

Safety Inspections

We implement safety inspections in line with Group quality assurance regulations for all of our ingredients and products to ensure safe products.

Global Inspection Structure

We confirm the safety of imported ingredients and processed products.

Ingredients

In addition to local check and audit, we inspect ingredients in Japan after importing them.

1. Microorganism testing
2. Pesticide residue and veterinary drug testing

Processed products

We inspect ingredients before manufacturing and products before importing them.

1. Microorganism testing
2. Pesticide residue and veterinary drug testing
3. Food additives
4. Allergens

Managing the Precision of Group Plant Inspectors

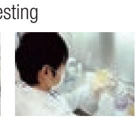
We ensure the accuracy of daily inspections at all Group plants by annually testing the skills of all plant inspectors, checking their accuracy, and providing guidance.

Safety Inspections

We conduct safety inspections of ingredients and products in line with Group quality assurance regulations.

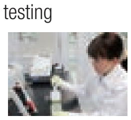
Ingredients

- Residue testing
- Microorganism testing
- Radiological testing



Products

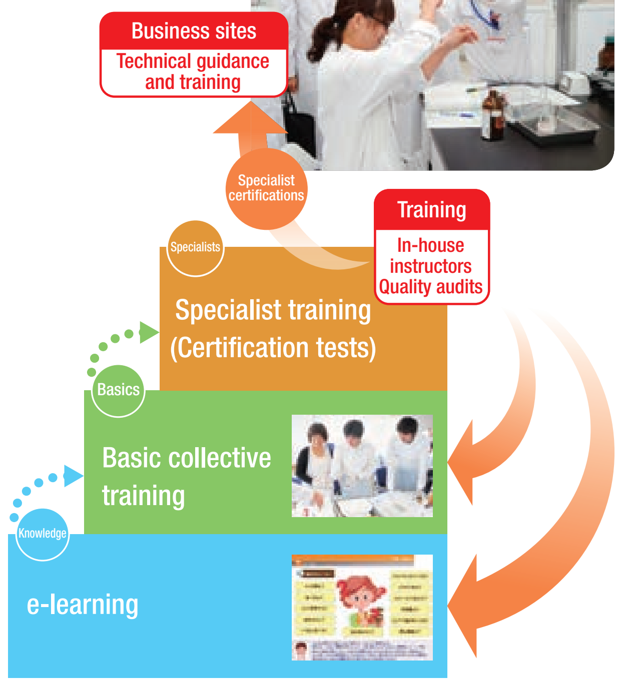
- Nutrient testing
- Food allergen testing
- Microorganism testing



Human-Resource Development

We ensure that we manufacture consistently reliable products by maintaining a Group human-resource development system that enhances quality assurance techniques.

Human-Resource Development to Improve Quality Assurance Techniques



Specialist Training and Certification Tests

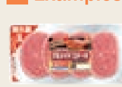
We provide specialist training in the latest techniques to selected personnel at all Group companies. We certify individuals passing internal tests as specialists who undergo reviews by third parties or personnel with similar qualifications.

Knowing

We conduct customer feedback sessions in morning assemblies and training sessions at headquarters, branch offices, and Group companies, including manufacturing plants. We hold weekly meetings based on customer feedback with members of the Product, Quality Assurance, and Customer Service departments. Participants exchange their views and discuss ways to improve products and services. Participants who field calls from customers ensure that they themselves cook and try our products in order to fully appreciate the customer's perspective.

Using

Examples of improved products



Arabiki Gourmet Steak

The back of the packaging includes the recipe for a popular sauce.

Restaurant Grade Curry

We improved package labeling so that it is easier to understand.

Delivering the "Joy of Eating" to People Everywhere

Food Education Initiatives

Promoting Social Contribution Activities Only Made Possible by the Food Business

The Group started out by breeding cattle, hogs, chickens, and other animals. As a food business, we thus consider it our responsibility to express our gratitude for the bounty of nature.

We endeavor in our food education activities to teach about the importance of enjoying food as well as eating properly and respecting food.

Livestock Farming Tour

Group companies Nippon White Farm Co., Ltd. and Higashi Nippon Food, Inc. jointly conducted a facilities tour for elementary school children living near a Group plant in Sapporo, Hokkaido Prefecture. They learned about the process starting with the birth of chicks through to the delivery of safe, tasty food to the table, with an opportunity to watch how chickens are delivered to the manufacturing line for disassembly and packing. After lunching on Nippon Ham brand *Sakurahime*® chicken, the children provided a lot of feed-back, one thought being that they should feel thankful for the food they receive.

Wiener Sausage Making

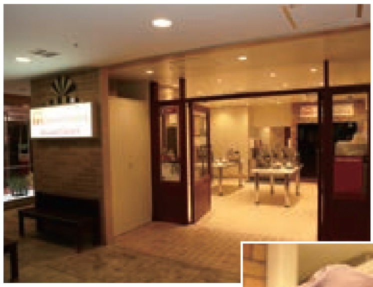
The Ibaraki and Nagasaki factories of Nipponham Factory Ltd. conduct wiener sausage making workshops, where customers can create wieners in whatever flavor or shape they like. Plant representatives visit elementary and middle schools to share the history and manufacturing processes of hams and sausages.

Filling sheep casings with fresh pork mince

Children enjoying their wiener sausages

KidZania

We opened a "Sausage Workshop" pavilion at KidZania Koshien, an occupational and social experience facility for children. Participants function as master sausage makers, learning about our dedication to taste and the importance of hygiene control.



KidZania Koshien

Children enjoying making sausages at KidZania Koshien

We modified our machine for smaller hands so that children can make pork sausages in sheep casings

Food Allergy Initiatives

Comprehensive Approach to Allergy-Free Foods, Testing Technologies, and Communications

We want to share the Joy of Eating with all family members, whether they have food allergies or not. We accordingly develop, manufacture, and sell allergen-free products. We make extensive efforts in our allergen testing technology, from R&D to communications.

Minna-no-Shokutaku® Allergy-Free Range

We produce the *Minna-no-Shokutaku*® range in an exclusive plant that is free of the seven raw materials—eggs, milk, flour, buckwheat, peanuts, prawns, and crabs—specified as food allergens by the Food Sanitation Act. *Minna-no-Shokutaku*® enables children with food allergies to enjoy tasty ham and sausages.

Loin ham

Hamburgers

Coarse-ground wieners


Okome-de-Tsukutta Maarui Pan
(Round buns made of rice flour)

Developing Testing Technologies

We developed testing kits to confirm that foods are free of specific raw materials (allergens). Many food manufacturers and public agencies use our kits.


FASTKIT® ELISA Ver. III


FASTKIT Slim® series

Communication

We provide user-friendly information about our food allergy initiatives and findings from daily research.

Allergen-Free Recipes

Published books of allergen-free recipes

Food Allergy Net

http://www.food-allergy.jp/

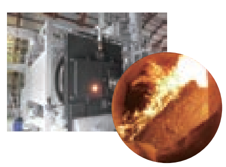
We Are Engaged in a Range of Initiatives Aimed at Realizing a Sustainable Society

Initiatives to Reduce Greenhouse Gas Emissions

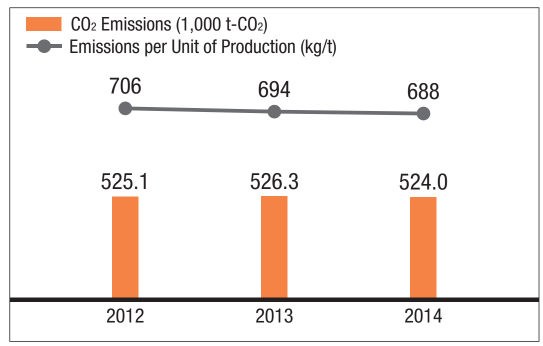
Since fiscal 2007, we have been using city gas and liquefied natural gas in lieu of heavy oil and liquid petroleum gas to fuel our plants. We have also begun using chicken manure as boiler fuel as part of an initiative to harness biomass resources. In addition, at Nippon Logistics Center, Inc., we introduced solar-power generation facilities, which generated approximately 2,000,000kWh of power in fiscal 2014.

Initiatives to Reduce Waste and Improve Recycling Rates

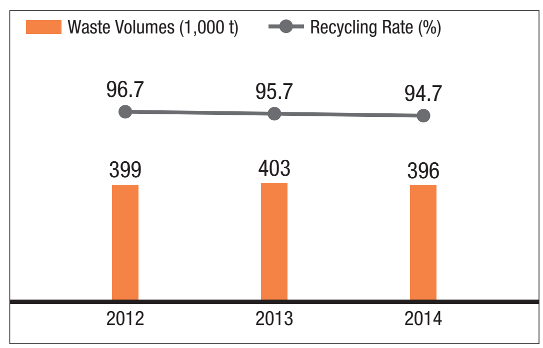
The excrement from farm animals accounts for approximately 46% of the Group's waste. Because this excrement includes phosphorus, potassium and other beneficial components, we transform it into fertilizer and use it at the Group's farms and in applications outside the Company.



CO_2 Emissions and Emissions per Unit of Production



Waste Generation and Recycling Rates



Compliance with Environmental Laws and Regulations

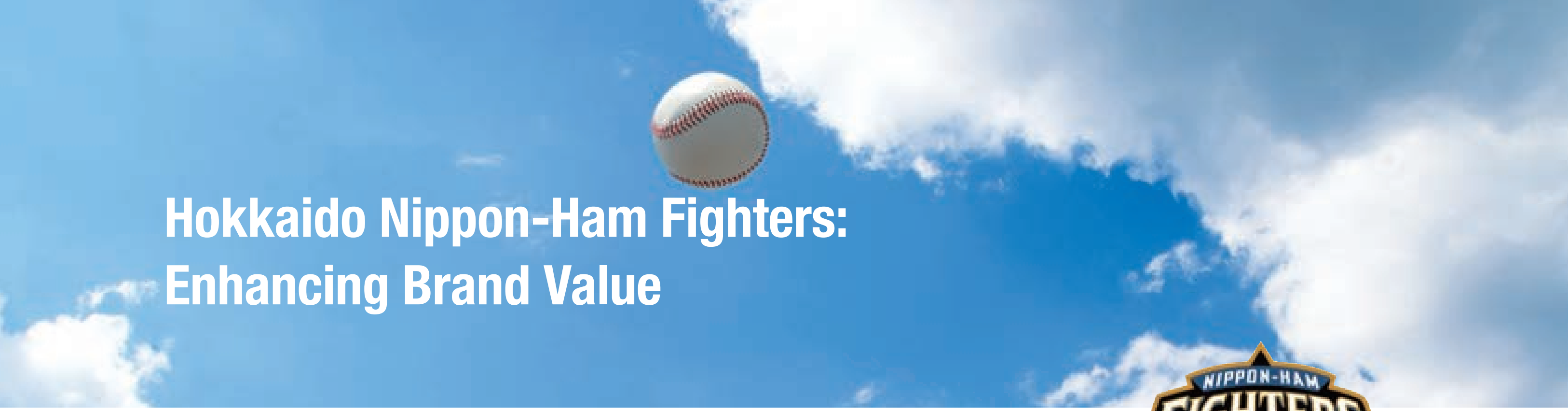
The Group has established an environmental management system based on its Environmental Policies and management procedures. We carry out environmental audits as a means of periodically checking progress in environmental management. In fiscal 2014, we carried out such audits at 150 locations, chiefly farming and production. Please note that in fiscal 2014, no major events causing significant damage to the environment occurred at our facilities.

Achievement Status of Environmental Targets for New Medium-Term Management Plan Part 4 and Environmental Targets for Part 5

Results under New Medium-Term Management Plan Part 4		
Themes	Targets	Results for fiscal 2014
Reduce CO_2 emissions	12.5% reduction per unit of production from the average between fiscal 2005 and fiscal 2010 (target emissions intensity: 714.1kg-CO_2/t)	15.7% reduction
Reduce waste generation	3% overall reduction from the average between fiscal 2006 and fiscal 2011 (target waste volumes: 357,506t/year)	7.3% increase
Improve waste recycling rate	More than 99%	94.6%
Improve food recycling rate	More than 93% (excluding farms)	93.9%
Cut water consumption	6% reduction per unit of production from the average between fiscal 2005 and fiscal 2010 (target emissions per unit of production: 16.8m³/t)	0.6% reduction
Boost green purchasing rate	More than 90%	82.4%
Enhance vehicle fuel efficiency	3% improvement from fiscal 2010	7.3% increase

Targets for New Medium-Term Management Plan Part 5			
Initiatives		Targets (Average between fiscal 2015 and fiscal 2017)	Standards (Average between fiscal 2005 and fiscal 2010)
Prevention of global warming	CO_2 emissions per unit of production	18.5% reduction (665.2kg-CO_2/t)	816.2kg-CO_2/t
	Heat value per unit of production	16.0% reduction (11.4GJ/t)	13.6GJ/t
Initiatives to save resources	Water consumption per unit of production	4.0% reduction (17.2m³/t)	17.9m³/t
	Waste generation per unit of production	6.0% reduction (231.1kg/t)*	245.8kg/t
Promotion of resource recovery	Waste recycling rate	More than 98.0%	95.8%

* Excluding farms



Hokkaido Nippon-Ham Fighters: Enhancing Brand Value

The Group has owned the Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd. since 1973. The team's raison d'être is evolving from enhancing recognition of the Group's name to helping the Group fulfill its responsibility as a corporate citizen, and its presence continues to contribute to the enhancement of brand value.

Reaching Out to the Community

Since the milestone year of 2013, which marked one decade since the Hokkaido Nippon-Ham Fighters relocated its headquarters to Hokkaido, we have been developing various plans as part of our 10th Season Project. One of these activities is the "Ambassadors to the 179 Municipalities of Hokkaido" project.

In this project, every year we choose 18 municipalities across Hokkaido and appoint several Fighters team members to each municipality as ambassadors. This grand project will span 10 years, during which we will promote specialty products, among others, of these municipalities, mainly in the PR section of the "FIGHTERS PRESS" pamphlets distributed at Fighters games.

In addition, the "10th Season Caravan," which also began as one of our 10th Season Projects, was renewed in 2014 as the **"Hokkaido Smile Caravan—Your Town and Hokkaido Nippon-Ham Fighters."** So far, we have visited a total of 16 municipalities, to enable people of the island to share the team's dreams and passions, and to make their towns vibrant with smiles. This year, too, we will be visiting five municipalities in Hokkaido from June to September, bringing a lot of exciting activities, including fun events as well as food and drink stands where visitors can try local specialties. Aside from staging events, we will also stop in at schools and welfare facilities all over the island, to put smiles on everyone's faces.

2015 Team Slogan "EZOlution"

As members of the Hokkaido community, the Hokkaido Nippon-Ham Fighters are supported by the people of Hokkaido as the team grows together with the people and identifies with the region. This is seen in the high attendance at their games in Hokkaido.

For the 2015 season, we have coined the team slogan "EZOlution," combining the old Japanese word for Hokkaido, "Ezo," with the English words "revolution" and "evolution." The team made steady progress last season, and it will keep on advancing further without slowing down this season. The team slogan represents its strong resolution to usher in a new era in baseball, starting the revolution here in Hokkaido. With their new "EZOlution" slogan, the Hokkaido Nippon-Ham Fighters will set their sights on the pennant.

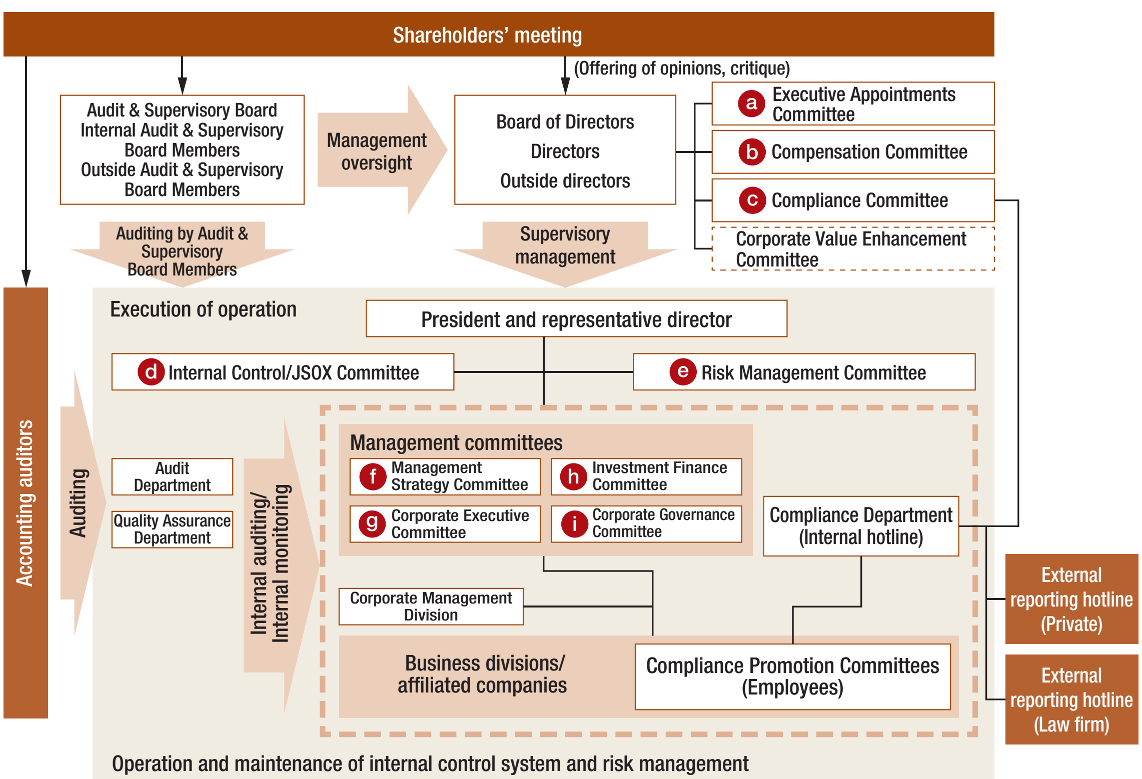
Seeking to Increase Management Transparency and Efficiency and Raise Corporate Value

Basic Policy on Corporate Governance

The Group's basic approach to corporate governance is to conduct thorough compliance management and enhance corporate governance with the goal of raising corporate value. Our basic policy is to clarify responsibility and authority for monitoring by directors and business implementation by executive officers, increase overall management transparency and efficiency, and remain accountable to customers, shareholders, business partners, employees, and other stakeholders.

Efforts to Strengthen Corporate Governance

April 2003	Established Investment & Finance Committee
April 2003	Established Compensation Committee
April 2004	Established Corporate Governance Committee
May 2006	Established Corporate Value Evaluation Committee
April 2007	Established Risk Management Committee
April 2008	Established JSOX Committee
April 2009	Renamed JSOX Committee the Internal Control/JSOX Committee
April 2011	Established Executive Appointments Committee



■ Profiles of Key Committees

	Objectives	Members (Definition)	When convened
a Executive Appointments Committee	To reinforce management monitoring and improve transparency, the committee reviews the president's directorship nominees (excluding executive officers) and submits reports of its reviews to the Board of Directors.	Chaired by an outside (independent) director appointed by the president, and members are directors appointed by the committee chairperson.	In principle, meets once annually and otherwise as needed.
b Compensation Committee	Constructs systems for director evaluations and compensation, such as a fair evaluation system of directors' business achievements (including those of executive officers) to enhance management transparency, and ensures appropriate management of these systems.	Chaired by an independent (outside) director appointed by the president, and members are appointed by the committee chairperson from among directors, executive officers, and heads of departments or offices.	Convenes as needed.
c Compliance Committee	To accomplish the Group's goal of becoming the most trustworthy corporate group in Japan, the committee comprehensively reviews Groupwide compliance and makes proposals to the Board of Directors and Management Strategy Committee.	Members are directors appointed by the president, executive officers, full-time advisors, the Compliance Department manager, union representatives, and a compliance leader representative.	Meets quarterly and otherwise as needed.
d Internal Control/JSOX Committee	Discusses and decides on substantive matters concerning internal control evaluations and reports within the Group.	In addition to a committee chairperson appointed by the president and those appointed by the committee chairperson from among directors, corporate auditors, and executive officers, members are appointed by the committee chairperson, including from among heads of the Accounting & Finance Department, Human Resources Department, Compliance Department, General Affairs Department, Corporate Planning Department, IT Strategy Department, Legal Affairs Department, Audit Department, Overseas Business Strategy Department, and executives in each business division.	In principle, meets at least twice annually and otherwise as needed.
e Risk Management Committee	Contributes to Group management by discussing issues and measures relating to Group risk management (risk prevention and emergency responses in management crises).	In addition to a committee chairperson appointed by the president and vice committee chairpersons who are a manager of the Quality Assurance Department and a manager of the Compliance Department, members are appointed by the committee chairperson from among directors, heads of directly managed departments, the Corporate Management Division, headquarters' administrative departments, and executives in each business division.	In principle, meets quarterly. The Compliance Department manager or others can convene extraordinary gatherings or meetings with expert panels as needed.
f Management Strategy Committee	Discusses and decides on substantive matters concerning management and streamlining business operations by liaising and coordinating among consolidated Group companies.	The members are executive officers appointed by directors (excluding outside directors) and the president.	Meets twice a month and otherwise as needed.
g Corporate Executive Committee	Informs divisional executive officers of decisions from Board of Directors' meetings, Management Strategy Committee, and other occasions, and shares information among these officers.	Members are all executive officers, directors appointed by the president and director, the president and director, and chairman and director.	Meets quarterly and otherwise as needed.
h Investment & Finance Committee	Conducts preliminary reviews or makes decisions on management policies relating to significant investment and finance matters and helps streamline business operations among consolidated Group companies.	Members are directors appointed by the president, heads of directly managed departments, the Corporate Management Division, and headquarters' administrative departments.	Meets twice a month and otherwise as needed.
i Corporate Governance Committee	Conducts preliminary reviews and reaches a consensus on matters to be brought up for discussion by the Board of Directors and Management Strategy Committee, dealing with substantive matters concerning policies, organizations, and systems among consolidated Group companies. Also reinforces corporate governance by liaising between consolidated Group companies, and preparing drafts and alternative proposals.	Members are directors appointed by the president, heads of directly managed departments, the Corporate Management Division, headquarters' administrative departments, and general managers of each business division.	Meets twice a month and otherwise as needed.

Basic Structure

Management Framework

We limited the Board of Directors to less than 12 members to ensure prompt decision making and minimize the scope of liability of that body, which is responsible for monitoring management. Thus, headquarters' departments and committees, which support the Board of Directors, have been enhanced.

A director's term is one year for the purpose of facilitating annual accountability.

The Board of Directors convened 19 times during the fiscal year ended March 31, 2015.

Roles of Outside Directors

In principle, we appoint more than one outside director to ensure transparency of the Board of Directors. Outside directors attend regular and special meetings of the Board of Directors, providing objective opinions and advice.

Toshiko Katayama

Reasons for Appointment

We consider Ms. Katayama suitable as an outside director because she has outstanding experience and knowledge about consumer issues, having dealt with them for many years as an attorney. As an entity whose core business is to produce and market foods, we recognize that engaging in consumer-oriented management is vital to our business progress, and we believe that Ms. Katayama will accordingly be of great benefit to shareholders.

Iwao Taka

Reasons for Appointment

Mr. Taka has researched corporate ethics and corporate social responsibility for many years, and has broad perspectives about international economics. We believe that these qualities have made Mr. Taka a suitable outside director. Mr. Taka chaired the Group Corporate Ethics Committee from 2002 to 2004. He was thereafter a member of our Corporate Value Evaluation Committee (currently Corporate Value Enhancement Committee), helping to set up our compliance management system and enhance corporate value. As an entity whose core business is to produce and market foods, we recognize that engaging in consumer-oriented management is vital to our business progress, and we believe that Mr. Taka will accordingly be of great benefit to shareholders.

Notes: 1. There are no special interests between Ms. Katayama and Mr. Taka and the Company.
2. We appointed Ms. Katayama and Mr. Taka as outside directors on the basis that they are independent officers, without interests conflicting with shareholders, as set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

Attendance of Outside Directors at Board of Directors' Meetings in the Year Ended March 31, 2015

Toshiko Katayama	Attended 19 of the 19 Board of Directors' meetings
Iwao Taka	Attended 19 of the 19 Board of Directors' meetings

Roles of Auditing

We established a monitoring framework comprising Audit & Supervisory Board Members and the Audit & Supervisory Board. In principle, the number of Audit & Supervisory Board Members is five, of whom at least three are outside, to ensure proper monitoring.

Akira Otsuka

Reasons for Appointment Mr. Otsuka has a broad and deep knowledge of the law from his long career as an attorney. We believe that Mr. Otsuka's timely advice to management from various perspectives will contribute to the soundness of our management, thereby greatly benefiting shareholders.

Atsushi Iwasaki (newly appointed)

Reasons for Appointment We consider Mr. Iwasaki suitable as an outside Audit & Supervisory Board Member, as he has extensive knowledge about corporate finance and accounting through his years of service as a certified public accountant. We believe that Mr. Iwasaki's timely advice to management from finance and accounting perspectives will contribute to the soundness of our financial and accounting practices and systems, thereby greatly benefiting shareholders.

Akihiko Shiba (newly appointed)

Reasons for Appointment We consider Mr. Shiba suitable as an outside Audit & Supervisory Board Member, as he has outstanding experience and knowledge through his many years as an attorney. He has been a member of our Corporate Value Evaluation Committee (currently Corporate Value Enhancement Committee) since 2011, helping to set up our compliance management system and enhance corporate value.

Reference: Attendance of Outside Audit & Supervisory Board Members at Board of Directors' and Audit & Supervisory Board Meetings in the Year Ended March 31, 2015

Fumio Motoi	Attended 19 of 19 Board of Directors' and 15 of 15 Audit & Supervisory Board meetings
Akira Otsuka	Attended 19 of 19 Board of Directors' and 15 of 15 Audit & Supervisory Board meetings
Tamio Morimoto	Attended 19 of 19 Board of Directors' and 15 of 15 Audit & Supervisory Board meetings

Notes: 1. There are no special interests between Messrs. Otsuka, Iwasaki, and Shiba and the Company.
2. We appointed Messrs. Otsuka, Iwasaki, and Shiba as outside Audit & Supervisory Board Members on the basis that they are independent officers, without interests conflicting with shareholders, as set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

Basic Policy on Director and Audit & Supervisory Board Member Compensation

We maintain a very transparent, just, and rational compensation system that is designed to attract talented executives who can optimize corporate value in performing their duties as directors and Audit & Supervisory Board Members.

We ensure that directors' and Audit & Supervisory Board Members' compensation are indeed transparent, just, and rational by having the Compensation Committee, whose outside director acts as chairman, deliberate on these matters, with the final decision made by the Board of Directors.

Total Compensation by Director and Audit & Supervisory Board Member, Total for All Types of Compensation, and Number of Directors and Audit & Supervisory Board Members

	Total Compensation (Millions of yen)	Total for All Types of Compensation (Millions of yen)			Number of Directors and Audit & Supervisory Board Members
		Basic Compensation	Performance-based Compensation	Stock Acquisition-based Compensation	
Directors (excluding outside directors)	326	211	61	54	9
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	48	48	–	–	2
Outside directors and Audit & Supervisory Board Members	42	42	–	–	5

Note: The basic compensation of directors (excluding outside directors) includes performance- and stock acquisition-based compensation.

Executive Appointments Committee

The Executive Appointments Committee aims to reinforce management monitoring and improve transparency. With an outside director acting as the committee's chairperson, the committee reviews the president's directorship nominees (excluding executive officers) and submits reports of its reviews to the Board of Directors.

Internal Control Functions

Recognizing the importance of cumulative efforts, we strengthen corporate governance through our management framework and through internal controls at our sites and at Group companies.

Compliance

Recognizing compliance as the foundation of corporate management, the Group continues to take steps to ensure a thorough understanding of compliance.

To strengthen compliance throughout the Group, we have defined clear guidelines for compliance management policy in, among others, Nipponham Group's action standards. In line with these guidelines, we engage in publicity campaigns, provide training sessions, and stage events, all aimed at promoting compliance awareness—and the effectiveness of such activities is carefully monitored. Central to this effort is the Plan-Do-Check-Act (PDCA) cycle, which is repeated continuously with the aim of firmly establishing the concept of compliance as an essential component of management.

The Compliance Committee, established by NH Foods Ltd., is charged with evaluating the compliance policies and implementation measures of Group companies and offering opinions to the Board of Directors, among others. Compliance Promotion Committees have been established within individual Group companies and divisions, which are responsible for devising compliance-related strategies and promoting compliance awareness.

We have also established compliance consultation desks in four locations, two within the Group and two outside. These desks enable any employee to report violations or confer on compliance-related issues freely without concern for organizational restrictions. In addition to contributing to the prompt resolution of problems, these desks provide valuable information that is analyzed and used in the formulation of subsequent proposals for activities to reinforce compliance awareness.

Risk Management

The Risk Management Team was established within the General Affairs Department to comprehensively manage the risks that face the entire Group. Through close cooperation with the Compliance Department and other relevant departments, the team—acting in line with risk management guidelines—has put systems in place for conveying information promptly and accurately and for establishing a quick response in the event that any of the anticipated risks should materialize. The Risk Management Committee is responsible for discussing and deciding on issues and countermeasures pertaining to the promotion of risk management throughout the Group.

Establishment of clear guidelines for compliance

- Nipponham Group's action standards
- Manuals for Group company action standards

Execution of publicity campaigns

- Compliance training
- Compliance meetings
- Office study groups


Compliance training

Monitoring

- Compliance questionnaires/surveys
- Consultation system
- Centralized management of critical information in accordance with the Company's rules for information processing and management

Audit Department Functions

The Audit Department, which answers directly to the president, has formulated a mechanism for conducting effective audits and promotes the operation thereof throughout the Group, in cooperation with the departments in charge of monitoring activities and the auditing departments of affiliated companies.

Quality-related audits are conducted by the Quality Assurance Department, while environmental audits are conducted by the Environmental & Social Responsibility Office.

Outside Directors’ Views of Governance at the Group

Seeking to Enhance Corporate Value from Consumers’ Perspectives

Toshiko Katayama
Outside Director

The Group seeks to become the world leader in providing the “Joy of Eating.” In order to allow consumers to experience the “Joy of Eating” from day to day, we must above all treasure every interaction with them. Firstly, we must seriously consider what kind of needs consumers have with regard to food in their daily lives, and in what areas they have questions, concerns, or dissatisfaction. Then, it is crucial to respond attentively to consumers by making sincere efforts to address their questions and resolve their concerns, while meeting their needs at a high level. With a firm commitment to giving customers more and more enjoyment in eating, all Group employees must think about how this can be achieved, sharing opinions and information, and putting our ideas into action. I believe that this kind of action by each and every employee, repeated steadily day by day, is itself the only way to earn the trust of customers, and that such efforts are essential in order to become the world leader in providing the “Joy of Eating.”

It is a vital social responsibility of the Group to constantly live up to the trust and expectations of consumers and society by continuing to provide into the future the precious food that supports the day-to-day health and prosperous lifestyles of consumers. All Group employees will continue to make efforts with a renewed awareness of this starting point.

Pursuing Superior Efforts to Ensure Thorough Customer Orientation and Employee Satisfaction

Iwao Taka
Outside Director

The scandal of 2002 signaled time for a new beginning—as we made a pledge to strive to be a corporate group that is loved and respected by all. In the 13 years since then, I feel that the Group has changed substantially, as prior to the scandal there was no active effort by the Group to seek external guidance on corporate governance. We must not let ourselves, however, become complacent with our progress. There remain many areas for improvement in terms of increasing corporate value.

In particular, I believe that there is a lot of room for improvement with regard to customer orientation and employee satisfaction. The number of complaints from customers has remained at nearly the same level for the past five years. Also, although workplace injuries are trending downward, there are some workplaces where the management policy of emphasizing improved business results has not been properly communicated; and, while few, we have seen some incidents that suggest power harassment.

For us to be loved and respected by various stakeholders, including customers, I call for the Group to pursue in earnest superior efforts concerning customer orientation and employee satisfaction, and at the same time to strive to acquire certification and recognition under external systems to ensure that these efforts amount to more than mere words. We must aim for thorough customer orientation and employee satisfaction in order to fulfill the pledge made in 2002 and to get on track for new challenges ahead, such as globalization.

Board of Directors, Audit & Supervisory Board Members, and Executive Officers

(As of June 30, 2015)

Juichi Suezawa

President and Representative Director (President and CEO)

April 1976	Joined Nippon Meat Packers, Inc.
April 2011	Executive Officer, General Manager of Overseas Fresh Meats Operations Division, Fresh Meats Business Division, General Manager of Operations Management Office, Overseas Fresh Meats Operation Division, and General Manager of Operations Management, Asia and EU of Nippon Meat Packers, Inc.
April 2012	Managing Executive Officer, General Manager of Fresh Meats Business Division of Nippon Meat Packers, Inc.
June 2012	Director and Managing Executive Officer, General Manager of Fresh Meats Business Division of Nippon Meat Packers, Inc.
April 2014	Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of Nippon Meat Packers, Inc.
April 2015	President and Representative Director (President and CEO) of NH Foods Ltd., to date

Katsumi Inoue

Director and Senior Managing Executive Officer

April 1978	Joined Nippon Meat Packers, Inc.
April 2003	Executive Officer of Nippon Meat Packers, Inc., Vice President and Director, General Manager of Production Management of Nippon Meat Packers Australia Pty. Ltd. (currently NH Foods Australia Pty. Ltd.)
April 2013	Executive Officer, General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc.
April 2015	Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of NH Foods Ltd.
June 2015	Director and Executive Officer, General Manager of Fresh Meats Business Division of NH Foods Ltd., to date

Yoshihide Hata

Vice President and Representative Director (Executive Vice President)

April 1981	Joined Nippon Meat Packers, Inc.
April 2009	Executive Officer, General Manager of Accounting & Finance Department of Nippon Meat Packers, Inc.
June 2011	Director and Executive Officer, General Manager of Accounting & Finance Department and in charge of IT Planning Department of Nippon Meat Packers, Inc.
April 2012	Director and Managing Executive Officer, General Manager of Corporate Management Division, in charge of Accounting & Finance Department and IT Strategy Department of Nippon Meat Packers, Inc.
April 2015	Vice President and Representative Director (Executive Vice President), General Manager of Corporate Management Division of NH Foods Ltd., to date

Kazunori Shinohara

Director and Executive Officer

April 1979	Joined Nippon Meat Packers, Inc.
April 2010	Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division of Nippon Meat Packers, Inc.
April 2012	Executive Officer, General Manager of Administrative Division, Fresh Meats Business Division of Nippon Meat Packers, Inc.
April 2014	Executive Officer, General Manager of Administrative Division and Business Planning Office, Fresh Meats Business Division of Nippon Meat Packers, Inc.
June 2015	Director and Executive Officer, General Manager of Affiliated Business Division of NH Foods Ltd., to date

Koji Kawamura

Representative Director and Senior Managing Executive Officer

April 1983	Joined Nippon Meat Packers, Inc.
April 2009	Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division of the Group of Nippon Meat Packers, Inc.
April 2010	Executive Officer, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc.
June 2010	Director and Executive Officer, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc.
April 2015	Representative Director and Senior Managing Executive Officer, General Manager of Processed Foods Business Division of NH Foods Ltd., to date

Tetsuhiro Kito

Director and Executive Officer

April 1982	Joined Nippon Meat Packers, Inc.
April 2011	Executive Officer, General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.
April 2013	Executive Officer, General Manager of General Merchandising Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.
April 2015	Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd.
June 2015	Director and Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd., to date

Hiroji Okoso

Director and Senior Managing Executive Officer

April 1980	Joined Nippon Meat Packers, Inc.
June 1990	Director, General Manager of Market Development Office, General Manager of Sales Planning Department of Nippon Meat Packers, Inc.
June 1992	Executive Managing Director, General Manager of Sales Planning Department of Nippon Meat Packers, Inc.
June 1994	Senior Executive Managing Director, General Manager of Sales Planning Department of Nippon Meat Packers, Inc.
June 1996	President and Representative Director of Nippon Meat Packers, Inc.
August 2002	Senior Executive Managing Director, General Manager of Tokyo Branch Office of Nippon Meat Packers, Inc.
April 2003	Director and Managing Executive Officer, General Manager of Tokyo Branch Office, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc.
April 2015	Director and Senior Managing Executive Officer, in charge of Quality Assurance Department, Customer Service Department, and General Manager of Tokyo Branch Office of NH Foods Ltd., to date

Hajime Takamatsu

Director and Executive Officer

April 1981	Joined Nippon Meat Packers, Inc.
April 2012	Executive Officer, General Manager of General Affairs Department, in charge of Human Resources Department and Legal Affairs Department of Nippon Meat Packers, Inc.
April 2013	Executive Officer, in charge of General Affairs Department, Human Resources Department, Legal Affairs Department and Engineering Department of Nippon Meat Packers, Inc.
April 2014	Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division, in charge of Research & Development Center of Nippon Meat Packers, Inc.
April 2015	Executive Officer, General Manager of Corporate Planning Department, in charge of CSR Department and IT Strategy Department, Corporate Management Division, and in charge of Research & Development Center of NH Foods Ltd.
June 2015	Director and Executive Officer, General Manager of Corporate Planning Department, in charge of CSR Department and IT Strategy Department, Corporate Management Division, and in charge of Research & Development Center of NH Foods Ltd., to date

Toshiko Katayama
Outside Director

August 1977	Appointed as Legal Clerk for Osaka Family Court
April 1980	Appointed as Legal Secretary for Family Division of Osaka Family Court
April 1988	Registered with the Osaka Bar Association
April 1993	Established Katayama Toshiko Law Office
July 2005	Established Katayama, Kuroki and Hiraizumi Law Office (currently Katayama and Hiraizumi Law Office), to date
June 2008	Director of Nippon Meat Packers, Inc., to date

Akira Otsuka
Outside Audit & Supervisory Board Member

April 1973	Registered with Kobe Bar Association (currently Hyogo-ken Bar Association)
May 1977	Established Kobe Law Office
June 1977	Registered as Maritime Counselor
July 1988	Maritime Arbitrator of The Japan Shipping Exchange, Inc., to date
April 1994	Civil Law Mediator of Kobe Summary Court
April 2001	President of Hyogo-ken Bar Association
October 2003	Kobe City Education Board Member, to date
April 2004	Vice President of the Japan Federation of Bar Associations
April 2005	Visiting Professor of Kobe Gakuin University, Graduate School of Law Practices
April 2008	Established Kobe Kyoryuchi Law Firm, to date, Professor of Kobe Gakuin University, Graduate School of Law Practices
March 2011	Substitute Auditor of Noritz Corporation, to date
June 2011	Outside Auditor of Kobe Port Terminal Corporation
June 2011	Audit & Supervisory Board Member of Nippon Meat Packers, Inc., to date

Iwao Taka
Outside Director

September 1991	Fisher-Smith Visiting Fellow of the Wharton School of Business, University of Pennsylvania
April 1994	Full-time lecturer of Faculty of International Economics, Reitaku University
April 2001	Professor of Faculty of International Economics (currently Faculty of Economics), Reitaku University, to date
April 2002	Professor of School of International Economics (currently School of Economics), Graduate School, Reitaku University, to date
June 2005	Outside Director of Mitsui Sumitomo Insurance Company, Ltd.
April 2007	Visiting Professor of Business Management Graduate School, Kyoto University
April 2008	Outside Director of Mitsui Sumitomo Insurance Group Holdings, Inc.
April 2009	Dean of Faculty of Economics, Reitaku University
June 2010	Director of Nippon Meat Packers, Inc., to date
June 2015	Outside Statutory Auditor of Mitsubishi Estate Company, Limited, to date

Akihiko Shiba
Outside Audit & Supervisory Board Member

April 1991	Joined National Police Agency
January 1993	Associate Professor of National Police Academy
July 1996	Manager of Foreign Affairs Division, Security Department of Kanagawa Prefectural Police Headquarters
July 1998	Assistant Manager of Foreign Affairs Division, Security Bureau of National Police Agency
October 2004	Registered with Daini Tokyo Bar Association Joined T.Kunihiro & Co. Attorneys-at-Law
April 2010	Representative of Shiba Management Legal Office, to date
May 2010	Outside Corporate Auditor of Fukuda Denshi Co. Ltd., to date
June 2010	Outside Director of Veriserve Corporation, to date
June 2011	Substitute Audit & Supervisory Board Member of Nippon Meat Packers, Inc. Outside Corporate Auditor of Okamoto Glass Co., Ltd.
June 2013	Outside Corporate Auditor of AIRPORT FACILITIES CO., LTD., to date
December 2013	Outside Director of Minnano Wedding Co., Ltd., to date
June 2015	Audit & Supervisory Board Member of NH Foods Ltd., to date

Hiroshi Itagaki
Audit & Supervisory Board Member

April 1974	Joined Nippon Meat Packers, Inc.
September 2002	Head of Secretary's Office of Nippon Meat Packers, Inc.
August 2003	Leader of Internal Controls Development Support Project, Management Division of Nippon Meat Packers, Inc.
April 2005	Leader of NT Project Promotion Team, Management Division of Nippon Meat Packers, Inc.
April 2006	General Manager of General Affairs Department, Management Division of Nippon Meat Packers, Inc.
April 2008	General Manager of General Affairs Department, person responsible for promotion implementation of JSOX at Nippon Meat Packers, Inc.
March 2009	Senior Manager of General Affairs Department of Nippon Meat Packers, Inc.
June 2009	Audit & Supervisory Board Member of Nippon Meat Packers, Inc., to date

Atsushi Iwasaki
Outside Audit & Supervisory Board Member

November 1990	Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC)
March 1991	Registered as certified public accountant
March 1997	Registered as real estate appraiser
September 2005	Head of Iwasaki Certified Public Accountant Office, to date
June 2013	Outside Director of ISEKI & CO., LTD., to date
June 2015	Audit & Supervisory Board Member of NH Foods Ltd., to date

Koichi Nishihara
Audit & Supervisory Board Member

April 1975	Joined Nippon Meat Packers, Inc.
March 2003	General Manager of Public Relations Office of Nippon Meat Packers, Inc.
April 2003	General Manager of Public Relations Office, Management Division of Nippon Meat Packers, Inc.
August 2003	General Manager of Public Relations Department, Management Division of Nippon Meat Packers, Inc.
April 2008	General Manager of Public & Investor Relations Department, Corporate Management Division of Nippon Meat Packers, Inc.
March 2009	General Manager of General Affairs Department of Nippon Meat Packers, Inc.
April 2012	Executive Officer, General Manager of Compliance Department, in charge of Environmental & Social Responsibility Office of Nippon Meat Packers, Inc.
March 2015	Special Advisor of NH Foods Ltd.
June 2015	Audit & Supervisory Board Member of NH Foods Ltd., to date

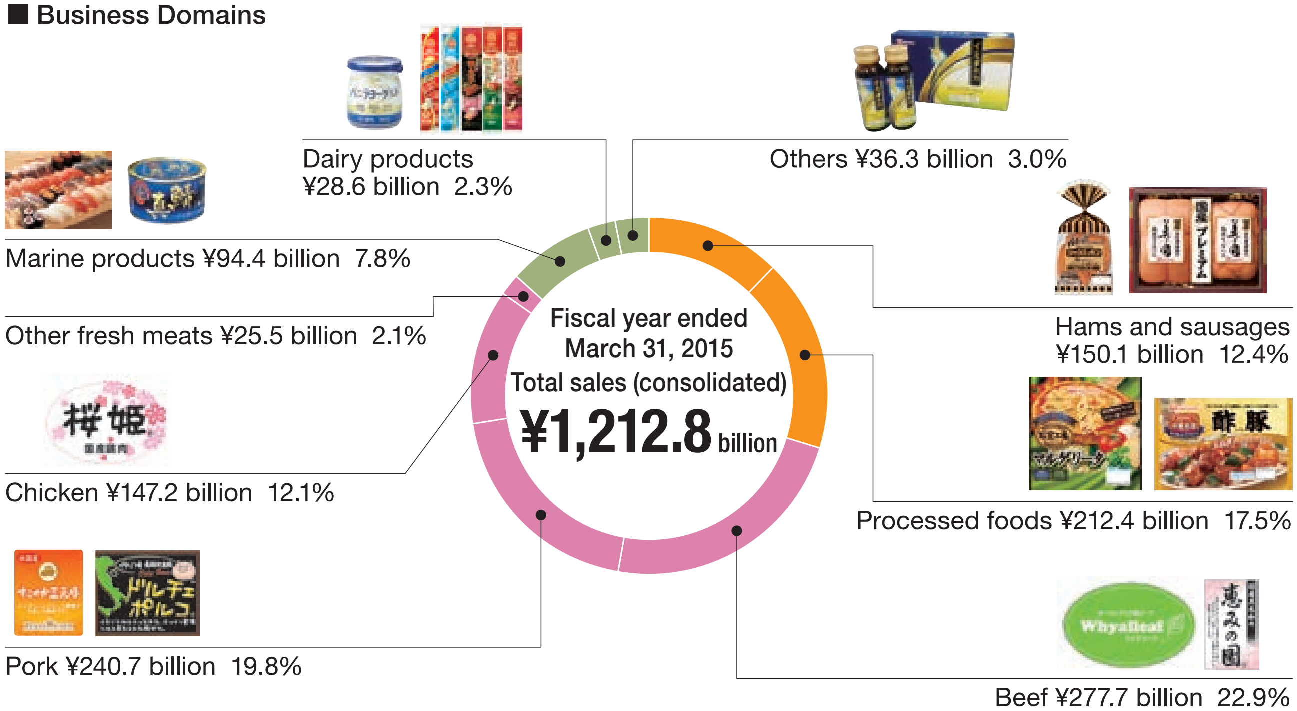
Managing Executive Officers
Shunichi Ogata
Sadanori Miyagai

Executive Officers
Takahito Okoso, Kanji Bando, Kazuhiro Mikuni, Koichi Oyama, Hiroyuki Yano, Shuji Okoso, Sadakazu Ogawa, Fumio Maeda, Masahito Kataoka, Hideki Fujii, Keiji Maeda, Shigeru Nakajima, Nobuo Oda, Tadaaki Ito, Nobuhisa Ikawa, Kuniharu Hirai

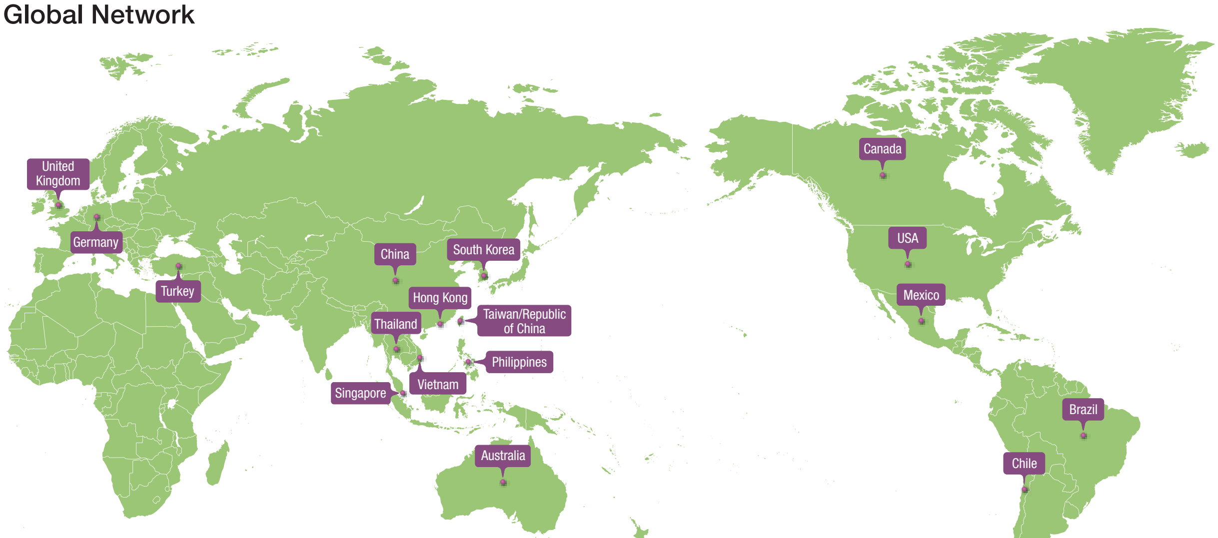
At a Glance

We have expanded beyond our origins in manufacturing hams and sausages to making a wide range of products, including a variety of processed foods, marine products, dairy products, and health foods.

■ Business Domains



■ Global Network



Number of Bases (including partners¹)		Japan	Overseas
Farms	159	125	34
Plants	99	74	25
Logistics and sales locations, etc.	360	329	31

Number of employees
28,245
Japan 22,550
Overseas 5,695

As of April 2015

Notes: 1. Includes subsidiaries by the equity method
2. Names of countries include resident offices

Market Position

Fresh Meats Industry

Major 10 Global Fresh Meats Companies based on Net Sales

	Net sales (¥ million)	Location	Fiscal year
JBS S.A.	5,421,667	Brazil	Year ended December 2014
Tyson Foods, Inc.	4,131,169	USA	Year ended September 2014
WH Group Limited	2,445,173	China	Year ended December 2014
Brasil Foods S.A.	1,305,443	Brazil	Year ended December 2014
NH Foods Ltd.	**1,212,802**	**Japan**	**Year ended March 2015**
Danish Crown Group (non-listed)	1,093,266	Denmark	Year ended September 2014
Hormel Foods Corporation	1,024,136	USA	Year ended October 2014
Marfrig Alimentos S.A.	948,392	Brazil	Year ended December 2014
SEABOARD CORPORATION	711,585	USA	Year ended December 2014
VION Food Group (non-listed)	695,253	Netherlands	Year ended December 2014

Major 10 Domestic Fresh Meats Companies based on Net Sales

	Net sales (¥ million)	Operating income (¥ million)	Fiscal year
NH Foods Ltd.	**1,212,802**	**48,444**	**Year ended March 2015**
Itoham Foods Inc.	481,130	3,764	Year ended March 2015
Prima Meat Packers, Ltd.	341,183	7,213	Year ended March 2015
Starzen Co., Ltd.	282,575	3,850	Year ended March 2015
Marudai Food Co., Ltd.	222,316	2,730	Year ended March 2015
S Foods Inc.	214,103	8,230	Year ended February 2015
Yonekyu Co., Ltd.	155,082	5,240	Year ended February 2015
Hayashikane Sangyo Co., Ltd.	47,664	430	Year ended March 2015
Takizawa Ham Co., Ltd.	29,765	358	Year ended March 2015
Fukutome Meat Packers, Ltd.	28,448	374	Year ended March 2015

Food Industry

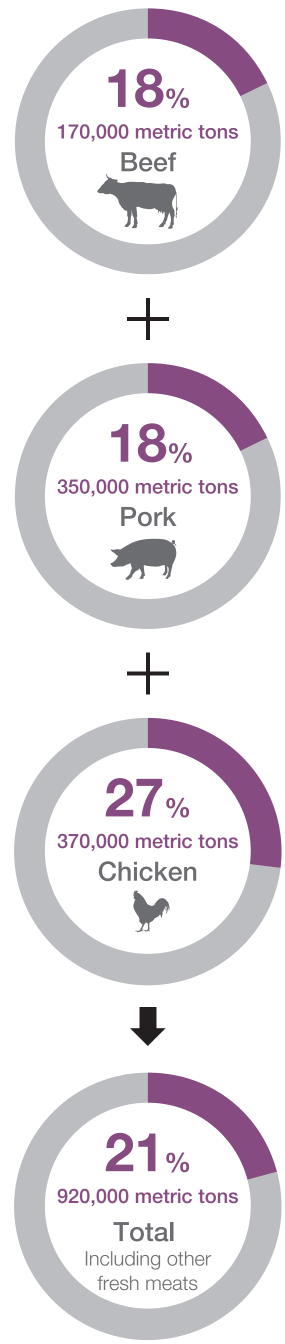
Major 10 Domestic Food Companies

	Net sales (¥ million)	Operating income (¥ million)	Fiscal year
Suntory Holdings Ltd. (non-listed)	2,455,249	164,753	Year ended December 2014
Kirin Holdings Co., Ltd.	2,195,795	114,549	Year ended December 2014
Japan Tobacco Inc.	2,153,970	499,757	Year ended December 2014
Asahi Group Holdings	1,785,478	128,305	Year ended December 2014
NH Foods Ltd.	**1,212,802**	**48,444**	**Year ended March 2015**
Meiji Holdings Co., Ltd.	1,161,152	51,543	Year ended March 2015
Ajinomoto Co., Inc.	1,006,630	74,519	Year ended March 2015
Yamazaki Baking Co., Ltd.	995,011	20,876	Year ended December 2014
Maruha Nichiro Holdings, Inc.	863,784	8,686	Year ended March 2015
Nippon Suisan Kaisha, Ltd.	638,435	18,110	Year ended March 2015

Share of Fresh Meats Sales

No. 1 in Japan

Domestic market shares by sales volume in fresh meats (domestic and imported)



(Based on NH Foods data as of March 2015)

Processed Foods Business Division

Segment Sales

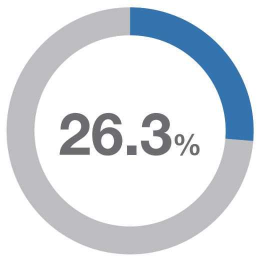
¥359,988 million

(up 2.3% year on year)

Operating Income

¥2,064 million

(down 68.2% year on year)

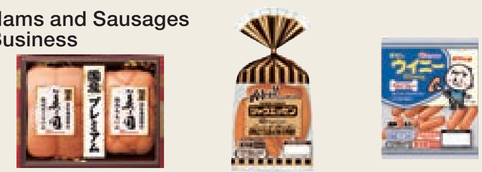


Share of net sales

Notes: 1. Sales share is after eliminations, adjustments, and others
2. Sales figure above is for operating segment and includes intersegment transactions

Main Products

Hams and Sausages Business



Deli and Processed Foods Business

Fresh Meats Business Division

Segment Sales

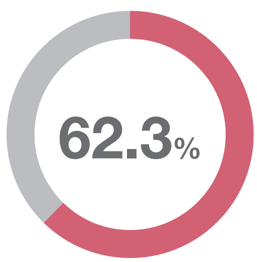
¥850,759 million

(up 11.0% year on year)

Operating Income

¥45,208 million

(up 68.6% year on year)



Share of net sales

Notes: 1. Sales share is after eliminations, adjustments, and others
2. Sales figure above is for operating segment and includes intersegment transactions

Main Products

Imported Fresh Meats Business

Domestic Fresh Meats Business

Affiliated Business Division

Segment Sales

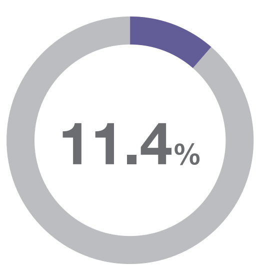
¥155,164 million

(up 4.7% year on year)

Operating Income

¥287 million

(down 71.2% year on year)



Share of net sales

Notes: 1. Sales share is after eliminations, adjustments, and others
2. Sales figure above is for operating segment and includes intersegment transactions

Main Products

Marine Products Business

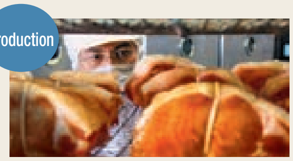
Dairy Products Business

Business Model

Product Development

We seek to increase demand in our pursuit of delicious hams and sausages. We develop new cooked foods with authentic homestyle flavor you will enjoy.

Production



Each of our 24 domestic and six overseas plants has obtained Hazard Analysis and Critical Control Point (HACCP) system and ISO certifications and maintains strict sanitary controls.

Logistics

Utilizing our 18 logistics centers nationwide, we have created a logistics network that covers all of Japan.

Sales

At our approximately 58 sales bases throughout Japan, we allocate specialists according to segment for supermarkets, convenience stores, restaurants, and other customers to swiftly meet their needs.

Business Model

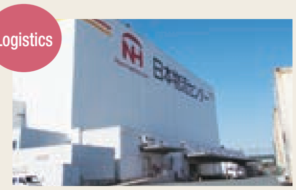
Production

The Group breeds its own cattle, hogs, and chickens. As a producer, we own 125 domestic and 34 overseas farms.

Packing and Processing

With 17 domestic and four overseas plants, we process and package our own products.

Logistics



Owning one of the nation's largest distribution centers in both East and West Japan and a state-of-the-art international logistics facility, we have set up our own nationwide logistics system.

Sales

With 116 sales offices and bases set up in Japan's major cities, we carry out direct community-based sales in every region.

Business Model

Marine Products Business

Production and sales of processed marine products

Dairy Products Business

Production and sales of cheese and other dairy products. Production and sales of yogurt and lactic acid probiotic beverages

Management's Discussion and Analysis

Forward-Looking Statements

This MD&A includes forecasts regarding targets, strategies, and earnings. These forecasts are based on information available at the current time and contain certain assumptions about the future. They are subject to numerous external uncertainties in areas such as the economic environment, market trends, and foreign exchange. Actual performance may differ significantly from the targets in this presentation, and investment decisions should not be based exclusively on them.

Explanation of Company Name

In this annual report, the "Group" refers to NH Foods Ltd. and its subsidiaries unless otherwise indicated.

Overview of Business Results

The Japanese economy was on track to a slow recovery in the year ended March 31, 2015, partly on the strength of the government's economic policies. At the same time, a drop-off in demand in the wake of the April 2014 hike in the consumption tax and inclement summer weather halted the turnaround in consumer spending.

The food industry performed well, for the most part, with prices of domestically produced pork and chicken higher than a year earlier. Prices also rose for imported fresh meats. The operating climate remained adverse, however, owing to the increasing costs of raw and other materials and fuel, and persistently high prices for feedstuffs, as well as intensifying competition.

In this environment, the Group pushed forward with activities based on three policies of New Medium-Term Management Plan Part 4, launched in April 2012, which seek to "increase profits in the Group's domestic operations and reinforce the infrastructure of its overseas operations": "Brush up the concept of Management for No. 1 Quality," "Allocate management resources in prioritized areas," and "Enhance the Group brand value."

Specific measures in Japan included strengthening the farm business and developing and expanding sales of new products. Overseas, the Group set up marketing bases in Brazil and Hong Kong, took part in a food exhibition in Paris, and made a decision in December 2014 to invest in a leading chicken farming company in Turkey.

The Group continued restructuring to reinforce its cost competitiveness while revising the prices of some hams and sausages, and processed foods in July 2014 to offset higher costs.

"Nippon Ham Group Fairs" at supermarkets and television commercials in August and September 2014 aimed to raise the Group's recognition and sales.

The Group progressed with its policy to promote brand management and "Enhance the Group brand value" as part of its global strategy by changing its Group brand and corporate logo in April 2014. The Company also obtained approval to change its trade name in English at the 69th Ordinary General Meeting of Shareholders on June 26, 2014, at which its trade name was changed from "Nippon Meat Packers, Inc.," to "NH Foods Ltd."

As a result of these activities, consolidated net sales for the year ended March 31, 2015 increased 8.1% year on year, to ¥1,212,802 million. Operating income rose 35.7%, to ¥48,444 million. Income before income taxes and equity in earnings of associated companies increased 26.2%, to ¥44,544 million. Net income attributable to NH Foods Ltd. rose 26.6%, to ¥31,048 million.

Note: Operating income is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, in accordance with Japanese accounting practices.

Net Sales

In hams and sausages, the Group commemorated the 30th anniversary of *SCHAU ESSEN®* through a variety of sales promotion activities, involving television commercials and store promotions as well as tie-up shops and experiential pavilions. These initiatives greatly expanded sales of this brand. Similarly, the Group actively ran television commercials and store promotions for the flagship *Utsukushi-no-Kuni®* brand during the year-end gift-giving season. As a result of these efforts, sales increased 4.6%, to ¥150,103 million.

In processed foods, sales were solid for prepared foods packaged in new chilled pouches, while sales recovered in the second half of the year for the category-leading *Ishigama Kobo®* and *Chuka Meisai®* which the Group promoted on television. Reflecting these developments, sales increased 2.1%, to ¥212,413 million.

In fresh meats, the sales volume of domestically produced chicken expanded steadily, reflecting efforts to strengthen upstream businesses. In its Australian business, the Group focused on selling beef to other countries. As a result of these factors, sales increased 11.6%, to ¥691,072 million.

In marine products, sales rose 2.8%, to ¥94,396 million, as a result of an increase in raw material exports and higher sales of processed marine products from Hokkaido. These factors offset the impact of lower sales to restaurants due to higher prices from higher raw material costs and the impact of foreign exchange.

In dairy products, the Group boosted sales of the mainstay *Vanilla Yogurt*. It also launched new products and increased yogurt beverage items for convenience store channels. Sales of yogurt and lactic acid probiotic beverages thus rose from a year earlier. Sales of cheese also climbed, as higher raw material costs and the impact of foreign exchange drove prices upward, while stronger marketing efforts boosted retail channel sales, offsetting the effects of lackluster sales to restaurants and food producers.

As a result of these efforts, sales increased 8.8%, to ¥28,564 million.

Owing to the above factors, consolidated net sales rose 8.1% from the previous fiscal year, to ¥1,212,802 million.

Gross Profit, Income before Income Taxes and Equity in Earnings of Associated Companies, and Net Income Attributable to NH Foods Ltd.

The cost of goods sold rose 8.1% year on year, to ¥993,023 million. The ratio of the cost of goods sold to net sales was 81.9%, compared with 81.8% in the previous fiscal year. Gross profit grew 7.8%, to ¥219,779 million. Selling, general and administrative expenses increased 1.9%, to ¥171,335 million, and the ratio of selling, general and administrative expenses to net sales decreased from 15.0% in the previous fiscal year to 14.1%.

Income before income taxes and equity in earnings of associated companies increased 26.2%, to ¥44,544 million, reflecting a rise in operating income.

As a result, net income attributable to NH Foods Ltd. increased 26.6% year on year, to ¥31,048 million. Basic earnings per share attributable to NH Foods Ltd. amounted to ¥152.43.

Note: Gross profit represents net sales less cost of goods sold.

Business Results by Segment

The operations of the Group consist of three business divisions. The Processed Foods Business Division primarily manufactures and sells hams and sausages, and processed foods. The Fresh Meats Business Division mainly produces and sells fresh meats. The business of the Affiliated Business Division centers on making and selling marine and dairy products.

● Processed Foods Business Division

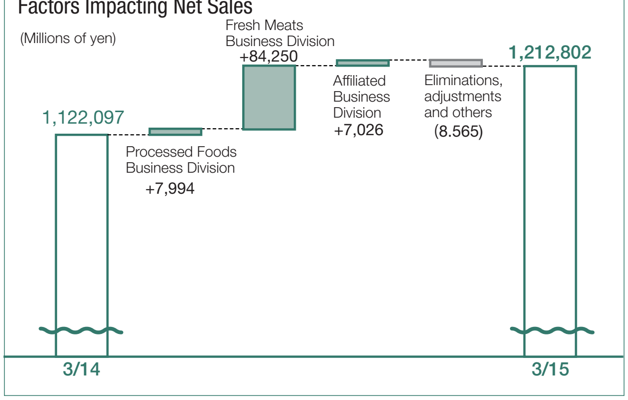
In the hams and sausages business, the division commemorated the 30th anniversary of *SCHAU ESSEN*® through a variety of sales promotion activities, involving television commercials and store promotions as well as tie-up shops and experiential pavilions. These initiatives greatly expanded sales of this brand. The Group similarly ran television commercials and store promotions for the flagship *Utsukushi-no-Kuni*® brand during the year-end gift-giving season, which resulted in increased sales in this business from a year earlier.

In the processed foods business, sales were solid for prepared foods packaged in new chilled pouches, while sales recovered in the second half of the year for the category-leading *Ishigama Kobo*® and *Chuka Meisai*® which the Group promoted on television. Competition intensified in commercial products, however, which resulted in a decline in sales of processed foods from the previous fiscal year.

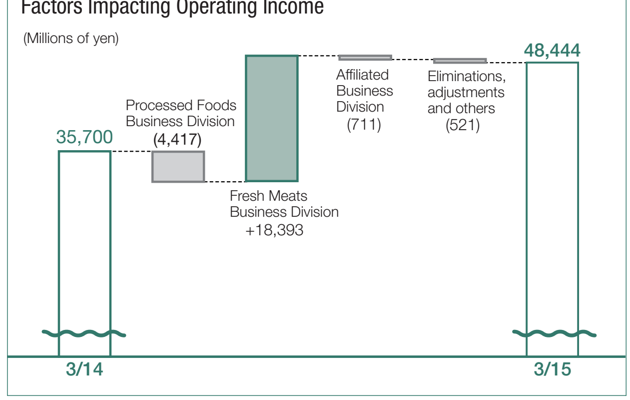
The Group's efforts to revise prices according to plan in July 2014 and cut costs were more than offset by the greater-than-expected increases in the costs of raw and other materials and fuel, resulting in a decline in the division's earnings.

As a result of these factors, segment sales increased 2.3% year on year, to ¥359,988 million, while operating income fell 68.2%, to ¥2,064 million.

Factors Impacting Net Sales



Factors Impacting Operating Income



● Fresh Meats Business Division

The sales volume of domestically produced chicken expanded steadily, reflecting efforts to strengthen upstream businesses. Higher prices contributed to significantly higher overall fresh meat sales. The division boosted sales of branded offerings through various approaches, one of which included the selling of packages of *Sakurahime*® chicken direct from the farm. Sales volumes of domestically produced pork were down, as an outbreak of porcine epidemic diarrhea (PED) virus resulted in market shortages overall.

In its imported fresh meats business, the division focused on selling *Whyalleaf* and *Omugi-Gyu* and other branded beef from Australia, as well as *Germany Pork* and *Dolce Porco*® from Italy. The sales volume of imported fresh meats declined, however, in part owing to protracted labor-management negotiations that began on the West Coast of the United States in October 2014. This and other factors reduced imports of U.S. beef and pork.

Prices of crude oil and feedstuffs remained high, partly because of the effect of foreign exchange, affecting domestic production costs. Still, profitability improved in the domestic farm business due to higher fresh meat prices and increased productivity. Earnings overseas were up significantly, a key contributor being the global sales focus of Australian operations.

As a result of these factors, segment sales increased 11.0% year on year, to ¥850,759 million, with operating income climbing 68.6%, to ¥45,208 million.

● Affiliated Business Division

Sales in the marine products business were basically unchanged from a year earlier. This was the result of lower sales to restaurants because of higher prices stemming from higher raw material costs and the impact of foreign exchange, which were partly offset by an increase in raw material exports and higher sales of processed marine products from Hokkaido.

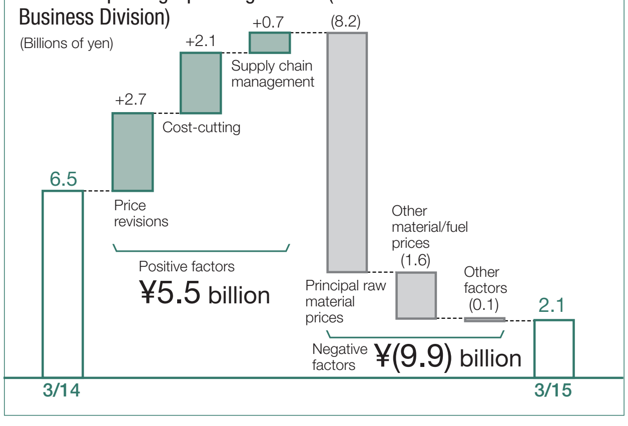
In the dairy products business, the division boosted sales of the mainstay *Vanilla Yogurt*. It also launched new products and increased yogurt beverage items for convenience store channels. Sales of yogurt and lactic acid probiotic beverages thus rose from a year earlier. Sales of cheese also climbed, as higher raw material costs and the impact of foreign exchange drove prices upward, while stronger marketing efforts boosted retail channel sales, offsetting the effects of lackluster sales to restaurants and food producers.

Gross profit in the marine products business was down from a year earlier, reflecting lower sales volumes for the mainstay offerings shrimp and salmon. In the dairy products business, the profitability of yogurt and lactic acid probiotic beverages increased owing to substantially higher sales volumes, which more than offset the higher costs of materials, including powdered milk. Earnings from cheese, however, were down due to higher material costs and accordingly lower demand. The overall profitability of the dairy products business declined.

As a result of these factors, segment sales rose 4.7% year on year, to ¥155,164 million, while operating income fell 71.2%, to ¥287 million.

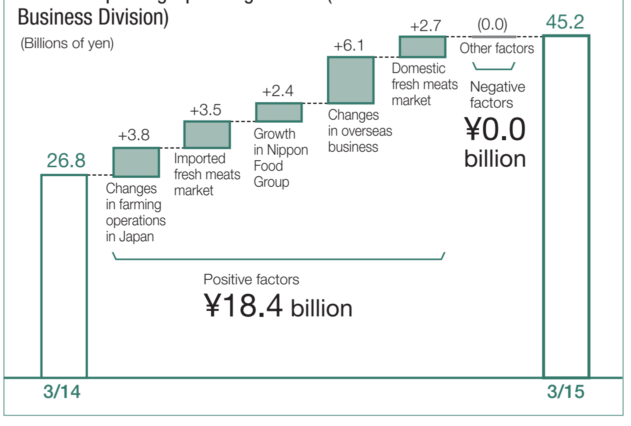
Factors Impacting Operating Income (Processed Foods Business Division)

(Billions of yen)



Factors Impacting Operating Income (Fresh Meats Business Division)

(Billions of yen)



Outlook for the Year Ending March 31, 2016

The Group aims to overcome what should be another challenging operating climate in the next fiscal year, as it strives to “Establish competitive advantages of domestic businesses” and “Accelerate to a global company” as part of its focus on “Creating a stable business model through reform,” under New Medium-Term Management Plan Part 5, launched in April 2015.

In the Processed Foods Business Division, the costs of raw and other materials will probably continue to rise. Despite signs that consumption is gradually improving, the operating climate will most likely remain difficult because of polarizing consumption patterns and intensifying competition. The Group’s production and marketing operations will therefore collaborate in deploying growth and efficiency strategies.

The growth strategy will be to reinforce our brand clout to ensure category leadership. We will bolster our marketing capabilities to strategically strengthen our positions in consumer, commercial, frozen foods, and other specific business areas, thereby attaining market share dominance and high profitability.

We will maintain the level of quality that customers have come to expect, and we will reflect their perspectives in product development to propose new value and build new markets.

Strategies to enhance efficiency will center on installing highly productive lines, making strategic capital expenditures, and building a product line-specific earnings structure that is more cost-competitive.

In the Fresh Meats Business Division, we expect 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 bolster its position in branded meats and further expand its domestic market share. In addition, the division will bolster its supply and sales structure to accommodate developments stemming from the Trans-Pacific Partnership (TPP), Free Trade Agreements (FTA), and other factors.

The Affiliated Business Division will strengthen its manufacturing and sales capabilities in the marine and dairy products businesses, expanding the scale of domestic operations.

The division will invest extensively in manufacturing facilities to raise quality and efficiency while reinforcing raw materials procurement so that it can further enhance and stabilize profitability. On the sales front, the focus will be on leveraging internally manufactured offerings to step up customer-driven marketing and development and thereby boost product value. The division will also leverage Group synergies to increase brand penetration.

The challenges for global operations will be to reposition them away from primarily supplying the Japanese market to selling to the world. We will additionally expand new business sites as part of efforts to increase overseas sales.

With the operating climate posing numerous challenges, the Group will make a concerted effort to deploy management policies and strategies in “Creating a stable business model through reform” under New Medium-Term Management Plan Part 5.

For the year ending March 31, 2016, management targets consolidated net sales of ¥1,240.0 billion, up 2.2% year on year. It also expects operating income to decline 15.4%, to ¥41.0 billion, income before income taxes and equity in earnings of associated companies to drop 12.4%, to ¥39.0 billion, and net income attributable to NH Foods Ltd. to fall 13.0%, to ¥27.0 billion.

Analysis of Financial Position

Assets

At year-end, total assets stood at ¥661,567 million, up 5.5% from a year earlier. Total current assets were up 4.6%, to ¥356,454 million. Contributing factors were increases in trade notes and accounts receivable, up 7.7%, to ¥127,273 million, and inventories, up 17.2%, to ¥143,107 million, which were partly offset by a decrease in cash and cash equivalents, down 23.4%, to ¥57,404 million. Property, plant and equipment rose 6.7%, to ¥252,537 million, reflecting gains in capital investment. Investments and other assets rose 20.1%, to ¥41,170 million, owing to an increase in unrealized gains on other investment securities amid favorable stock market conditions and higher prepaid pension costs included in other assets.

Liabilities

At year-end, total liabilities were ¥305,143 million, up 0.6% from a year earlier. Although trade notes and accounts payable declined 3.2%, to ¥94,212 million, and long-term debt was down 6.9%, to ¥84,169 million, deferred income taxes climbed 74.9%, to ¥7,729 million, and other current liabilities rose 40.8%, to ¥25,669 million.

Total NH Foods Ltd. Shareholders' Equity

Total NH Foods Ltd. shareholders' equity increased 10.2% from the end of the previous year, to ¥353,664 million. Key factors included ¥31,048 million in net income attributable to NH Foods Ltd. shareholders, as well as a ¥9,190 million increase in accumulated other comprehensive income, reflecting yen depreciation and favorable stock market conditions. Also, interest-bearing debt declined ¥8,157 million, to ¥136,806 million.

As a result of these factors, the total NH Foods Ltd. shareholders' equity ratio rose 2.3 percentage points, to 53.5%.

Note: Interest-bearing debt consists of 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.

Cash Flows

●Cash Flows from Operating Activities

Net cash provided by operating activities was ¥29,681 million, compared with ¥32,952 million a year earlier. This was due largely to the increases in net income, depreciation and amortization, and accrued expenses and other current liabilities, which offset increases in trade notes and accounts receivable and inventories.

●Cash Flows from Investing Activities

Net cash used in investing activities was ¥31,517 million, compared with ¥27,021 million a year earlier, reflecting capital expenditures.

●Cash Flows from Financing Activities

Net cash used in financing activities was ¥17,187 million, compared with ¥9,373 million a year earlier. Key factors included a decrease in short-term bank loans and repayments of debt, which offset proceeds from debt.

As a result, cash and cash equivalents at year-end were down ¥17,524 million, to ¥57,404 million.

Capital Expenditures

The Group has created an "integration system" that covers all aspects of its operations—from farming to processing, production, distribution, and sales—and invests in fixed assets as necessary to enhance, rationalize, and strengthen this system. These investments totaled approximately ¥35.7 billion (including software) for the fiscal year. The principal investments are as described below.

●Processed Foods Business Division

The division, primarily Nipponham Factory Ltd. and Premium Kitchen Co., Ltd., used approximately ¥15.4 billion, mainly to expand and upgrade production facilities for hams and sausages, and processed foods.

●Fresh Meats Business Division

Capital expenditures by the division totaled approximately ¥12.0 billion. This spending included approximately ¥4.7 billion by Nippon White Farm Co., Ltd., Interfarm Co., Ltd., and other subsidiaries to upgrade and refurbish breeding facilities; approximately ¥2.6 billion by Kanto Nippon Food, Inc., Nishi Nippon Food, Inc., and other subsidiaries to improve operational facilities; and approximately ¥3.9 billion by Nippon Food Packer, Inc. and other subsidiaries to upgrade processing and packing facilities.

●Affiliated Business Division

Capital expenditures totaling ¥6.8 billion were made in such areas as updating production and operational facilities in the marine and dairy products businesses of Hoko Co., Ltd. and Nippon Luna, Inc., among others.

Shareholder Returns Policy

The Group prioritizes return to shareholders as one of its most important management issues and aims to pay dividends that are commensurate with results as a basic policy. Management seeks to use retained earnings to fund investments to enhance corporate value over the long term and to further strengthen the Group's financial position.

In keeping with this basic policy, management targets a consolidated payout ratio of 30%, although it plans a lower dividend limit of ¥16.00 per share for the time being. Management will flexibly acquire treasury stock, taking into account growth investments and financial position, to enhance shareholder value per share and return on equity.

As stated in Notice of Adjustment to the Forecasts of Business Results and Dividends, announced on May 8, 2015, management paid a year-end dividend of ¥46.00 per share of common stock (for a consolidated payout ratio of 30.2%) for the year ended March 31, 2015. Based on a projection of ¥27.0 billion in net income attributable to NH Foods Ltd. for the year ending March 31, 2016, management targets a year-end dividend of ¥40.00 per share of common stock on a consolidated payout ratio of 30%.

Business Risks

Risks with the potential to affect the Group's operating results and financial condition include, but are not limited to, the following major risks. These risks are related to future events, based on judgments made by the Group as of March 31, 2015.

1. Market-Related Risks

The Group's business centers on fresh meats and fresh meats-related processed products. As such, in addition to selling fresh meats, the Group uses fresh meats as raw materials for hams and sausages, processed foods, and other applications. As a consequence, the Group's operating results and financial condition are vulnerable to fluctuations in market prices for livestock. Moreover, the Group's livestock breeding business, which supplies these fresh meats, is by nature affected not only by fluctuations in product prices but also by swings in feed and crude oil prices. The Group also manufactures marine and dairy products, and is thus vulnerable to market conditions and fluctuations in the prices of raw materials used in these businesses.

To counter market-related risks, the Group works to diversify its product procurement channels, develop high value-added products, create brands, establish marketing strategies from a customer perspective, and make use of commodity futures contracts. The Group also strives to ensure the stable procurement of raw materials in anticipation of product demand and to maintain appropriate inventories of fresh meats. Such measures do not, however, guarantee complete avoidance of these risks.

The livestock market and the Group's operating results and financial condition may also be significantly affected by outbreaks of disease—such as BSE, avian influenza, foot-and-mouth disease, and porcine epidemic diarrhea (PED) virus—as well as by the imposition of safeguard tariffs, that is, emergency restrictions on imports.

2. Safety-Related Risks

Based on its Open Quality concept, which emphasizes earning the trust of customers and responding to their expectations concerning the safety of its products, the Group has established quality policies: strict compliance with laws and regulations; creation of a quality and safety assurance network; objective analysis of product safety; product traceability; and closer ties with customers.

In line with these policies, the Group has built a rigorous quality control system for which it has obtained recognized third-party certification (i.e., ISO and HACCP) and a traceability system for the raw materials used in its fresh meats and processed food products, which include hams and sausages, thereby ensuring the safety and security of raw materials and strengthening its food defense strategy. It has further reinforced its measures for quality improvement and has endeavored to secure safety and security. If, despite the best efforts of the Group, problems are found in any product or service provided by the Group, we will ensure prompt disclosure and take all necessary measures to prevent exacerbation of any such problems and ensure the safety of the customer as our main priority.

However, in the event of a quality issue that falls outside the scope of these initiatives or has a major impact on society because, for example, it threatens food safety, the impact thereof has the potential to affect the Group's operating results and financial condition.

3. Risks Related to the Procurement of Materials

The Group strives to increase production efficiency and reduce inventory losses and distribution costs. However, should the Group be unsuccessful in offsetting increases in costs related to the procurement of materials and fuel or to distribution—attributable to such factors as high crude oil prices—or in passing those costs onto customers by raising product prices, the resulting increase in costs has the potential to affect the Group's operating results and financial condition.

4. Foreign Exchange Risks

The translation into yen of costs, income, and trade receivables and payables associated with transactions undertaken by the Group denominated in other currencies may be affected by fluctuations in currency rates.

To minimize exchange risks, the Group utilizes hedging instruments, including forward foreign exchange contracts, currency swap contracts, currency option contracts, and cross-currency swap contracts. Such measures do not, however, guarantee protection against the impact of these risks. Moreover, the use of hedging instruments to minimize foreign exchange risk may expose the Group to the risk of opportunity loss in the event foreign exchange market fluctuations exceed management's estimates.

There is also a risk that translation losses—that is, losses arising from the translation of the foreign currency-denominated financial statements of overseas consolidated subsidiaries into yen—may accumulate in the foreign currency translation adjustments, triggering fluctuations in shareholders' equity in the consolidated financial statements. Such fluctuations have the potential to affect the Group's operating results and financial condition.

To hedge risks associated with transactions in foreign currencies, the Group continually monitors currency markets in accordance with its exchange risk management policies and periodically assesses its exposure to foreign exchange risk. All forward foreign exchange contracts, currency swap contracts, currency option contracts, and cross-currency swap contracts are carried out based on these policies and on internal regulations governing transactional authority and transaction amount limits.

5. Interest Rate Risk

The Group raises the bulk of the funds it requires through loans from third parties and other forms of interest-bearing debt. Most of the Group's interest-bearing debt—¥136.8 billion as of March 31, 2015—is fixed-rate. Accordingly, the Group believes that for the foreseeable future the direct impact of interest rate increases will be negligible. Nonetheless, in a high interest-rate environment, any increase in the Group's interest burden has the potential to affect the Group's operating results and financial condition.

6. Share Price Risks

Marketable securities held by the Group consist principally of the shares of its business partners. As such, the Group is exposed to share price risks associated with market price fluctuations. As of March 31, 2015, these shares represented unrealized gains. However, share price movements in the future may significantly affect the Group's operating results and financial condition.

Additionally, should the value of pension plan assets be negatively affected by weakness in the stock market, pension costs may increase and additional pension plan assets may become necessary.

7. Risk of Impairment Loss on Long-Lived Assets

Should the value of long-lived assets owned by the Group decrease, necessitating the application of impairment accounting, resulting losses have the potential to affect the Group's operating results and financial condition.

8. Risk Associated with Natural Calamities, Unforeseen Accidents, and Social Upheaval

The Group has operations in Japan and several other countries. The geographical locations of these operations involve certain risks. Any of the following occurrences has the potential to affect the Group's operating results and financial condition:

- Earthquake, flood, or other major natural calamity and the potential impact thereof on the infrastructure, i.e., damage to roads, harbors, and rail lines and the interruption of gas, water, and electric power supplies
- Environmental contamination (pollution of the atmosphere, water, or soil) resulting from an unforeseen accident or chance occurrence
- Social unrest caused by the spread of an infectious disease, such as influenza
- Unforeseen establishment of adverse laws or regulations, or the repealing of laws or regulations
- Unforeseen adverse economic or social event
- Occurrence of social or economic disorder caused by such events as war, conflict, or terrorist attack

9. Risk of Information Leakage

In line with internal regulations for safeguarding personal information and governing insider trading, the Group rigorously protects and manages both the personal information it possesses and critical corporate information through such measures as compliance training and hierarchical employee education. The Group has also formulated measures to ensure the security of its information system and to respond to the impact of major disasters. Nonetheless, information may be leaked, falsified, or lost, in the event of a natural calamity that exceeds assumptions, an extended interruption of power supplies, damage to hardware and/or software, a computer virus, or unauthorized access to the Group's computer networks. As well, a protracted breakdown of the Group's information systems may occur. Any of these occurrences has the potential to affect the Group's operating results and financial condition.

10. Compliance Risks

The Group strives to maintain a corporate culture that emphasizes transparency and sound business practices and works continuously to reinforce and instill awareness of compliance matters. The Group has established a risk management structure that ensures its ability to respond swiftly to recognized risks. The Compliance Committee, which is chaired by an executive who is appointed by the president and representative director of the parent company, is responsible for ensuring compliance Group-wide, while the Compliance Department is charged with deploying ongoing measures aimed at enhancing understanding among employees and management, as well as with compliance risk mitigation.

However, should an instance of noncompliance, such as the failure of an employee or member of management to comply with a relevant law or regulation, arise, it would have the potential to affect the Group's operating results and financial condition.

11. Risks Associated with Environmental Issues

In line with its Environmental Policies, the Group is committed to conducting its business in a manner that incorporates consideration for the environment, thereby contributing to the realization of a sustainable society.

The Group has obtained certification under ISO 14001 and is working to earn certification from other key external organizations. The Group's management practices, which include environmental audits implemented by the CSR Department, also reflect its commitment to being an environment-friendly organization. The Group also endeavors to ensure the appropriateness and transparency of its environmental and other CSR initiatives.

Nonetheless, in the event of an accident, negligence, or other problem resulting in environmental contamination, the Group may be obliged to pay for remediation and/or damages. In the event that existing laws and regulations are revised, the Group may be obliged to significantly increase environment-related investment. Either of these occurrences has the potential to affect the Group's operating results and financial condition.

Five-Year Summary

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31

	Millions of Yen				
	2015	2014	2013	2012	2011
Net Sales	**¥1,212,802**	¥1,122,097	¥1,022,839	¥1,017,784	¥989,308
Income before Income Taxes and Equity in Earnings of Associated Companies	**44,544**	35,303	28,031	26,766	29,523
Net Income Attributable to NH Foods Ltd.	**31,048**	24,524	16,459	11,655	16,731
Total Assets	**661,567**	627,220	610,293	589,125	590,688
Total NH Foods Ltd. Shareholders' Equity	**353,664**	320,984	293,414	290,020	281,067
Interest-Bearing Debt	**136,806**	144,963	149,821	139,187	155,263
Net Cash Provided by Operating Activities	**29,681**	32,952	37,407	26,432	36,761
Net Cash Used in Investing Activities	**(31,517)**	(27,021)	(22,384)	(19,098)	(12,829)
Free Cash Flow	**(1,836)**	5,931	15,023	7,334	23,932
Net Cash Used in Financing Activities	**(17,187)**	(9,373)	(10,964)	(23,745)	(36,951)
Capital Expenditures	**35,694**	29,152	33,285	19,487	17,189
Depreciation and Amortization	**18,951**	18,649	19,323	23,756	24,115

Per Share Amounts:	Yen				
Basic Earnings per Share Attributable to NH Foods Ltd. Shareholders	**¥ 152.43**	¥ 122.11	¥ 79.42	¥ 54.79	¥ 78.67
Diluted Earnings per Share Attributable to NH Foods Ltd. Shareholders	**¥ 143.11**	¥ 110.92	¥ 71.44	¥ 49.40	¥ 70.92
Total NH Foods Ltd. Shareholders' Equity	**¥1,736.18**	¥1,575.97	¥1,474.60	¥1,363.34	¥1,321.37
Cash Dividends	**¥ 46.00**	¥ 37.00	¥ 24.00	¥ 18.00	¥ 16.00

Financial Indicators:	Percent				
Return on Equity (ROE)	**9.2%**	8.0%	5.6%	4.1%	6.1%
Return on Assets (ROA)	**6.9%**	5.7%	4.7%	4.5%	4.9%
NH Foods Ltd. Shareholders' Equity Ratio	**53.5%**	51.2%	48.1%	49.2%	47.6%
	Times				
Debt/Equity Ratio	**0.39**	0.45	0.51	0.48	0.55
Interest Coverage Ratio	**24.20**	21.30	22.80	14.50	17.00

Notes:
1. The above figures are based on the consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America.
2. See Note 1 to the consolidated financial statements with respect to the determination of the number of shares in computing the per share amounts attributable to NH Foods Ltd. shareholders.
3. Certain figures for the years ended on or before March 31, 2014 were adjusted retrospectively as a result of a change in accounting policy about the classification of "cash and cash equivalents" for the year ended March 31, 2015.
4. Interest-bearing debt consists of 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.
5. Capital expenditures represent the additions to tangible and intangible fixed assets.
6. Depreciation and amortization consist of depreciation of tangible fixed assets and amortization of intangible fixed assets.
7. ROE = (Net income attributable to NH Foods Ltd. / Average total NH Foods Ltd. shareholders' equity) × 100
   ROA = (Income before income taxes and equity in earnings (losses) of associated companies / Average total assets) × 100
   Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
   NH Foods Ltd. shareholders' equity ratio = (NH Foods Ltd. shareholders' equity / Total assets) × 100
   Debt / Equity ratio = Interest-bearing debt / NH Foods Ltd. shareholders' equity
   Interest coverage ratio = Net cash provided by operating activities / Interest paid

Consolidated Balance Sheets

NH Foods Ltd. and Subsidiaries
March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets:	**2015**	2014	**2015**
Current Assets:			
Cash and cash equivalents (Note 1)	**¥ 57,404**	¥ 74,928	**$ 478,367**
Time deposits (Note 1)	**11,514**	10,527	**95,950**
Marketable securities (Notes 1, 3 and 15)	**190**	190	**1,583**
Trade notes and accounts receivable (Note 1)	**127,273**	118,141	**1,060,608**
Allowance for doubtful accounts	**(289)**	(266)	**(2,408)**
Inventories (Notes 1, 2 and 7)	**143,107**	122,115	**1,192,558**
Deferred income taxes (Notes 1 and 8)	**6,295**	5,863	**52,458**
Other current assets (Note 16)	**10,960**	9,293	**91,333**
Total current assets	**356,454**	340,791	**2,970,449**
Property, Plant and Equipment – At Cost, Less Accumulated Depreciation (Notes 1, 4, 6, 7, 13 and 15)	**252,537**	236,669	**2,104,475**
Intangible Assets, Less Accumulated Amortization (Notes 1 and 5)	**4,339**	5,402	**36,158**
Investment and Other Assets:			
Investments in associated companies (Notes 1 and 3)	**3,213**	2,993	**26,775**
Other investment securities (Notes 1, 3 and 15)	**23,355**	21,078	**194,625**
Other assets (Notes 9 and 16)	**14,602**	10,196	**121,683**
Total investments and other assets	**41,170**	34,267	**343,083**
Deferred Income Taxes – Non-current (Notes 1 and 8)	**7,067**	10,091	**58,892**
Total Assets	**¥661,567**	¥627,220	**$5,513,057**

See notes to consolidated financial statements.

Liabilities and Equity:	Millions of Yen 2015	2014	Thousands of U.S. Dollars (Note 1) 2015
Current Liabilities:			
Short-term bank loans (Note 7)	¥ 43,579	¥ 46,166	$ 363,158
Current maturities of long-term debt (Notes 7, 13 and 15)	9,058	8,395	75,483
Trade notes and accounts payable	94,212	97,353	785,100
Accrued income taxes (Notes 1 and 8)	7,729	4,419	64,408
Deferred income taxes (Notes 1 and 8)	1,187	802	9,892
Accrued expenses (Note 9)	22,193	20,567	184,942
Other current liabilities (Note 16)	25,669	18,234	213,908
Total current liabilities	203,627	195,936	1,696,891
Liability under Retirement and Severance Programs (Notes 1 and 9)	12,075	12,584	100,625
Long-term Debt, Less Current Maturities (Notes 7, 13 and 15)	84,169	90,402	701,408
Deferred Income Taxes – Non-current (Notes 1 and 8)	2,467	2,449	20,558
Other Long-term Liabilities	2,805	1,874	23,375
Total Liabilities	305,143	303,245	2,542,857
Commitments and Contingent Liabilities (Notes 1, 9, 13 and 18)			
NH Foods Ltd. Shareholders' Equity:			
Common stock, no par value – authorized, 570,000,000 shares; issued: 2015 – 204,000,000 shares 2014 – 228,445,350 shares (Note 11)	24,166	24,166	201,383
Capital surplus (Notes 7, 10 and 11)	51,038	55,655	425,317
Retained earnings:			
Appropriated for legal reserve (Note 11)	7,905	7,748	65,875
Unappropriated (Notes 11 and 19)	262,887	271,902	2,190,725
Accumulated other comprehensive income (loss) (Note 12)	8,126	(1,064)	67,717
Treasury stock, at cost: 2015 – 298,412 shares 2014 – 24,771,582 shares (Note 11)	(458)	(37,423)	(3,817)
Total NH Foods Ltd. shareholders' equity	353,664	320,984	2,947,200
Noncontrolling Interests	2,760	2,991	23,000
Total Equity	356,424	323,975	2,970,200
Total Liabilities and Equity	¥661,567	¥627,220	$5,513,057

Consolidated Statements of Income

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2015, 2014 and 2013

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2015	2014	2013	**2015**
Net Sales (Notes 1 and 16)	**¥1,212,802**	¥1,122,097	¥1,022,839	**$10,106,683**
Cost of Goods Sold (Notes 2 and 16)	**993,023**	918,304	827,058	**8,275,192**
Selling, General and Administrative Expenses (Note 1)	**171,335**	168,093	167,760	**1,427,792**
Other Operating Costs and Expenses (Income) – Net (Notes 4 and 6)	**4,231**	686	131	**35,258**
Interest Expense (Note 16)	**1,347**	1,502	1,582	**11,225**
Other Income (Expenses) – Net (Note 16)	**1,678**	1,791	1,723	**13,983**
Income before Income Taxes and Equity in Earnings of Associated Companies	**44,544**	35,303	28,031	**371,199**
Income Taxes (Notes 1 and 8):				
Current	**12,959**	9,944	14,275	**107,992**
Deferred	**554**	1,094	(2,916)	**4,617**
Total income taxes	**13,513**	11,038	11,359	**112,609**
Income before Equity in Earnings of Associated Companies	**31,031**	24,265	16,672	**258,590**
Equity in Earnings of Associated Companies – Net of Applicable Income Taxes (Note 1)	**133**	439	38	**1,108**
Net Income	**31,164**	24,704	16,710	**259,698**
Net Income Attributable to Noncontrolling Interests	**(116)**	(180)	(251)	**(967)**
Net Income Attributable to NH Foods Ltd.	**¥ 31,048**	¥ 24,524	¥ 16,459	**$ 258,731**

Per Share Amounts (Note 1):	Yen			U.S. Dollars
Basic earnings per share attributable to NH Foods Ltd. shareholders: Net Income	**¥ 152.43**	¥ 122.11	¥ 79.42	**$ 1.27**
Diluted earnings per share attributable to NH Foods Ltd. shareholders: Net Income	**¥ 143.11**	¥ 110.92	¥ 71.44	**$ 1.19**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2015, 2014 and 2013

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2015	2014	2013	**2015**
Net Income	**¥31,164**	¥24,704	¥16,710	**$259,698**
Other Comprehensive Income – Net of Applicable Income Taxes (Note 12):				
Net unrealized gains on securities available-for-sale (Notes 1 and 3)	**2,162**	486	1,668	**18,017**
Pension liability adjustments (Note 9)	**2,318**	3,006	1,604	**19,317**
Foreign currency translation adjustments	**4,778**	4,437	3,598	**39,817**
Total other comprehensive income	**9,258**	7,929	6,870	**77,151**
Comprehensive Income	**40,422**	32,633	23,580	**336,849**
Net Comprehensive Income Attributable to Noncontrolling Interests	**(184)**	(400)	(368)	**(1,533)**
Net Comprehensive Income Attributable to NH Foods Ltd.	**¥40,238**	¥32,233	¥23,212	**$335,316**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2015, 2014 and 2013

	Millions of Yen								
	Common Stock	Capital Surplus	Retained Earnings Appropriated for Legal Reserve	Unappropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total NH Foods Ltd. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, April 1, 2012	¥24,166	¥50,786	¥7,350	¥239,921	¥(15,526)	¥(16,677)	¥290,020	¥2,248	¥292,268
Net income				16,459			16,459	251	16,710
Other comprehensive income (Note 12)					6,753		6,753	117	6,870
Cash dividends (Note 11)				(3,829)			(3,829)	(57)	(3,886)
Transfer to retained earnings appropriated for legal reserve (Note 11)			168	(168)					
Acquisition of treasury stock (Note 11)						(16,006)	(16,006)		(16,006)
Conversion of convertible bonds		2				13	15		15
Disposition of treasury stock (Note 11)		(27)				29	2		2
Others								111	111
Balance, March 31, 2013	24,166	50,761	7,518	252,383	(8,773)	(32,641)	293,414	2,670	296,084
Net income				24,524			24,524	180	24,704
Other comprehensive income (Note 12)					7,709		7,709	220	7,929
Cash dividends (Note 11)				(4,775)			(4,775)	(79)	(4,854)
Transfer to retained earnings appropriated for legal reserve (Note 11)			230	(230)					
Acquisition of treasury stock (Note 11)						(30,044)	(30,044)		(30,044)
Conversion of convertible bonds		4,581				25,237	29,818		29,818
Disposition of treasury stock (Note 11)		(23)				25	2		2
Equity component of convertible bonds (Note 7)		336					336		336
Balance, March 31, 2014	24,166	55,655	7,748	271,902	(1,064)	(37,423)	320,984	2,991	323,975
Net income				31,048			31,048	116	31,164
Other comprehensive income (Note 12)					9,190		9,190	68	9,258
Cash dividends (Note 11)				(7,536)			(7,536)	(83)	(7,619)
Transfer to retained earnings appropriated for legal reserve (Note 11)			157	(157)					
Acquisition of treasury stock (Note 11)						(21)	(21)		(21)
Disposition of treasury stock (Note 11)		(57)				56	(1)		(1)
Cancellation of treasury stock (Note 11)		(4,560)		(32,370)		36,930			
Sales of subsidiary shares								(332)	(332)
Balance, March 31, 2015	¥24,166	¥51,038	¥7,905	¥262,887	¥ 8,126	¥ (458)	¥353,664	¥2,760	¥356,424

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings Appropriated for Legal Reserve	Unappropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total NH Foods Ltd. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, March 31, 2014	$201,383	$463,792	$64,567	$2,265,851	$ (8,867)	$(311,858)	$2,674,868	$24,925	$2,699,793
Net income				258,731			258,731	967	259,698
Other comprehensive income (Note 12)					76,584		76,584	567	77,151
Cash dividends (Note 11)				(62,800)			(62,800)	(692)	(63,492)
Transfer to retained earnings appropriated for legal reserve (Note 11)			1,308	(1,308)					
Acquisition of treasury stock (Note 11)						(175)	(175)		(175)
Disposition of treasury stock (Note 11)		(475)				467	(8)		(8)
Cancellation of treasury stock (Note 11)		(38,000)		(269,749)		307,749			
Sales of subsidiary shares								(2,767)	(2,767)
Balance, March 31, 2015	$201,383	$425,317	$65,875	$2,190,725	$67,717	$ (3,817)	$2,947,200	$23,000	$2,970,200

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2015, 2014 and 2013

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2015	2014	2013	**2015**
Operating Activities:				
Net income	**¥ 31,164**	¥ 24,704	¥ 16,710	**$ 259,698**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	**19,405**	19,081	19,781	**161,708**
Impairment loss of long-lived assets	**3,047**	1,738	1,519	**25,392**
Income taxes deferred	**554**	1,094	(2,916)	**4,617**
Foreign exchange translation adjustments	**(963)**	(3,221)	(1,627)	**(8,025)**
Decrease (increase) in trade notes and accounts receivable	**(8,929)**	6,339	(3,178)	**(74,408)**
Decrease (increase) in inventories	**(20,259)**	(8,215)	1,722	**(168,825)**
Decrease (increase) in other current assets	**(2,260)**	2,033	(2,068)	**(18,833)**
Increase (decrease) in trade notes and accounts payable	**(3,617)**	(5,504)	4,473	**(30,142)**
Increase (decrease) in accrued income taxes	**3,294**	(1,666)	1,660	**27,450**
Increase (decrease) in accrued expenses and other current liabilities	**8,727**	(2,062)	615	**72,725**
Others—net	**(482)**	(1,369)	716	**(4,015)**
Net cash provided by operating activities	**29,681**	32,952	37,407	**247,342**
Investing Activities:				
Capital expenditures	**(34,519)**	(22,690)	(29,904)	**(287,658)**
Proceeds from sales of capital assets	**2,212**	2,520	2,538	**18,433**
Decrease (increase) in time deposits	**(1,027)**	(8,383)	4,888	**(8,558)**
Purchases of marketable securities and other investment securities	**(308)**	(269)	(332)	**(2,567)**
Proceeds from sales and maturities of marketable securities and other investment securities	**2,185**	413	277	**18,208**
Net increase (decrease) in cash and cash equivalents resulting from purchase of business		201	(817)	
Net increase in cash and cash equivalents resulting from sales of business	**358**	364		**2,983**
Others—net	**(418)**	823	966	**(3,483)**
Net cash used in investing activities	**(31,517)**	(27,021)	(22,384)	**(262,642)**
Financing Activities:				
Cash dividends	**(7,619)**	(4,854)	(3,886)	**(63,492)**
Increase (decrease) in short-term bank loans	**(18,532)**	17,104	(3,355)	**(154,433)**
Proceeds from debt	**19,631**	51,459	44,533	**163,592**
Repayments of debt	**(10,646)**	(43,010)	(32,362)	**(88,717)**
Acquisition of treasury stock	**(21)**	(30,044)	(16,006)	**(175)**
Others—net	**0**	(28)	112	**0**
Net cash used in financing activities	**(17,187)**	(9,373)	(10,964)	**(143,225)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**1,499**	1,365	2,272	**12,492**
Net Increase (Decrease) in Cash and Cash Equivalents	**(17,524)**	(2,077)	6,331	**(146,033)**
Cash and Cash Equivalents at Beginning of the Year	**74,928**	77,005	70,674	**624,400**
Cash and Cash Equivalents at End of the Year	**¥ 57,404**	¥ 74,928	¥ 77,005	**$ 478,367**
Additional Cash Flow Information:				
Interest paid	**¥ 1,229**	¥ 1,548	¥ 1,644	**$ 10,242**
Income taxes paid	**10,493**	11,341	12,894	**87,442**
Capital lease obligations incurred	**2,773**	2,776	2,429	**23,108**
Converted amount into stock of convertible bonds		29,818	15	

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2015, 2014 and 2013

1. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – The Group (NH Foods Ltd. and its subsidiaries) is engaged in the production and distribution of mainly hams & sausages, processed foods, fresh meats, marine products and dairy products. The Group's operations are located principally in Japan.

Basis of Financial Statements – The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which NH Foods Ltd. is incorporated and operates. The translations of Japanese yen amounts into United States dollar amounts with respect to the year ended March 31, 2015 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120=$1, the approximate rate of exchange on March 31, 2015. Such translations should not be construed as a representation that Japanese yen amounts could be converted into United States dollars at the above or any other rate.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America. Certain adjustments have been reflected in the accompanying consolidated financial statements while they have not been entered in the general books of account of the Group maintained principally in accordance with Japanese accounting practices.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In order to conform to the current year's presentation, prior years' presentations have been changed.

Summary of Significant Accounting Policies – Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:
(1) Consolidation – The consolidated financial statements include the accounts of NH Foods Ltd., all of its majority-owned directly or indirectly subsidiaries, and any variable interest entities of which NH Foods Ltd. and its subsidiaries are the primary beneficiary. Intercompany transactions and balances are eliminated. Investments in Associated Companies (20% to 50% owned) are accounted for using the equity method of accounting. In preparing the consolidated financial statements, financial statements with reporting periods different from the consolidated reporting period are used for certain subsidiaries. Necessary adjustments are booked when material intervening events occur and affect the financial position or result of operations for the period between the subsidiary's year-end reporting date and the consolidated reporting date.
(2) Cash and Cash Equivalents – "Cash and cash equivalents" consist of cash on hand, demand deposits and highly liquid investments with original maturities of three months or less.

Effective from April 1, 2014, the Group changed the accounting policy for classifying the cash and cash equivalents in the consolidated balance sheets and the consolidated statements of cash flows. The Group had previously defined the cash and cash equivalents as cash on hand and demand deposits. The Group changed its policy to also include time deposits and marketable securities with original maturities of three months or less within the scope of cash and cash equivalents. The new policy is more closely aligned with the Group's cash management and investment strategies, thus the Group believes the change in policy is preferable. Under Accounting Standards Codification ("ASC") of the U.S. Financial Accounting Standards Board ("FASB") Topic 250, "Accounting Changes and Error Corrections," prior years' consolidated financial statements were retrospectively adjusted to reflect this change in accounting principle.

Consolidated Balance Sheets

	Millions of Yen	
	2014	
	As originally reported	As adjusted
Cash and cash equivalents	¥42,983	¥74,928
Time deposits	42,472	10,527

Consolidated Statements of Cash Flows

	Millions of Yen			
	2014		2013	
	As originally reported	As adjusted	As originally reported	As adjusted
Investing Activities:				
Decrease (increase) in time deposits		¥ (8,383)		¥ 4,888
Decrease (increase) in short-term investments	¥ 855		¥(27,330)	
Others—net	697	823	755	966
Effect of exchange rate changes on cash and cash equivalents	838	1,365	1,194	2,272
Cash and cash equivalents at beginning of the year	36,475	77,005	63,651	70,674
Cash and cash equivalents at end of the year	42,983	74,928	36,475	77,005

(3) Receivables – The Group grants credit to customers who are primarily retailers and wholesalers in Japan.

(4) Inventories – Inventories are stated at the lower of cost or market. Cost is determined by the average cost method.

(5) Marketable Securities and Investments – The Group's investments in debt securities and marketable equity securities (included in marketable securities and other investment securities) are classified as either Available-for-Sale or Held-to-Maturity based on the Group's intent and ability to hold and the nature of the securities. Investments classified as Available-for-Sale are reported at fair value with unrealized holding gains and losses, which are recorded in accumulated other comprehensive income (loss), net of applicable income taxes. Investments classified as Held-to-Maturity are recorded at amortized cost. All other investment securities are stated at cost unless the value is considered to have been impaired.

The Group regularly reviews investments in debt securities and marketable equity securities for impairment based on criteria that include the extent to which the securities' carrying values exceed those related market prices, the duration of the market decline, and the Group's ability and intent to hold the investments. Other investment securities stated at cost are reviewed periodically for impairment.

(6) Depreciation – The straight-line method is used for property, plant and equipment. Depreciation expense includes depreciation related to capital lease assets which are depreciated over the shorter of lease terms or estimated useful lives. The ranges of estimated useful lives used in the computation of depreciation are mainly as follows:

Buildings	20-40 years
Machinery and equipment	5-15 years

Effective from April 1, 2012, NH Foods Ltd. and its domestic subsidiaries have changed their depreciation method of property, plant and equipment (mainly for manufacturing equipment of hams and sausages and processed foods) from the declining-balance method to the straight-line method.

This change aimed for enhancement of production efficiency due to selection and concentration, and NH Foods Ltd. considers restructuring of ham and sausages' manufacturing bases and progresses collection and integration of hams and sausages and processed foods' manufacturing items and lines. Thereby they leveled out the usage of manufacturing facilities over the estimated useful lives, and led to the environment where the straight-line method became suitable. In addition, the estimated useful lives were revised according to the actual status of use as well.

Under ASC Topic 250, "Accounting Changes and Error Corrections," this change was treated on a prospective basis as a change in estimate.

This change caused an increase in "income before income taxes and equity in earnings of associated companies," "net income attributable to NH Foods Ltd.," "basic earnings per share attributable to NH Foods Ltd. shareholders" and "diluted earnings per share attributable to NH Foods Ltd. shareholders" by ¥4,789 million, ¥2,969 million, ¥14.33 and ¥12.89, respectively, in the year ended March 31, 2013.

(7) Impairment of Long-Lived Assets – The Group applies ASC Topic 360, "Property, Plant, and Equipment" and ASC Topic 205, "Presentation of Financial Statements." ASC Topic 360 provides one accounting model for the impairment or disposal of long-lived assets. ASC Topic 205 provides the criteria for classifying an asset as held for sale, defines the scope of business to be disposed of that qualify for reporting as discontinued operations and the timing of recognizing losses on such operations.

In accordance with ASC Topic 360, management reviews long-lived assets for impairment of value whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. If the Group determines that they are unable to recover the carrying value of the assets, the assets are written down using an appropriate method.

In accordance with ASC Topic 205, the Group presents the results of discontinued operations as a separate line item in the consolidated statements of income under income from discontinued operations – net of applicable income taxes, as it occurs.

(8) Goodwill and Other Intangible Assets – The Group applies ASC Topic 350, "Intangibles—Goodwill and Other." ASC Topic 350 requires that goodwill no longer be amortized, but instead be tested for impairment at least annually. ASC Topic 350 also requires recognized intangible assets be amortized over their respective estimated useful lives and tested for impairment. Any recognized intangible assets determined to have indefinite useful lives are not to be amortized, but instead are tested for impairment until their lives are determined to no longer be indefinite.

(9) Business Combinations – The Group applies ASC Topic 805, "Business Combinations." In accordance with the provisions of

ASC Topic 805, the acquisition of a business is accounted for using the acquisition method of accounting.

(10) Retirement and Severance Programs – The Group applies ASC Topic 715, "Compensation—Retirement Benefits," to account for the Group's employee retirement and severance programs.

As allowed under ASC Topic 715, the Group does not recognize gain or loss on settlement of the pension obligations when the cost of all settlements during a year is less than or equal to the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year.

(11) Fair Value of Financial Instruments – The Group discloses the fair value of financial instruments in the notes to consolidated financial statements. When the fair value approximates the book value, no additional disclosure is made. Fair values are estimated using quoted market prices, estimates obtained from brokers and other appropriate valuation techniques based on information available at March 31, 2015 and 2014.

(12) Fair Value Measurements – The Group applies ASC Topic 820, "Fair value Measurements and Disclosures." For more information, see "Note 15. Fair Value Measurements."

(13) Income Taxes – The Group applies ASC Topic 740, "Income Taxes." In accordance with the provisions of ASC Topic 740, deferred tax assets and liabilities are computed based on the temporary differences between the financial statement and income tax bases of assets and liabilities, and tax losses and credits which can be carried forward, using the enacted tax rate applicable to periods in which the differences are expected to affect taxable income. Deferred income tax charges or credits are based on changes in deferred tax assets and liabilities from period to period, subject to an ongoing assessment of realization. ASC Topic 740 also prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

A provision for income taxes is not recorded on undistributed earnings of subsidiaries where NH Foods Ltd. considers that such earnings are permanently invested or where, under the present Japanese tax law, such earnings would not be subject to additional taxation should they be distributed to the Group.

The Group recognizes tax-related interest and penalties in income taxes in the consolidated statements of income.

(14) Per Share Amounts – Basic Earnings Per Share ("EPS") is computed by dividing net income attributable to NH Foods Ltd. by the weighted-average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income attributable to NH Foods Ltd. by the sum of the weighted-average number of common shares outstanding plus the dilutive effect of shares issuable through stock options and convertible bonds.

The net income attributable to NH Foods Ltd. and shares used for basic EPS and diluted EPS are reconciled below:

	Millions of Yen			Thousands of U.S. Dollars
	2015	2014	2013	**2015**
Net Income (Numerator):				
Net income attributable to NH Foods Ltd.	**¥31,048**	¥24,524	¥16,459	**$258,731**
Dilutive effect of convertible bonds	**56**	19	0	**467**
Diluted net income attributable to NH Foods Ltd. shareholders	**¥31,104**	¥24,543	¥16,459	**$259,198**

	Thousands of Shares		
	2015	2014	2013
Shares (Denominator):			
Average shares outstanding for basic earnings per share	**203,686**	200,828	207,242
Dilutive effect of stock options	**194**	222	238
Dilutive effect of convertible bonds	**13,466**	20,226	22,917
Average shares outstanding for diluted earnings per share	**217,346**	221,276	230,397

(15) Revenue Recognition – The Group recognizes revenue when the product is received by the customer, at which time title and risk of loss pass to the customer. Taxes collected from customers and remitted to governmental authorities are excluded from revenues in the consolidated statements of income.

(16) Sales Promotion Expenses and Rebates – The Group accounts for promotion expenses and rebates in accordance with the provisions of ASC Topic 605, "Revenue Recognition." ASC Topic 605 requires that certain sales promotion expenses and rebates be classified as a reduction of net sales, rather than as selling, general and administrative expenses.

(17) Advertising – Advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising expenses amounted to ¥11,187 million ($93,225 thousand), ¥11,221 million and ¥10,482 million for the years ended March 31, 2015, 2014 and 2013, respectively.

(18) Research and Development – Research and development costs are expensed as incurred. Research and development costs amounted to ¥3,354 million ($27,950 thousand), ¥3,424 million and ¥2,992 million for the years ended March 31, 2015, 2014 and 2013, respectively.

(19) Derivative Instruments and Hedging Activities – The Group accounts for derivative instruments and hedging activities in accordance with ASC Topic 815, "Derivatives and Hedging." ASC Topic 815 requires that all derivative instruments be recognized as assets or liabilities on the balance sheet and measured at fair value.

Changes in the fair value of derivative instruments are recognized in either income or other comprehensive income, depending on the designated purpose of the derivative instruments.

(20) Guarantees – The Group accounts for guarantees in accordance with ASC Topic 460, "Guarantees," which addresses the disclosure to be made by a guarantor in its financial statements about its obligations under guarantees. ASC Topic 460 also requires the recognition of a liability by a guarantor at the inception of certain guarantees. ASC Topic 460 requires the guarantor to recognize at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee.

(21) Recent Accounting Pronouncements:

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity – In April 2014, FASB issued Accounting Standards Update (ASU) 2014-08 "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity". ASU 2014-08 amends the definition of a discontinued operation in ASC 205-20, "Presentation of Financial Statements—Discontinued Operations," and requires entities to provide additional disclosures about disposal transactions that do not meet the discontinued operations criteria. It is effective for annual periods beginning on or after December 15, 2014. Early adoption is permitted but only for disposals that have not been reported in financial statements previously issued. The Group is currently in the process of evaluating the impact of the adoption on the consolidated financial statements.

Revenue from Contracts with Customers – In May 2014, FASB issued ASU 2014-09 "Revenue from Contracts with Customers." ASU 2014-09 creates a new Topic 606 "Revenue from Contracts with Customers" and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance of ASC 605 "Revenue Recognition." An entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires the additional disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. It is effective for annual reporting periods, beginning after December 15, 2016, including interim periods within that reporting period and early adoption is not permitted. The Group is currently in the process of evaluating the impact of the adoption on the consolidated financial statements.

Eliminating the Concept of Extraordinary Items – In January 2015, FASB issued ASU 2015-01 which amends ASC 225-20 "Income Statement—Extraordinary and Unusual Items." This update eliminates the concept of extraordinary items and simplifies income statement presentation. It is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The Group is currently in the process of evaluating the impact of the adoption on the consolidated financial statements.

Amendments to the Consolidation Analysis – In February 2015, FASB issued ASU 2015-02 which amends ASC 810 "Consolidation." This update changes the consolidation analysis and requires a reporting entity to perform reevaluation whether it should consolidate certain types of legal entities. It is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, with early adoption permitted. The Group is currently in the process of evaluating the impact of the adoption on the consolidated financial statements.

Simplifying the Presentation of Debt Issuance Costs – In April 2015, FASB issued ASU 2015-03 "Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." This update specifies that debt issuance costs related to a recognized debt liability shall be reported in the balance sheet as a direct deduction from the carrying amount of that debt liability and that amortization of debt issuance costs also shall be reported as interest expense. It is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption of the amendments in this update is permitted for financial statements that have not been previously issued. The Group is currently in the process of evaluating the impact of the adoption on the consolidated financial statements.

Amendments to the Fair Value Disclosures of Investments Using the Practical Expedient – In May 2015, FASB issued ASU 2015-07 which amends ASC 820 "Fair Value Measurement." This update removes the requirements to categorize within the fair value hierarchy all the investments for which fair value is measured using the net asset value per share practical expedient. It is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, with early adoption permitted. The Group is currently in the process of evaluating the impact of the adoption on the consolidated financial statements.

2. INVENTORIES

Inventories at March 31, 2015 and 2014 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Finished goods and merchandise	**¥ 91,040**	¥ 78,618	**$ 758,666**
Raw materials and work-in-process	**47,775**	38,986	**398,125**
Supplies	**4,292**	4,511	**35,767**
Total	**¥143,107**	¥122,115	**$1,192,558**

The Group recognized losses of ¥1,281 million ($10,675 thousand), ¥689 million and ¥1,601 million from writing inventories down to market, which were included in cost of goods sold in the consolidated statements of income for the years ended March 31, 2015, 2014 and 2013, respectively.

3. MARKETABLE SECURITIES AND INVESTMENTS

The table below presents the aggregate cost, gross unrealized holding gains, gross unrealized holding losses and the aggregate fair value of available-for-sale securities and held-to-maturity securities (included in marketable securities and other investment securities) at March 31, 2015 and 2014:

	Millions of Yen								Thousands of U.S. Dollars			
	2015				2014				**2015**			
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale:												
Domestic stocks:												
Retail industry	**¥4,624**	**¥4,845**	**¥(1)**	**¥ 9,468**	¥ 4,488	¥2,784	¥(12)	¥ 7,260	**$38,533**	**$40,375**	**$ (8)**	**$ 78,900**
Others	**4,661**	**5,128**	**(1)**	**9,788**	5,809	3,785	(2)	9,592	**38,842**	**42,733**	**(8)**	**81,567**
Mutual funds	**250**	**0**		**250**	290	37		327	**2,083**	**0**		**2,083**
Held-to-maturity:												
Japanese government bonds	**190**		**0**	**190**	190		0	190	**1,583**		**0**	**1,583**
Total	**¥9,725**	**¥9,973**	**¥(2)**	**¥19,696**	¥10,777	¥6,606	¥(14)	¥17,369	**$81,041**	**$83,108**	**$(16)**	**$164,133**

Fair value and gross unrealized holding losses of available-for-sale securities and held-to-maturity securities, aggregated by investment category and length of time that individual securities had been in a continuous unrealized loss position, at March 31, 2015 and 2014 were as follows. There were no investments in a continuous unrealized loss position for 12 months or more at March 31, 2015 and 2014:

	Millions of Yen				Thousands of U.S. Dollars	
	2015		2014		**2015**	
	Less than 12 Months		Less than 12 Months		**Less than 12 Months**	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
Available-for-sale:						
Domestic stocks:						
Retail industry	**¥ 48**	**¥(1)**	¥179	¥(12)	**$ 400**	**$ (8)**
Others	**39**	**(1)**	38	(2)	**325**	**(8)**
Held-to-maturity:						
Japanese government bonds	**190**	**0**	190	0	**1,583**	**0**
Total	**¥277**	**¥(2)**	¥407	¥(14)	**$2,308**	**$(16)**

The proceeds from sales of available-for-sale securities were ¥1,919 million ($15,992 thousand), ¥204 million and ¥74 million for the years ended March 31, 2015, 2014 and 2013, respectively. These sales resulted in gross realized gains and losses as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2015	2014	2013	**2015**
Realized gains	**¥670**	¥86	¥30	**$5,583**
Realized losses	**(1)**	0		**(8)**

In determining realized gains and losses, the cost of securities sold was based on the moving average cost of all shares of such security held at the time of sale.

Future maturities of debt securities classified as held-to-maturity at March 31, 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Cost	Fair Value	Cost	Fair Value
Due within one year	**¥190**	**¥190**	**$1,583**	**$1,583**

Non-marketable equity securities, for which there is no practicable method to estimate fair values, were carried at their cost of ¥3,849 million ($32,075 thousand) and ¥3,899 million at March 31, 2015 and 2014, respectively.

Investments in associated companies at March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Investments in capital stock	**¥3,213**	¥2,993	**$26,775**

The carrying value of investments in associated companies approximated NH Foods Ltd.'s equity in their net assets at March 31, 2015 and 2014.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at March 31, 2015 and 2014 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Land	**¥ 83,647**	¥ 83,329	**$ 697,058**
Buildings	**278,958**	271,632	**2,324,650**
Machinery and equipment	**233,807**	228,415	**1,948,392**
Construction in progress	**6,854**	3,718	**57,117**
Total	**603,266**	587,094	**5,027,217**
Less accumulated depreciation	**(350,729)**	(350,425)	**(2,922,742)**
Property, plant and equipment – net	**¥ 252,537**	¥ 236,669	**$ 2,104,475**

Depreciation expense of property, plant and equipment was ¥16,973 million ($141,442 thousand), ¥15,735 million and ¥16,097 million for the years ended March 31, 2015, 2014 and 2013, respectively. The Group recorded a net loss of ¥1,328 million ($11,067 thousand), a net gain of ¥1,211 million and a net loss of ¥682 million on dispositions of property, plant and equipment, for the years ended March 31, 2015, 2014 and 2013, respectively. The gains and losses for the years ended March 31, 2015, 2014 and 2013 were included in other operating costs and expenses (income) – net in the consolidated statements of income.

5. INTANGIBLE ASSETS

Intangible assets subject to amortization included in intangible assets in the consolidated balance sheets at March 31, 2015 and 2014 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2015		2014		2015	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Software	**¥23,063**	**¥20,334**	¥22,518	¥18,893	**$192,192**	**$169,450**
Software in progress	**344**		322		**2,867**	
Other	**875**	**464**	1,017	423	**7,292**	**3,867**
Total	**¥24,282**	**¥20,798**	¥23,857	¥19,316	**$202,351**	**$173,317**

Intangible assets not subject to amortization at March 31, 2015 and 2014 were immaterial.

Amortization expense was ¥1,978 million ($16,483 thousand), ¥2,914 million and ¥3,226 million for the years ended March 31, 2015, 2014 and 2013, respectively.

The weighted average amortization period is approximately five years.

Estimated amortization expense for the next five years ending March 31 is as follows:

Year Ending March 31:	Millions of Yen	Thousands of U.S. Dollars
2016	**¥1,195**	**$9,958**
2017	**909**	**7,575**
2018	**658**	**5,483**
2019	**374**	**3,117**
2020	**212**	**1,767**

The carrying amounts of goodwill at March 31, 2015 and 2014 and changes in its carrying amounts for the years ended March 31, 2015 and 2014 were immaterial to the Group's operations.

6. IMPAIRMENT OF LONG-LIVED ASSETS

The Group recognized impairment losses of ¥3,047 million ($25,392 thousand) for the year ended March 31, 2015. The impairment losses relate principally to idle assets and to assets used for business related to Processed Foods Business Division and were reported in other operating costs and expenses (income) – net in the consolidated statements of income. The impairment losses were incurred mainly due to a decline in market value of the assets and a reorganization of the production base resulting in the future disposal of the assets.

The Group recognized impairment losses of ¥1,738 million for the year ended March 31, 2014. The impairment losses relate principally to idle assets related to Processed Foods Business Division and were reported in other operating costs and expenses (income) – net in the consolidated statements of income. The impairment losses were incurred mainly due to a decline in market value of the assets.

The Group recognized impairment losses of ¥1,519 million for the year ended March 31, 2013. The impairment losses relate principally to idle assets related to Processed Foods Business Division and were reported in other operating costs and expenses (income) – net in the consolidated statements of income. The impairment losses were incurred mainly due to a decline in market value of the assets.

The fair value of assets is calculated based on independent appraisal or market value whichever the management considers the most appropriate.

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

The annual interest rates applicable to the short-term bank loans outstanding at March 31, 2015 and 2014 ranged from 0.4% to 6.2% and 0.4% to 6.7%, respectively.

NH Foods Ltd. entered into contracts with certain financial institutions for committed credit lines totaling ¥75,000 million ($625,000 thousand), ¥75,000 million of which was unexercised and available to immediate borrowings at March 31, 2015 and 2014.

Long-term debt at March 31, 2015 and 2014 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Long-term debt with collateral:			
Mainly banks and insurance companies, maturing through 2019, interest rates ranging from 1.5% to 2.1% in 2015 and 2014	**¥ 682**	¥ 1,022	**$ 5,684**
Long-term debt without collateral:			
Mainly banks and insurance companies, maturing through 2022, interest rates ranging from 0.2% to 1.7% in 2015 and 0.2% to 3.9% in 2014	**23,452**	28,750	**195,433**
2.01% bonds due December 2017	**10,000**	10,000	**83,333**
0.551% bonds due September 2019	**10,000**	10,000	**83,333**
0.934% bonds due September 2022	**10,000**	10,000	**83,333**
Euro yen zero coupon convertible bonds due September 2018			
Conversion price, ¥2,227.8 per share	**29,709**	29,626	**247,575**
Capital lease obligations, maturing through 2029, interest rates ranging from 0.2% to 2.2% in 2015 and 0.2% to 4.2% in 2014	**9,384**	9,399	**78,200**
Total	**93,227**	98,797	**776,891**
Less current maturities	**(9,058)**	(8,395)	**(75,483)**
Long-term debt, less current maturities	**¥84,169**	¥90,402	**$701,408**

The euro yen zero coupon convertible bonds due September 2018 have a conversion limitation clause and a call option clause (cash settlement type). nconverted portion of these bonds on September 26, 2018 (maturity date) will be redeemed at 100% of the face amount. The conversion price of these stock acquisition rights is ¥2,227.8 ($18.57) and ¥2,239.0, and the increasing number of common stock upon exercise of the stock acquisition rights and issuance of new shares is 13,466,199 and 13,398,838 for the years ended March 31, 2015 and 2014, respectively.

As of March 31, 2015 and 2014, the bonds mentioned above were separately accounted for the equity and liabilities as follows;

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Component of equity:			
Carrying amount	**¥ 336**	¥ 336	**$ 2,800**
Component of liability:			
Principle amount	**30,000**	30,000	**25,000**
Less unamortized discounts	**(291)**	(374)	**(2,425)**
Net carrying amount	**¥29,709**	¥29,626	**$247,575**

At March 31, 2015, the aggregate annual maturities of long-term debt are as follows:

Year Ending March 31:	Millions of Yen	Thousands of U.S. Dollars
2016	**¥ 9,058**	**$ 75,483**
2017	**11,054**	**92,116**
2018	**11,685**	**97,375**
2019	**31,019**	**258,492**
2020	**10,748**	**89,567**
Thereafter	**19,663**	**163,858**
Total	**¥93,227**	**$776,891**

At March 31, 2015, property, plant and equipment with a net book value of ¥7,343 million ($61,192 thousand) was pledged as collateral for long-term debt of ¥682 million ($5,683 thousand), and inventories of ¥636 million ($5,300 thousand) were pledged as collateral for short-term bank loans of ¥291 million ($2,425 thousand).

Substantially all the short-term and long-term loans from banks are made under agreements which provide as is customary in Japan that under certain conditions, the banks may require the Group to provide collateral (or additional collateral) or guarantors with respect to the loans, or may treat any collateral, whether furnished as security for short-term and long-term loans or otherwise, as collateral for all indebtedness to such banks. Default provisions of certain agreements grant certain rights of possession to the banks.

8. INCOME TAXES

Through the application of the consolidated tax filing system, the amount of taxable income for national income tax purposes is calculated by combining the taxable income of NH Foods Ltd. and its wholly owned subsidiaries located in Japan. In addition, the realizable amounts of deferred tax assets relating to national income tax as of March 31, 2015 and 2014 were assessed based on the estimated future taxable income of NH Foods Ltd. and its wholly owned subsidiaries located in Japan.

Income taxes in Japan applicable to NH Foods Ltd. and domestic subsidiaries, imposed by the national, prefectural and municipal governments, in the aggregate result in a normal effective statutory rate of approximately 36.0% for the year ended March 31, 2015 and 38.0% for the years ended 2014 and 2013. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

In accordance with ASC Topic 740, a change in tax laws and rates requires an adjustment of deferred tax assets and liabilities, and the difference caused by the adjustment shall be included in deferred tax expenses.

As a result of the amendments to the Japanese tax regulations enacted into law on March 31, 2015, the normal Japanese statutory tax rates have been reduced from approximately 36.0% to 33.0% on and after April 1, 2015 and to 32.0% on and after April 1, 2016. Deferred tax expense increased by ¥1,183 million ($9,858 thousand) by the adjustments of deferred tax assets and liabilities at the date of enactment in comparison with that before the amendments for the year ended March 31, 2015.

As a result of the amendments to the Japanese tax regulations enacted into law on March 20, 2014, Special Corporation Tax for Reconstruction has been repealed and the normal Japanese statutory tax rates have been reduced from approximately 38.0% to 36.0% on and after April 1, 2014. Deferred tax expense increased by ¥314 million by the adjustments of deferred tax assets and liabilities at the date of enactment in comparison with that before the amendments for the year ended March 31, 2014.

The effective rates of income taxes reflected in the consolidated statements of income differed from the normal Japanese statutory tax rates for the following reasons:

	2015	2014	2013
Normal Japanese statutory tax rates	**36.0%**	38.0%	38.0%
Increase (decrease) in taxes resulting from:			
Difference in foreign subsidiaries tax rates	**(2.1)**	(3.0)	(2.3)
Change in the valuation allowance	**(6.3)**	(6.4)	4.3
Permanently non-deductible expenses	**0.9**	2.1	0.1
Tax credit	**(1.3)**	(1.2)	(1.0)
Tax rate change	**2.7**	0.9	
Other – net	**0.4**	0.9	1.4
Effective income tax rates	**30.3%**	31.3%	40.5%

The approximate effects of temporary differences, net operating loss and tax credit carryforwards that gave rise to deferred tax balances at March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Deferred tax assets:			
Inventories	**¥ 346**	¥ 154	**$ 2,883**
Certain accrued prefectural income taxes	**765**	377	**6,375**
Accrued bonuses	**3,073**	3,104	**25,608**
Liability under retirement and severance programs	**5,589**	7,613	**46,575**
Fixed assets	**3,417**	3,901	**28,475**
Other temporary differences	**3,292**	3,062	**27,434**
Net operating loss and tax credit carryforwards	**4,517**	7,733	**37,642**
Total	**20,999**	25,944	**174,992**
Less valuation allowance	**(5,277)**	(8,552)	**(43,975)**
Total deferred tax assets	**15,722**	17,392	**131,017**
Deferred tax liabilities:			
Securities	**(2,430)**	(1,350)	**(20,250)**
Inventories	**(1,119)**	(749)	**(9,325)**
Investments in subsidiaries	**(2,177)**	(2,145)	**(18,142)**
Fixed assets	**(278)**	(292)	**(2,317)**
Other temporary differences	**(10)**	(153)	**(83)**
Total deferred tax liabilities	**(6,014)**	(4,689)	**(50,117)**
Net deferred tax assets	**¥ 9,708**	¥12,703	**$ 80,900**

The net changes in the total valuation allowance for the years ended March 31, 2015 and 2014 were a decrease of ¥3,275 million ($27,292 thousand) and a decrease of ¥2,572 million, respectively.

At March 31, 2015, the net operating loss carryforwards of the Group for corporate income tax and local income tax purposes amounted to ¥10,307 million ($85,891 thousand) and ¥13,502 million ($112,517 thousand), respectively. The net operating loss carryforwards for corporate income tax and local income tax purposes subject to expiration in the period from 2016 to 2020 are ¥700 million ($5,833 thousand) and ¥1,437 million ($11,975 thousand), respectively. The remaining balances for corporate income tax and local income tax purposes, ¥9,607 million ($80,058 thousand) and ¥12,065 million ($100,542 thousand), respectively, will expire in years beyond 2020 or have an indefinite carryforward period. At March 31, 2015, the Group also had tax credit carryforwards of ¥418 million ($3,483 thousand), of which ¥352 million ($2,933 thousand) will expire within five years while the remaining ¥66 million ($550 thousand) will expire beyond 2020 or have an indefinite carryforward period.

The portion of the undistributed earnings of foreign subsidiaries which is deemed to be permanently invested amounted to ¥31,833 million ($265,275 thousand) at March 31, 2015. Provisions are not made for taxes on undistributed earnings and cumulative translation adjustments of foreign subsidiaries whose earnings are deemed to be permanently invested.

The Group recognizes tax-related interest and penalties in income taxes in the consolidated statements of income. Total amounts of tax-related interest and penalties recognized in the consolidated statements of income for the years ended March 31, 2015, 2014 and 2013 were not significant.

The Group files income tax returns in Japan and various foreign tax jurisdictions. NH Foods Ltd. and its major domestic subsidiaries are no longer subject to, with limited exception, income tax examinations by tax authorities for years ended on or before March 31, 2013. Major subsidiaries in the United States, Australia and other foreign countries are no longer subject to, with limited exception, income tax examinations by tax authorities for years ended on or before March 31, 2010.

9. RETIREMENT AND SEVERANCE PROGRAMS

NH Foods Ltd. has a contributory pension plan and a lump-sum severance indemnities plan to establish a formula for determining benefits including “point-based benefits system” under which benefits are calculated based on accumulated points allocated to employees each year according to their job classification, performance and years of service. Market-related interest is added to the benefit of the contributory pension plan. The pension plans provide for annuity payments for the periods of 10 to 20 years commencing with mandatory retirement. NH Foods Ltd. also introduced a defined contribution pension plan. Certain of NH Foods Ltd.’s subsidiaries have defined benefit pension plans, lump-sum severance plans and defined contribution plans. Assumptions used for those plans were generally the same as those used for NH Foods Ltd.’s plans.

The Group recognized the defined contribution cost of ¥1,760 million ($14,667 thousand), ¥1,629 million and ¥1,480 million for the years ended March 31, 2015, 2014 and 2013, respectively.

Net periodic benefit cost under the Group's retirement and severance programs for the years ended March 31, 2015, 2014 and 2013 included the following components:

	Millions of Yen			Thousands of U.S. Dollars
	2015	2014	2013	**2015**
Service cost	**¥2,632**	¥2,624	¥2,587	**$21,933**
Interest cost	**457**	455	597	**3,808**
Expected return on plan assets	**(584)**	(527)	(476)	**(4,866)**
Amortization of prior service credit	**(272)**	(303)	(303)	**(2,267)**
Recognized actuarial loss	**623**	959	1,111	**5,192**
Settlement loss	**25**	291	372	**208**
Net periodic benefit cost	**¥2,881**	¥3,499	¥3,888	**$24,008**

The following table sets forth various information about the Group's plans as of March 31, 2015 and 2014:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Change in the projected benefit obligations:			
Projected benefit obligations at the beginning of the year	**¥52,384**	¥ 53,498	**$436,533**
Service cost	**2,632**	2,624	**21,933**
Interest cost	**457**	455	**3,808**
Actuarial loss (gain)	**1,749**	(1,149)	**14,575**
Benefits paid:			
Settlement paid	**(1,774)**	(1,551)	**(14,783)**
Others	**(1,510)**	(1,493)	**(12,583)**
Projected benefit obligations at the end of the year	**53,938**	52,384	**449,483**
Change in fair value of plan assets:			
Fair value of plan assets at the beginning of the year	**41,870**	38,642	**348,917**
Actual gain on plan assets	**5,578**	3,128	**46,483**
Employer contribution	**1,777**	1,775	**14,808**
Benefits paid:			
Settlement paid	**(236)**	(182)	**(1,967)**
Others	**(1,510)**	(1,493)	**(12,583)**
Fair value of plan assets at the end of the year	**47,479**	41,870	**395,658**
Funded status at the end of the year	**¥ (6,459)**	¥(10,514)	**$ (53,825)**

Amounts recognized by the Group in the consolidated balance sheets at March 31, 2015 and 2014 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Prepaid benefit cost	**¥ 5,595**	¥ 2,096	**$ 46,625**
Accrued expenses	**(581)**	(655)	**(4,842)**
Accrued benefit liability	**(11,473)**	(11,955)	**(95,608)**
	¥ (6,459)	¥(10,514)	**$(53,825)**

Amounts recognized by the Group in accumulated other comprehensive loss at March 31, 2015 and 2014 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Actuarial loss	**¥ 7,474**	¥11,409	**$62,283**
Prior service credit	**(1,189)**	(1,503)	**(9,908)**
	¥ 6,285	¥ 9,906	**$52,375**

The Group's accumulated benefit obligations for defined benefit plans at March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Accumulated benefit obligations	**¥53,938**	¥52,384	**$449,483**

The projected benefit obligations and the fair value of the plan assets for the Group's pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of the plan assets for the Group's pension plans with accumulated benefit obligations in excess of plan assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Plans with projected benefit obligations in excess of plan assets:			
Projected benefit obligations	**¥13,592**	¥21,300	**$113,267**
Fair value of plan assets	**1,538**	8,690	**12,817**
Plans with accumulated benefit obligations in excess of plan assets:			
Accumulated benefit obligations	**13,592**	21,300	**113,267**
Fair value of plan assets	**1,538**	8,690	**12,817**

Amounts recognized by the Group in the other comprehensive income and reclassification adjustments of the other comprehensive income for the years ended March 31, 2015, 2014 and 2013 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2015	2014	2013	**2015**
Current year actuarial gain	**¥(3,287)**	¥(3,750)	¥(1,326)	**$(27,392)**
Current year prior service cost	**42**			**350**
Recognition of actuarial loss	**(648)**	(1,250)	(1,483)	**(5,400)**
Amortization of prior service credit	**272**	303	303	**2,267**

The estimated prior service credit and actuarial loss for the Group's defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next year are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Prior service credit	**¥(220)**	**$(1,833)**
Actuarial loss	**373**	**3,108**

Assumptions

Weighted-average assumptions used to determine the Group's benefit obligations at March 31, 2015 and 2014 were as follows:

	2015	2014
Discount rate	**0.6%**	0.9%

Weighted-average assumptions used to determine the Group's net periodic benefit cost for the years ended March 31, 2015, 2014 and 2013 were as follows:

	2015	2014	2013
Discount rate	**0.9%**	0.9%	1.2%
Expected long-term rate of return on plan assets	**2.1%**	2.0%	2.0%

NH Foods Ltd. has a contributory pension plan and a lump-sum severance indemnities plan to establish a formula for determining benefits including point-based benefits system. Accordingly, rate of increase in future compensation levels was not used to determine net periodic benefit cost for the years ended March 31, 2015, 2014 and 2013.

NH Foods Ltd.'s expected long-term rate of return was determined by estimating the future rate of return of each plan asset considering actual historical returns.

Assumptions used for plans of NH Foods Ltd.'s subsidiaries were generally the same as those used for NH Foods Ltd.'s plans.

Plan Assets

The Group's fundamental policy for the investment of plan assets is to secure the necessary profit on a long-term basis to enable the Group to fund the payments for future pension benefits to eligible participants. Plan assets are allocated in accordance with the plan assets allocation policy, which is established for the purpose of achieving a stable rate of return on a medium- to long-term basis, by taking into account the expected rate of return on each plan asset, a standard deviation and a correlation coefficient. The variance between expected long-term return and actual return on invested plan assets is evaluated on an annual basis. The plan assets allocation policy is revised, when considered necessary, to achieve the expected long-term rate of return.

The Group's portfolio consists of four major components: approximately 45% is invested in equity securities, approximately 24% is invested in debt securities, approximately 19% is invested in life insurance company general accounts, and approximately 12% is invested in mutual funds and other investment vehicles.

The equity securities consist primarily of stocks that are listed on the stock exchanges. The Group investigates the business condition of the investee companies and appropriately diversifies investments by industry types and other relevant factors. The debt securities consist primarily of government bonds, public debt instruments and corporate bonds. The Group investigates the quality of the bonds, including credit rating, interest rate and repayment dates, and appropriately diversifies the investments. Mutual funds are invested using the strategy consistent with the equity and debt securities described above. As for the life insurance general accounts, life insurance companies guarantee certain interest rate and repayment of principal.

The target asset allocation of the Group's defined benefit pension plans by asset class was 22% for equity securities, 33% for debt securities, 30% for life insurance company general accounts and 15% for others for the year ended March 31, 2015, and the target allocation for the year ending March 31, 2016 is 23% for equity securities, 33% for debt securities, 28% for life insurance company general accounts and 16% for others. Plan assets of the employee retirement benefit trust were included in plan assets, which amounted to ¥16,895 million ($140,792 thousand) and ¥13,898 million for the years ended March 31, 2015 and 2014, respectively.

The fair values of the Group's pension plans' asset allocations at March 31, 2015 and 2014 by asset class were as follows:

	Millions of Yen							
	2015				2014			
Asset class:	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equity securities:								
Domestic stocks	¥17,427			¥17,427	¥14,004			¥14,004
Foreign stocks	4,037			4,037	3,197			3,197
Debt securities:								
Japanese government bonds and domestic municipal bonds	5,601			5,601	6,351			6,351
Domestic corporate bonds	2,424			2,424	2,355			2,355
Foreign government bonds and foreign municipal bonds	3,526			3,526	1,179			1,179
Foreign corporate bonds	96			96	689			689
Life insurance company general accounts		¥ 8,822		8,822		¥ 8,421		8,421
Others:								
Mutual funds		3,789		3,789		3,995		3,995
Others	1,718	36	¥3	1,757	1,607	51	¥21	1,679
Total	¥34,829	¥12,647	¥3	¥47,479	¥29,382	¥12,467	¥21	¥41,870

	Thousands of U.S. Dollars			
	2015			
Asset class:	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic stocks	$145,225			$145,225
Foreign stocks	33,642			33,642
Debt securities:				
Japanese government bonds and domestic municipal bonds	46,675			46,675
Domestic corporate bonds	20,200			20,200
Foreign government bonds and foreign municipal bonds	29,383			29,383
Foreign corporate bonds	800			800
Life insurance company general accounts		$ 73,516		73,516
Others:				
Mutual funds		31,575		31,575
Others	14,317	300	$25	14,642
Total	$290,242	$105,391	$25	$395,658

Level 1 assets are comprised principally of equity securities and government bonds, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of mutual funds that invest in equity and debt securities, and investments in life insurance company general accounts. Mutual funds, which are redeemable in the near term, are valued at their net asset values which are calculated by the investment management companies. Investments in life insurance company general accounts are valued at the sum of original principal and accrued interest. The fair value of Level 3 assets consist of funds that invest principally in unlisted equity securities. Actual returns on, and purchases and sales of, these assets during the years ended March 31, 2015 and 2014 were not significant.

Contributions

The Group expects to contribute ¥1,796 million ($14,967 thousand) to the defined benefit pension plans in the year ending March 31, 2016.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future services, as appropriate, are expected to be made by the Group:

Year Ending March 31:	Millions of Yen	Thousands of U.S. Dollars
2016	**¥ 2,828**	**$ 23,567**
2017	**2,671**	**22,258**
2018	**2,796**	**23,300**
2019	**2,755**	**22,958**
2020	**2,920**	**24,333**
2021—2025	**15,719**	**130,992**

Certain domestic subsidiaries participate in multiemployer plans. This disclosure uses the most recently available information:

	Zone Status		Contributions of the NH Foods Ltd.'s subsidiaries			
			Millions of Yen			Thousands of U.S. Dollars
Pension Fund:	**2015**	2014	**2015**	2014	2013	**2015**
Japan Ham & Sausage Processors Pension Fund	**Less than 65% (March 31, 2014)**	Less than 65% (March 31, 2013)	**¥330**	¥317	¥306	**$2,750**
Nationwide Dainty Pension Fund	**At least 80% (March 31, 2014)**	At least 80% (March 31, 2013)	**214**	235	230	**1,783**
Total			**¥544**	¥552	¥536	**$4,533**

The risks of participating in these multiemployer plans are different from single-employer plans primarily in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multiemployer plan, the unfunded obligations of the multiemployer plan may be borne by the remaining participating employers.
- If the Group chooses to stop participating in some of those multiemployer plans, the Group may be required to pay those plans an amount based on the underfunded status of the multiemployer plan, referred to as a withdrawal liability.

Plan information for Japan Ham & Sausage Processors Pension Fund is not publicly available. This fund provides monthly retirement payments on the basis of the contributions earned by the participating employees. To the extent that the plan is underfunded, the future contributions to the plan may increase.

This fund's financial statements for the year ended March 31, 2014 indicated pension plan assets of ¥26,273 million ($218,942 thousand); underfunded amounts of ¥18,065 million ($150,542 thousand); and total contributions of all participating employers of ¥2,138 million ($17,817 thousand).

This fund's financial statements for the year ended March 31, 2013 indicated pension plan assets of ¥24,698 million; underfunded amounts of ¥17,919 million; and total contributions of all participating employers of ¥2,276 million.

Japan Ham & Sausage Processors Pension Fund resolved a special dissolution policy at a conference of representatives on February 27, 2014 based on Act of Partial Revision of Pension of the Employees' Pension Insurance Act which was promulgated on June 26, 2013. As of March 31, 2015, it was in the process of aiming for dissolution. However, a resolution for dissolution has not been approved yet. Moreover, the impact on the consolidated statements of income regarding this issue is not able to be calculated reasonably due to many uncertainties at this time.

Plan information for Japan Nationwide Dainty Pension Fund is not publicly available. This fund provides monthly retirement payments on the basis of the contributions earned by the participating employees. To the extent that the plan is underfunded, the future contributions to the plan may increase.

This fund's financial statements for the year ended March 31, 2014 indicated pension plan assets of ¥13,933 million ($116,108 thousand); overfunded amounts of ¥476 million ($3,967 thousand); and total contributions of all participating employers of ¥1,183 million ($9,858 thousand).

This fund's financial statements for the year ended March 31, 2013 indicated pension plan assets of ¥12,607 million; overfunded amounts of ¥41 million; and total contributions of all participating employers of ¥1,206 million.

Japan Nationwide Dainty Pension Fund resolved a dissolution policy at a conference of representatives on September 19, 2013. As of March 31, 2015, it was in the process of aiming for dissolution. However, a resolution for dissolution has not been approved yet. Moreover, the impact on the consolidated statements of income regarding this issue is not able to be calculated reasonably due to many uncertainties at this time.

Pension Fund:	Year Contributions to Plan Exceeded More Than 5 Percent of Total Contributions (as of March 31 of the Plan's Year-End)
Japan Ham & Sausage Processors Pension Fund	2014 and 2013
Nationwide Dainty Pension Fund	2014 and 2013

Additionally, the Group provided for directors' retirement allowances of ¥602 million ($5,017 thousand) and ¥629 million at March 31, 2015 and 2014, respectively, based on the Group's internal regulations.

10. STOCK-BASED COMPENSATION

On May 9, 2008, the Board of Directors resolved to abolish the stock option plan except for those stock options granted before March 31, 2008.

A summary of option activity under NH Foods Ltd.'s stock option plan at March 31, 2015 and changes during the year then ended were as follows:

	Shares	Yen	Years	Millions of Yen	U.S. Dollars	Thousands of U.S. Dollars
	Number of Options	Exercise Price	Average Remaining Contractual Life	Aggregate Intrinsic Value	Exercise Price	Aggregate Intrinsic Value
Outstanding at March 31, 2014	213,000	¥1			$0	
Exercised	(37,000)	1			0	
Forfeited	(1,000)	1			0	
Outstanding at March 31, 2015	175,000	1	7.6	¥484	0	$4,033
Exercisable at March 31, 2015	13,000	¥1	1.7	¥ 36	$0	$ 300

The total intrinsic values of options exercised during the years ended March 31, 2015, 2014 and 2013 were ¥86 million ($717 thousand), ¥34 million and ¥25 million, respectively.

Cash received from options exercised for the years ended March 31, 2015, 2014 and 2013 was immaterial.

11. EQUITY

Companies in Japan are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below;

(a) Dividends

Under the Companies Act, companies in Japan can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies in Japan that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors of such company may declare dividends (except for dividends in kind) at any time during the fiscal year if the company prescribed so in its articles of incorporation. NH Foods Ltd. meets all the above criteria.

The Companies Act permits companies in Japan to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

The amount available for dividends under the Companies Act is based on the amount recorded in NH Foods Ltd.'s nonconsolidated books of accounts in accordance with Japanese accounting practices. The amount available for dividends under the Companies Act as of March 31, 2015 was ¥112,851 million ($940,425 thousand).

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, additional paid-in capital and legal reserve may be reversed upon resolution of the shareholders. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies in Japan to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

On May 20, 1993, NH Foods Ltd. made a stock split by way of a free share distribution at the rate of 0.1 shares for each outstanding share, and 20,703,062 shares were issued to shareholders of record on March 31, 1993, resulting in no change in the balance of common stock or capital surplus. Corporations in the United States issuing shares in similar transactions would be required to account for them by reducing retained earnings and increasing appropriate capital accounts by an amount equal to the fair value of the shares issued. If such United States practice had been applied to the fiscal 1994 free share distribution made by NH Foods Ltd., capital surplus would have increased by ¥33,746 million with a corresponding decrease in unappropriated retained earnings.

12. OTHER COMPREHENSIVE INCOME (LOSS)

The change in accumulated other comprehensive income (loss) for the years ended March 31, 2015 and 2014 was as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2015			2015		
	Before-Tax Amount	Income Tax	After-Tax Amount	Before-Tax Amount	Income Tax	After-Tax Amount
Net unrealized gains on securities available-for-sale:						
Balance, April 1, 2014	¥ 6,584	¥(2,482)	¥ 4,102	$ 54,866	$(20,683)	$ 34,183
Other comprehensive income before reclassification	4,133	(1,489)	2,644	34,442	(12,408)	22,034
Amounts reclassified from accumulated other comprehensive income	(754)	272	(482)	(6,283)	2,266	(4,017)
Other comprehensive income	3,379	(1,217)	2,162	28,159	(10,142)	18,017
Other comprehensive income attributable to noncontrolling interests	0	0	0	0	0	0
Balance, March 31, 2015	9,963	(3,699)	6,264	83,025	(30,825)	52,200
Pension liability adjustments:						
Balance, April 1, 2014	(9,909)	6,288	(3,621)	(82,575)	52,400	(30,175)
Other comprehensive income before reclassification	3,245	(1,168)	2,077	27,042	(9,733)	17,309
Amounts reclassified from accumulated other comprehensive loss	376	(135)	241	3,133	(1,125)	2,008
Other comprehensive income	3,621	(1,303)	2,318	30,175	(10,858)	19,317
Other comprehensive loss attributable to noncontrolling interests	2	(1)	1	16	(8)	8
Balance, March 31, 2015	(6,286)	4,984	(1,302)	(52,384)	41,534	(10,850)
Foreign currency translation adjustments:						
Balance, April 1, 2014	(1,545)		(1,545)	(12,875)		(12,875)
Other comprehensive income before reclassification	4,776		4,776	39,800		39,800
Amounts reclassified from accumulated other comprehensive loss	2		2	17		17
Other comprehensive income	4,778		4,778	39,817		39,817
Other comprehensive income attributable to noncontrolling interests	(69)		(69)	(575)		(575)
Balance, March 31, 2015	3,164		3,164	26,367		26,367
Total, accumulated other comprehensive income (loss):						
Balance, April 1, 2014	(4,870)	3,806	(1,064)	(40,584)	31,717	(8,867)
Other comprehensive income before reclassification	12,154	(2,657)	9,497	101,284	(22,141)	79,143
Amounts reclassified from accumulated other comprehensive income	(376)	137	(239)	(3,133)	1,141	(1,992)
Other comprehensive income	11,778	(2,520)	9,258	98,151	(21,000)	77,151
Other comprehensive income attributable to noncontrolling interests	(67)	(1)	(68)	(559)	(8)	(567)
Balance, March 31, 2015	¥ 6,841	¥ 1,285	¥ 8,126	$ 57,008	$ 10,709	$ 67,717

Reclassification from other comprehensive income and loss (before-tax amount) of net unrealized gains on securities available-for-sale and foreign currency translation adjustments are included in other income (expenses)—net. Reclassification from other comprehensive loss (before-tax amount) of pension liability adjustments is included in net periodic benefit cost.

	Millions of Yen		
	2014		
	Before-Tax Amount	Income Tax	After-Tax Amount
Net unrealized gains on securities available-for-sale:			
Balance, April 1, 2013	¥ 5,823	¥(2,207)	¥ 3,616
Other comprehensive income before reclassification	807	(291)	516
Amounts reclassified from accumulated other comprehensive income	(46)	16	(30)
Other comprehensive income	761	(275)	486
Other comprehensive income attributable to noncontrolling interests	0	0	0
Balance, March 31, 2014	6,584	(2,482)	4,102
Pension liability adjustments:			
Balance, April 1, 2013	(14,603)	7,978	(6,625)
Other comprehensive income before reclassification	3,750	(1,350)	2,400
Amounts reclassified from accumulated other comprehensive loss	947	(341)	606
Other comprehensive income	4,697	(1,691)	3,006
Other comprehensive income attributable to noncontrolling interests	(3)	1	(2)
Balance, March 31, 2014	(9,909)	6,288	(3,621)
Foreign currency translation adjustments:			
Balance, April 1, 2013	(5,764)		(5,764)
Other comprehensive income before reclassification	4,077		4,077
Amounts reclassified from accumulated other comprehensive loss	360		360
Other comprehensive income	4,437		4,437
Other comprehensive income attributable to noncontrolling interests	(218)		(218)
Balance, March 31, 2014	(1,545)		(1,545)
Total, accumulated other comprehensive loss:			
Balance, April 1, 2013	(14,544)	5,771	(8,773)
Other comprehensive income before reclassification	8,634	(1,641)	6,993
Amounts reclassified from accumulated other comprehensive loss	1,261	(325)	936
Other comprehensive income	9,895	(1,966)	7,929
Other comprehensive income attributable to noncontrolling interests	(221)	1	(220)
Balance, March 31, 2014	¥ (4,870)	¥ 3,806	¥(1,064)

The amounts of income tax allocated to each component of other comprehensive income and reclassification adjustments for the year ended March 31, 2013 were as follows:

	Millions of Yen		
	2013		
	Before-Tax Amount	Income Tax	After-Tax Amount
Net unrealized gains on securities available-for-sale:			
Amounts arising during the year	¥2,548	¥ (917)	¥1,631
Reclassification adjustments for losses realized in net income	58	(21)	37
Net change during the year	2,606	(938)	1,668
Pension liability adjustments:			
Amounts arising during the year	1,326	(477)	849
Reclassification adjustments for losses realized in net income	1,180	(425)	755
Net change during the year	2,506	(902)	1,604
Foreign currency translation adjustments:			
Amounts arising during the year	3,598		3,598
Net change during the year	3,598		3,598
Other comprehensive income	¥8,710	¥(1,840)	¥6,870

Accumulated other comprehensive loss, net of tax effects, at March 31, 2013 consisted of the following:

	Millions of Yen
	2013
Net unrealized gains on securities available-for-sale	¥ 3,616
Pension liability adjustments	(6,625)
Foreign currency translation adjustments	(5,764)
Accumulated other comprehensive loss	¥(8,773)

13. LEASED ASSETS AND RENT EXPENSE

The Group leases certain buildings, machinery and equipment under capital leases. The amounts of these leased assets included in the consolidated balance sheets at March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Buildings	**¥ 5,300**	¥ 5,300	**$ 44,167**
Machinery and equipment	**14,693**	14,061	**122,442**
Total	**19,993**	19,361	**166,609**
Less accumulated depreciation	**(11,185)**	(10,908)	**(93,208)**
Total	**¥ 8,808**	¥ 8,453	**$ 73,401**

The following is a schedule of the future minimum lease payments under capital leases together with the present value of net minimum lease payments which are included in the consolidated balance sheet at March 31, 2015:

Year Ending March 31:	Millions of Yen	Thousands of U.S. Dollars
2016	**¥ 2,780**	**$ 23,167**
2017	**2,295**	**19,125**
2018	**1,535**	**12,792**
2019	**1,150**	**9,583**
2020	**712**	**5,933**
Thereafter	**1,249**	**10,408**
Total minimum lease payments	**9,721**	**81,008**
Less amount representing interest	**(337)**	**(2,808)**
Present value of net minimum lease payments	**9,384**	**78,200**
Less current capital lease obligations	**(2,695)**	**(22,458)**
Long-term capital lease obligations	**¥ 6,689**	**$ 55,742**

The Group also leases office space, employee housing and office equipment under operating leases. Rent expense under these leases amounted to ¥10,177 million ($84,808 thousand), ¥10,264 million and ¥10,117 million for the years ended March 31, 2015, 2014 and 2013, respectively.

Future minimum lease payments under non-cancelable operating leases as of March 31, 2015 are as follows:

Year Ending March 31:	Millions of Yen	Thousands of U.S. Dollars
2016	**¥2,066**	**$17,217**
2017	**1,366**	**11,383**
2018	**752**	**6,267**
2019	**543**	**4,525**
2020	**483**	**4,025**
Thereafter	**2,926**	**24,383**
Total minimum lease payments	**¥8,136**	**$67,800**

14. FOREIGN CURRENCY TRANSACTION GAINS AND LOSSES

Foreign currency transaction net loss of ¥7,952 million ($66,267 thousand), net loss of ¥3,773 million and net loss of ¥4,413 million were included in the determination of net income for the years ended March 31, 2015, 2014 and 2013, respectively.

15. FAIR VALUE MEASUREMENTS

ASC Topic 820 clarifies fair value in terms of the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. ASC Topic 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. Under ASC Topic 820, the Group is required to classify certain assets and liabilities based on the following fair value hierarchy:

Level 1 Input — Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date

Level 2 Input — Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3 Input — Unobservable inputs for the assets or liabilities

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2015 and 2014 were as follows:

	Millions of Yen							
	2015				2014			
Assets:	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Domestic stocks:								
Retail industry	¥ 9,468			¥ 9,468	¥ 7,260			¥ 7,260
Others	9,788			9,788	9,592			9,592
Mutual funds		¥ 250		250		¥ 327		327
Derivative instruments (see Note 16)		2,928		2,928		1,622		1,622
Total assets	¥19,256	¥3,178		¥22,434	¥16,852	¥1,949		¥18,801

	Millions of Yen							
	2015				2014			
Liabilities:	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative instruments (see Note 16)		¥520		¥520	¥36	¥185		¥221
Total liabilities		¥520		¥520	¥36	¥185		¥221

	Thousands of U.S. Dollars			
	2015			
Assets:	Level 1	Level 2	Level 3	Total
Domestic stocks:				
Retail industry	$ 78,900			$ 78,900
Others	81,567			81,567
Mutual funds		$ 2,083		2,083
Derivative instruments (see Note 16)		24,400		24,400
Total assets	$160,467	$26,483		$186,950

	Thousands of U.S. Dollars			
	2015			
Liabilities:	Level 1	Level 2	Level 3	Total
Derivative instruments (see Note 16)		$4,333		$4,333
Total liabilities		$4,333		$4,333

Valuation processes and techniques used to measure fair value are as follows:

Domestic stocks

Domestic stocks are measured at fair value using quoted prices in active markets for identical assets. These inputs fall within Level 1.

Mutual funds

Mutual funds are measured using observable inputs, such as published prices based on market trends obtained from financial institutions, and classified as Level 2.

Derivative instruments

Derivative instruments consist of commodity futures contracts, foreign currency forward exchange contracts, interest rate swap contracts, and cross-currency swap contracts. Commodity futures contracts are measured at fair value using quoted prices in active markets for identical assets. These inputs fall within Level 1. Foreign currency forward exchange contracts, interest rate swap contracts, and cross-currency swap contracts are measured at fair value using discounted cash flow model matched to the contractual terms with observable market data such as forward exchange rates and market interest rates, which fall within Level 2.

The table below shows assets measured at fair value on a nonrecurring basis during the years ended March 31, 2015 and 2014, of which ¥23 million ($192 thousand) and ¥267 million have already been sold to a third party for the years ended March 31, 2015 and 2014, respectively:

	Millions of Yen			
	2015			
	Level 1	Level 2	Level 3	Total
Non-marketable equity securities			¥ 10	¥ 10
Long-lived assets			548	548

	Millions of Yen			
	2014			
	Level 1	Level 2	Level 3	Total
Long-lived assets			¥1,115	¥1,115

	Thousands of U.S. Dollars			
	2015			
	Level 1	Level 2	Level 3	Total
Non-marketable equity securities			$ 83	$ 83
Long-lived assets			4,567	4,567

Valuation processes and techniques used to measure fair value are as follows:

Non-marketable equity securities

In accordance with ASC Topic 320, "Investments – Debt and Equity Securities," the Group recognizes impairment losses of non-marketable equity securities when their fair values are below the carrying amounts and the decline in fair values is considered to be other than temporary. These non-marketable equity securities are measured at fair value using unobservable inputs based mainly on the valuation by the cost approach, which fall within Level 3.

Long-lived assets

In accordance with ASC Topic 360, the Group recognizes impairment losses on long-lived assets when the carrying amounts of the assets are considered to be unrecoverable. These long-lived assets are measured at fair value using unobservable inputs such as future expected cash flows and the prices calculated based upon market data for comparable assets, which fall within Level 3.

The carrying amounts and fair values of financial instruments at March 31, 2015 and 2014 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2015		2014		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale securities and held-to-maturity securities (see Note 3)	¥ 19,696	¥ 19,696	¥ 17,369	¥ 17,369	$ 164,133	$ 164,133
Derivative instruments:						
Assets	2,928	2,928	1,622	1,622	24,400	24,400
Liabilities	(520)	(520)	(221)	(221)	(4,333)	(4,333)
Long-term debt	(83,843)	(85,173)	(89,398)	(90,716)	(698,691)	(709,775)

The carrying values of all other financial instruments approximate their estimated fair values. The fair values of long-term debt are estimated using quoted market prices for identical debt or present values of cash flows using borrowing rates currently available to NH Foods Ltd. for bank loans with similar terms, which fall within Level 2.

The Group does not have any significant concentration of business transacted with an individual counter-party or groups of counter-parties that could severely impact their operations.

16. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Group is exposed to certain risks relating to their ongoing business operations. The primary risks managed by using derivative instruments are foreign currency forward exchange rate risk (principally in U.S. dollars), interest rate risk and commodity price risk. The Group uses foreign currency forward exchange contracts, currency swap contracts, currency option contracts and cross-currency swap contracts to mitigate foreign currency forward exchange rate risk. NH Foods Ltd. uses interest rate swap contracts and cross-currency swap contracts to mitigate interest rate risk relating to floating-rate borrowing. Commodity futures contracts are entered into to mitigate commodity price risk.

The Group documents its risk management objectives and strategies for undertaking hedge transactions. All derivative financial instruments are entered into under these objectives and strategies and related rules which regulate transactions.

ASC Topic 815 requires the Group to recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position. In accordance with ASC Topic 815, the Group designates certain foreign currency forward exchange contracts as cash flow hedges of forecasted transactions and designate interest rate swap contracts as cash flow hedges of future interest payments.

Derivative instruments which do not qualify for hedge accounting

These derivative instruments are used to mitigate foreign currency forward exchange rate risk, interest rate risk and commodity index risk. The changes in fair value of such derivative instruments are recorded in earnings immediately.

At March 31, 2015 and 2014, contract amounts or notional principal amounts of derivative instruments that do not qualify for hedge accounting are set forth below:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Interest rate swap contracts	**¥12,586**	¥7,121	**$104,883**
Foreign currency forward exchange contracts	**50,417**	67,548	**420,142**
Cross-currency swap contracts	**2,000**	2,000	**16,667**

	Millions of Pounds	
	2015	2014
Commodity futures contracts (hogs)		6.0

The Group also has a policy that derivatives are not used for other than hedging activities.

As of March 31, 2015, the Group had no significant concentration of credit risk.

The Group's derivative instruments contained no provisions that require the Group's debt to maintain an investment grade credit rating from each of the major credit rating agencies.

The location and fair value amounts of derivative instruments on the consolidated balance sheets were as follows:

	Millions of Yen			
	2015			
	Derivative assets		Derivative liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments under ASC Topic 815:				
Interest rate swap contracts			Other current liabilities	**¥ 85**
Foreign currency forward exchange contracts	Other current assets	**¥1,804**	Other current liabilities	**435**
Cross-currency swap contracts	Other current assets	**17**		
	Other assets	**1,107**		
Total (see Note 15)		**¥2,928**		**¥520**

	Millions of Yen			
	2014			
	Derivative assets		Derivative liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments under ASC Topic 815:				
Interest rate swap contracts			Other current liabilities	¥ 37
Foreign currency forward exchange contracts	Other current assets	¥ 942	Other current liabilities	148
Cross-currency swap contracts	Other current assets	13		
	Other assets	667		
Commodity futures contracts			Other current liabilities	36
Total (see Note 15)		¥1,622		¥221

	Thousands of U.S. Dollars			
	2015			
	Derivative assets		Derivative liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments under ASC Topic 815:				
Interest rate swap contracts			Other current liabilities	**$ 708**
Foreign currency forward exchange contracts	Other current assets	**$15,033**	Other current liabilities	**3,625**
Cross-currency swap contracts	Other current assets	**142**		
	Other assets	**9,225**		
Total (see Note 15)		**$24,400**		**$4,333**

The effects of derivative instruments not designated or qualifying as hedging instruments under ASC Topic 815 on the consolidated statements of income for the years ended March 31, 2015, 2014 and 2013 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Amount of Gain or (Loss) Recognized in Income on Derivative		Amount of Gain or (Loss) Recognized in Income on Derivative
	Location	2015	2015
Interest rate swap contracts	Interest expense	¥ (77)	$ (642)
Foreign currency forward exchange contracts	Net sales	(578)	(4,817)
	Cost of goods sold	10,697	89,142
Cross-currency swap contracts	Interest expense	5	42
	Other income (expenses)–net	449	3,742
Commodity futures contracts	Net sales	514	4,283
	Cost of goods sold	(2)	(17)
Total		¥11,008	$91,733

	Millions of Yen	
	Amount of Gain or (Loss) Recognized in Income on Derivative	
	Location	2014
Interest rate swap contracts	Interest expense	¥ (25)
Foreign currency forward exchange contracts and currency swap contracts	Net sales	299
	Cost of goods sold	5,824
	Other income (expenses)–net	89
Cross-currency swap contracts	Interest expense	24
	Other income (expenses)–net	231
Commodity futures contracts	Cost of goods sold	156
Total		¥6,598

	Millions of Yen	
	Amount of Gain or (Loss) Recognized in Income on Derivative	
	Location	2013
Interest rate swap contracts	Interest expense	¥ (59)
Foreign currency forward exchange contracts and currency swap contracts	Net sales	659
	Cost of goods sold	6,665
	Other income (expenses)–net	(231)
Cross-currency swap contracts	Interest expense	6
	Other income (expenses)–net	309
Commodity futures contracts	Cost of goods sold	(11)
Total		¥7,338

17. SEGMENT INFORMATION

ASC Topic 280, “Segment Reporting” requires a public business entity to report information about operating segments in financial statements. Operating segments are defined as components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The operating segments are determined based on the nature of the products and services offered. The Group’s operating segments consist of the following three business groups:

Processed Foods Business Division — Production and sales of mainly hams & sausages, processed foods

Fresh Meats Business Division — Production and sales of mainly fresh meats

Affiliated Business Division — Production and sales of mainly marine products and dairy products

Intersegment transactions are made with reference to prevailing market prices.

The following table presents certain information regarding the Group’s operating segments at March 31, 2015, 2014 and 2013 and for the years then ended:

Operating segment information

	Millions of Yen					
	2015					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales:						
External customers	**¥332,492**	**¥746,298**	**¥152,198**	**¥1,230,988**	**¥ (18,186)**	**¥1,212,802**
Intersegment	**27,496**	**104,461**	**2,966**	**134,923**	**(134,923)**	
Total	**359,988**	**850,759**	**155,164**	**1,365,911**	**(153,109)**	**1,212,802**
Operating expenses	**357,924**	**805,551**	**154,877**	**1,318,352**	**(153,994)**	**1,164,358**
Segment profit	**2,064**	**45,208**	**287**	**47,559**	**885**	**48,444**
Assets	**179,769**	**390,008**	**62,521**	**632,298**	**29,269**	**661,567**
Depreciation and amortization	**6,918**	**8,645**	**1,462**	**17,025**	**1,926**	**18,951**
Capital expenditures	**15,388**	**12,002**	**6,803**	**34,193**	**1,501**	**35,694**

	Millions of Yen					
	2014					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales:						
External customers	¥325,740	¥668,102	¥145,186	¥1,139,028	¥ (16,931)	¥1,122,097
Intersegment	26,254	98,407	2,952	127,613	(127,613)	
Total	351,994	766,509	148,138	1,266,641	(144,544)	1,122,097
Operating expenses	345,513	739,694	147,140	1,232,347	(145,950)	1,086,397
Segment profit	6,481	26,815	998	34,294	1,406	35,700
Assets	169,517	347,914	54,915	572,346	54,874	627,220
Depreciation and amortization	6,995	8,596	1,280	16,871	1,778	18,649
Capital expenditures	14,759	8,945	3,893	27,597	1,555	29,152

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, adjustments and others	Consolidated
	Millions of Yen					
	2013					
Net sales:						
External customers	¥317,192	¥584,015	¥134,769	¥1,035,976	¥ (13,137)	¥1,022,839
Intersegment	21,774	89,671	2,876	114,321	(114,321)	
Total	338,966	673,686	137,645	1,150,297	(127,458)	1,022,839
Operating expenses	329,401	658,126	136,118	1,123,645	(128,827)	994,818
Segment profit	9,565	15,560	1,527	26,652	1,369	28,021
Assets	170,725	322,466	50,507	543,698	66,595	610,293
Depreciation and amortization	7,261	8,404	1,400	17,065	2,258	19,323
Capital expenditures	9,656	18,567	2,606	30,829	2,456	33,285

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, adjustments and others	Consolidated
	Thousands of U.S. Dollars					
	2015					
Net sales:						
External customers	**$2,770,767**	**$6,219,150**	**$1,268,317**	**$10,258,234**	**$ (151,551)**	**$10,106,683**
Intersegment	**229,133**	**870,508**	**24,717**	**1,124,358**	**(1,124,358)**	
Total	**2,999,900**	**7,089,658**	**1,293,034**	**11,382,592**	**(1,275,909)**	**10,106,683**
Operating expenses	**2,982,700**	**6,712,925**	**1,290,642**	**10,986,267**	**(1,283,283)**	**9,702,984**
Segment profit	**17,200**	**376,733**	**2,392**	**396,325**	**7,374**	**403,699**
Assets	**1,498,075**	**3,250,067**	**521,008**	**5,269,150**	**243,908**	**5,513,058**
Depreciation and amortization	**57,650**	**72,042**	**12,183**	**141,875**	**16,050**	**157,925**
Capital expenditures	**128,233**	**100,017**	**56,692**	**284,942**	**12,508**	**297,450**

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. Segment profit represents net sales less cost of goods sold and selling, general and administrative expenses.
4. Unallocated corporate assets included in "Eliminations, adjustments and others" mainly consist of cash and other investment securities of NH Foods Ltd.
5. Depreciation and amortization consist of depreciation of property, plant and equipment and amortization of intangible assets. Depreciation and amortization related to each reportable segment do not include those which are included in the corporate overhead expenses and profit and loss of certain subsidiaries as described at Note 2 above.
6. Capital expenditures represent the additions to property, plant and equipment and intangible assets.

The following table shows reconciliations of the total of the segment profit to income before income taxes and equity in earnings of associated companies for the years ended March 31, 2015, 2014 and 2013:

	Millions of Yen			Thousands of U.S. Dollars
	2015	2014	2013	**2015**
Segment profit total	**¥47,559**	¥34,294	¥26,652	**$396,325**
Other operating costs and expenses (income) – net	**4,231**	686	131	**35,258**
Interest expenses	**1,347**	1,502	1,582	**11,225**
Other income (expenses) – net	**1,678**	1,791	1,723	**13,983**
Eliminations, adjustments and others	**885**	1,406	1,369	**7,374**
Income before income taxes and equity in earnings of associated companies	**¥44,544**	¥35,303	¥28,031	**$371,199**

Net sales to external customers by products for the years ended March 31, 2015, 2014 and 2013 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2015	2014	2013	**2015**
Hams and sausages	**¥ 150,103**	¥ 143,490	¥ 139,948	**$ 1,250,858**
Processed foods	**212,413**	208,084	204,756	**1,770,108**
Fresh meats	**691,072**	619,333	541,598	**5,758,933**
Marine products	**94,396**	91,809	83,829	**786,633**
Dairy products	**28,564**	26,253	25,155	**238,033**
Others	**36,254**	33,128	27,553	**302,118**
Total	**¥1,212,802**	¥1,122,097	¥1,022,839	**$10,106,683**

Certain information by geographic areas at March 31, 2015, 2014 and 2013 and for the years then ended was as follows:

(1) Net sales to external customers

	Millions of Yen			Thousands of U.S. Dollars
	2015	2014	2013	**2015**
Japan	**¥1,086,474**	¥1,021,009	¥ 946,705	**$ 9,053,950**
Other countries	**126,328**	101,088	76,134	**1,052,733**
Total	**¥1,212,802**	¥1,122,097	¥1,022,839	**$10,106,683**

Net sales to external customers are attributed to geographic areas based on the countries of the Group's domiciles.

(2) Long-lived assets

	Millions of Yen			Thousands of U.S. Dollars
	2015	2014	2013	**2015**
Japan	**¥242,094**	¥224,943	¥213,309	**$2,017,450**
Other countries	**20,803**	19,350	18,870	**173,358**
Total	**¥262,897**	¥244,293	¥232,179	**$2,190,808**

Long-lived assets mainly consist of property, plant and equipment.

There were no sales to a single major external customer exceeding 10% of net sales for the years ended March 31, 2015, 2014 and 2013.

18. COMMITMENTS AND CONTINGENT LIABILITIES

The Group guarantees certain debt of associated companies and certain suppliers. At March 31, 2015, the maximum potential amount of future payments which the Group could be required to make under these guarantees was ¥511 million ($4,258 thousand), and the carrying amount of the liability recognized under these guarantees was ¥11 million ($92 thousand). The guarantees with suppliers are secured by certain properties and real estates.

19. EVENTS SUBSEQUENT TO MARCH 31, 2015

On April 1, 2015, the Group acquired the outstanding shares of Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi ("Ege-Tav"), and it became a subsidiary of the Group.

(1) Reasons for acquiring the shares

By acquiring the shares of Ege-Tav, the Group will respond to increasing demand for chicken meats in the Republic of Turkey and also generate a synergistic effect with its own chicken business to develop the Group's presence in Middle Eastern countries, rapidly growing emerging markets as well as European countries.

(2) Outline of the acquired entity

Trade name: Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi
Headquarters: Izmir, the Republic of Turkey
Main business: Production, processing and sale of chicken (including chick sale)

(3) Acquisition date

April 1, 2015

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

Purchase price: USD 72 million
Equity ratio after acquisition: 60.0%

(5) Accounting treatment of business combinations

The Group is currently evaluating the fair value of Ege-Tav's acquired assets and liabilities on the acquisition date. Thus, detailed information as the accounting treatment of business combinations has not been disclosed.

On May 11, 2015, the Board of Directors resolved to pay cash dividends to shareholders of record at March 31, 2015 of ¥46 ($0.38) per share for a total of ¥9,370 million ($78,083 thousand).

The Group evaluated subsequent events that have occurred after March 31, 2015 through the date that the Yukashouken-houkokusho (Annual Securities Report filed under the Financial Instruments and Exchange Act of Japan) was issued (June 26, 2015).

Deloitte.

Deloitte Touche Tohmatsu LLC
Yodoyabashi Mitsui Building
4-1-1, Imabashi, Chuo-ku
Osaka 541-0042
Japan

Tel: +81 (6) 4560 6000
Fax: +81 (6) 4560 6001
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of NH Foods Ltd.:

We have audited the accompanying consolidated financial statements of NH Foods Ltd. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2015, and the related notes to the consolidated financial statements, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NH Foods Ltd. and its subsidiaries as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, as of April 1, 2014, the Company changed the scope of cash and cash equivalents, which were formerly comprised of cash on hand and demand deposits, to also include time deposits and marketable securities with original maturities of three months or less.

Our opinion is not qualified in respect of this matter.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 26, 2015

Member of
Deloitte Touche Tohmatsu Limited

Management's Report on Internal Control

NOTE TO READERS:
Following is an English translation of management's report on internal control over financial reporting filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information.

Readers should be particularly aware of the differences between an assessment of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the standards of the Public Company Accounting Oversight Board (United States) ("ICFR under PCAOB");

- In an assessment of ICFR under FIEA, there is detailed guidance on the scope of an assessment of ICFR, such as quantitative guidance on business location selection and/or account selection. In an assessment of ICFR under PCAOB, there is no such detailed guidance. Accordingly, for the assessment of entity-level internal controls, the companies which represent the top 95% of consolidated net sales and other financial indicators are selected. For the assessment of internal control over business processes, the companies which cover approximately two-thirds of the previous year's consolidated net sales and cost of goods sold (excluding inter-company transactions) are selected. Additional business processes, if any, which could have a significant impact on financial reporting, are also included in the scope.
- In an assessment of ICFR under FIEA, the scope includes ICFR of equity-method investees. In an assessment of ICFR under PCAOB, the scope does not include ICFR of equity-method investees.

Management's Report on Internal Control

1. Matters relating to the basic framework for internal control over financial reporting

Juichi Suezawa, President and Representative Director, and Yoshihide Hata, Vice President and Representative Director, are responsible for designing and operating effective internal control over financial reporting of our company ("the Company") and have designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2015, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidation basis ("entity-level controls") and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts on financial reporting. In light of the results of the assessment of entity-level controls conducted for the Company and its consolidated subsidiaries, we reasonably determined the scope of assessment of internal control over business processes. Regarding certain consolidated subsidiaries and equity-method affiliated companies that did not fall within the top 95% in terms of potential financial impact, calculated using net sales and other financial indicators, we concluded that they do not have any material impact on the consolidated financial statements, and thus, did not include them in the scope of assessment of entity-level controls.

Regarding the scope of assessment of internal control over business processes, we selected locations and business units to be tested based on the previous year's consolidated net sales and cost of sales (after elimination of inter-company transactions), and the top eighteen companies whose net sales and cost of sales reach two-thirds of the total sales and cost of sales on a consolidation basis, were selected as "significant locations and/or business units." We included in the scope of assessment, at the selected significant locations and/or business units, business processes leading to sales, accounts receivable and inventories as significant accounts that may have a material impact on the business objectives of the Company. Further, in addition to selected significant locations and/or business units, we also selected for testing, as business processes having greater materiality, business processes relating to (i) greater likelihood of material misstatements and/or (ii) significant accounts involving estimates and the management's judgment and/or (iii) a business or operation dealing with high-risk transactions, taking into account their impact on the financial reporting.

3. Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of this fiscal year, we concluded that the Company's internal control over financial reporting of the consolidated financial statements was effectively maintained.

4. Supplementary information

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5. Other matters warranting special mention

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Juichi Suezawa
President and Representative Director
Yoshihide Hata
Vice President and Representative Director
NH Foods Ltd.

INDEPENDENT AUDITOR'S REPORT

NOTE TO READERS:
Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information.

Readers should be particularly aware of the differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the standards of the Public Company Accounting Oversight Board (United States) ("ICFR under PCAOB");

- In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under PCAOB, the auditors express an opinion on the Company's ICFR directly.
- In an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business location selection and/or account selection. In an audit of ICFR under PCAOB, there is no such detailed guidance. Accordingly, for the assessment of entity-level internal controls, the companies which represent the top 95% of consolidated net sales and other financial indicators are selected. For the assessment of internal control over business processes, the companies which cover approximately two-thirds of the previous year's consolidated net sales and cost of goods sold (excluding inter-company transactions) are selected. Additional business processes, if any, which could have a significant impact on financial reporting, are also included in the scope.
- In an audit of ICFR under FIEA, the scope includes ICFR of equity-method investees. In an audit of ICFR under PCAOB, the scope does not include ICFR of equity-method investees.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 26, 2015

To the Board of Directors of NH Foods Ltd.

Deloitte Touche Tohmatsu LLC
Designated Unlimited Liability Partner, Engagement Partner, Certified Public Accountant: Seiichiro Azuma
Designated Unlimited Liability Partner, Engagement Partner, Certified Public Accountant: Koichi Sekiguchi
Designated Unlimited Liability Partner, Engagement Partner, Certified Public Accountant: Takashige Ikeda

[Audit of Financial Statements]

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2015 of NH Foods Ltd. and its consolidated subsidiaries, and the consolidated statement of income, comprehensive income, changes in equity and cash flows for the fiscal year from April 1, 2014 to March 31, 2015, and the related notes and consolidated supplementary schedules.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America pursuant to the third paragraph of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (No.11 of the Cabinet Office Ordinance in 2002) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NH Foods Ltd. and its consolidated subsidiaries as of March 31, 2015, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, as of April 1, 2014, the Company changed the scope of cash and cash equivalents, which were formerly comprised of cash on hand and demand deposits, to also include time deposits and marketable securities with original maturities of three months or less.

Our opinion is not qualified in respect of this matter.

[Audit of Internal Control]

Pursuant to the second paragraph of Article 193 2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of NH Foods Ltd. as of March 31, 2015.

Management's Responsibility for the Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of NH Foods Ltd. as of March 31, 2015 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in NH Foods Ltd. for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Main Companies of the Group

(As of April 1, 2015)

Production and Breeding

- Nippon White Farm Co., Ltd. (Japan)
- Interfarm Co., Ltd. (Japan)
- Nippon Feed Co., Ltd. (Japan)
- Whyalla Beef Pty. Ltd. (Australia)
- Texas Farm, LLC (USA)

Processing and Packing of Fresh Meats

- Nippon Food Packer, Inc. (Japan)
- Nippon Food Packer Kagoshima, Inc. (Japan)
- Nippon Food Packer Shikoku, Inc. (Japan)
- Nippon Pure Food, Inc. (Japan)
- Oakey Beef Exports Pty. Ltd. (Australia)
- Wingham Beef Exports Pty. Ltd. (Australia)
- Thomas Borthwick & Sons (Australia) Pty. Ltd. (Australia)
- Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi (Turkey)

Sales of Fresh Meats

- Higashi Nippon Food, Inc. (Japan)
- Kanto Nippon Food, Inc. (Japan)
- Naka Nippon Food, Inc. (Japan)
- Nishi Nippon Food, Inc. (Japan)
- NH Foods Australia Pty. Ltd. (Australia)
- Beef Producers Australia Pty. Ltd. (Australia)
- Australian Premium Brands, Inc. (USA)
- Day-Lee Foods, Inc. (USA)
- Nippo Food (Shanghai) Co., Ltd. (China)
- Nippo Food (Hong Kong) Co., Ltd. (China)
- NH Foods Brazil (Brazil)

Production and Sales of Hams and Sausages

- Nipponham Factory Ltd. (Japan) (formerly Nippon Ham Factory Co., Ltd.)
- Nipponham Hokkaido Factory Ltd. (Japan) (formerly Nippon Ham Hokkaido Factory Co., Ltd.)
- Nipponham Northeast Ltd. (Japan) (formerly Tohoku Nippon Ham Co., Ltd.)
- Tochiku Ham Co., Ltd. (Japan)
- Kyodo Foods Co., Ltd. (Japan)
- Japan Assorted Business Services Co., Ltd. (Japan)
- Nipponham Southwest Ltd. (Japan) (formerly Minami Nippon Ham Co., Ltd.)
- Hakodate Carl Raymon Co., Ltd. (Japan)
- Kamakura Ham Tomioka Co., Ltd. (Japan)
- Takamatsu Ham Co., Ltd. (Japan)
- NH Foods Vietnam Joint Stock Company (Vietnam)
- Redondo's, LLC (USA)
- Tianjin Longtai Food Co., Ltd. (China)

Production of Processed Foods

- Nipponham Processed Foods Ltd. (Japan) (formerly Nippon Ham Shokuhin Co., Ltd.)
- Nipponham Delicatessen Ltd. (Japan) (formerly Nippon Ham Sozai Co., Ltd.)
- NH Foods Mexicana S.A. DE C.V. (Mexico)
- Weihai Nippon Shokuhin Co., Ltd. (China)
- Shandong Rilong Foodstuffs Co., Ltd. (China)
- Thai Nippon Foods Co., Ltd. (Thailand)

Sales of Hams and Sausages, and Processed Foods

- Nipponham Hokkaido Sales Ltd. (Japan) (formerly Nippon Ham Hokkaido Hanbai Co., Ltd.)
- Nipponham East Sales Ltd. (Japan) (formerly Nippon Ham Higashi Hanbai Co., Ltd.)
- Nipponham West Sales Ltd. (Japan) (formerly Nippon Ham Nishi Hanbai Co., Ltd.)
- Nipponham Customer Communications Ltd. (Japan) (formerly Nippon Ham Customer Communication Co., Ltd.)

Production and Sales of Processed Marine Products

- Marine Foods Corporation (Japan)
- Hoko Co., Ltd. (Japan)

Production and Sales of Dairy Products and Lactic Acid Probiotic Beverages

- Nippon Luna, Inc. (Japan)
- Hoko Co., Ltd. (ROLF Division) (Japan)

Production and Sales of Natural Seasonings

- Nippon Pure Food, Inc. (Japan)

Production and Sales of Freeze-Dried and Frozen Foods

- Nipponham Frozen Foods Sales Ltd. (Japan) (formerly Nippon Ham Deli News Co., Ltd.)
- Hoko Co., Ltd. (Japan)

Professional Sports

- Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd. (Japan)
- Osaka Football Club Co., Ltd. (Cerezo Osaka) (Japan) (associated company)

IT, Services, and Other Businesses

- Nipponham Business Experts Ltd. (Japan) (formerly Nippon Ham Business Expert Corporation)
- Nipponham Life Services Ltd. (Japan) (formerly Nippon Ham Life Service Co., Ltd.)
- Nipponham Career Consulting Ltd. (Japan) (formerly Nippon Ham Career Consulting, Inc.)
- Nipponham Designing Ltd. (Japan) (formerly Nippon Ham Designing, Inc.)

Logistics and Trading

- Nippon Chilled Logistics, Inc. (Japan)
- Nippon Logistics Center, Inc. (Japan)
- Nippon Daily Net Co., Ltd. (Japan)
- Nippon Route Service Co., Ltd. (Japan)
- Japan Food Corporation (Japan)
- NH Foods Chile Y Compania Limitada (Chile) (formerly Nippon Meat Packers Inc. (Chile) Y Compania Limitada)
- NH Foods Singapore Pte. Ltd. (Singapore) (formerly Nippon Meat Packers Singapore Pte. Ltd.)
- NH Foods (Thailand) Ltd. (Thailand) (formerly Thai Nippon Meat Packers Co., Ltd.)
- NH Foods Taiwan Ltd. (Taiwan) (formerly Nippon Meat Packers (Taiwan) Inc.)
- NH Foods U.K. Ltd. (The United Kingdom) (formerly Nippon Meat Packers U.K. Ltd.)

- NH Foods Ltd. (formerly Nippon Meat Packers, Inc.)

Corporate Data, Stock Information

(As of April 1, 2015)

Corporate Data

Corporate name	NH Foods Ltd.
Established	May 30, 1949
Capital	¥24,166 million
President	Juichi Suezawa
Employees (As of March 31, 2015)	28,245 (consolidated) 2,442 (non-consolidated) (including the average number of temporary employees)
Main businesses	• Manufacture and sale of processed meats (hams and sausages, etc.) and cooked foods (retort-packed food, pre-prepared foods, etc.) • Breeding of livestock, and processing and sale of fresh meats • Production and sale of marine and dairy products
Head office	4-9, Umeda 2-chome, Kita-ku, Osaka 530-0001, Japan
Telephone	+81-6-7525-3026

Share Data (As of March 31, 2015)

Authorized shares	570,000,000
Issued and outstanding	204,000,000
Shareholders	10,367

■ Major Shareholders (Leading 10 by Shareholding)

Name of Shareholders	Thousands of Shares
The Master Trust Bank of Japan, Ltd. (Trust account)	16,126
Japan Trustee Services Bank, Ltd. (Trust account)	11,827
The Hyakujushi Bank, Ltd.	7,537
Meiji Yasuda Life Insurance Company	7,354
The Norinchukin Bank	5,926
Nippon Life Insurance Company	5,570
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,494
Sumitomo Mitsui Banking Corporation	4,650
BNP Paribas Securities (Japan) Limited	3,726
Sompo Japan Nipponkoa Insurance Inc.	3,493

Note: In addition to the list above, NH Foods Ltd. holds 298 thousand shares of common stock.

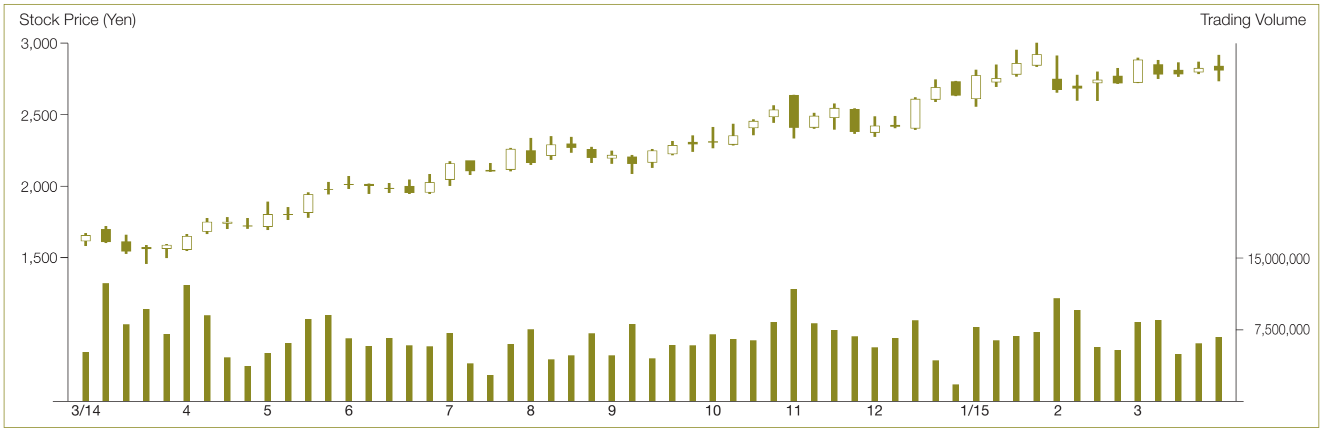
■ Shareholders by Category

	Thousands of Shares	Shareholders
Financial institutions	102,300	(86)
Foreign investors	66,716	(479)
Individual/Other	16,418	(9,426)
Treasury stock	298	(1)
Other companies	10,405	(334)
Securities firms	7,860	(41)

■ Shareholders by Holding

	Thousands of Shares	Shareholders
Less than 1,000	237	(1,679)
1,000–Less than 10,000	11,646	(8,147)
10,000–Less than 100,000	11,401	(355)
100,000–Less than 1 million	45,483	(139)
1 million–Less than 5 million	75,393	(40)
5 million or more	59,836	(7)

Stock Price Trend



History

1942

March Yoshinori Okoso founded the Tokushima Meat Processing Plant located in Terashima-honcho, Tokushima-shi, Japan.

1951

December Reorganized the company to form Tokushima Ham Co., Ltd.

Offices opened in Kobe, Okayama, and Takamatsu

1952

January Osaka office upgraded to branch status. Offices also opened in Kobe, Okayama, and Takamatsu.

1956

May Osaka Plant opened.

Listed on the 2nd Section of the Osaka Securities Exchange

1961

October Listed on the 2nd Section of the Osaka Securities Exchange.

1962

February Listed on the 2nd Section of the Tokyo Stock Exchange.

Merger agreement signing ceremony for Tokushima Ham and Torisei Ham

1963

August Merged with Torisei Ham Co., Ltd., and renamed company Nippon Meat Packers, Inc. (now NH Foods Ltd.).

1966

February Launched *Winny* brand nationwide.

1967

February Established Hokkai Meat (now Nippon Food Packer, Inc., Doto Plant).

December Promoted to the 1st Section of both the Osaka Securities Exchange and Tokyo Stock Exchange.

1968

February Established a consumer service office.

March Entered the farm business with the establishment of Nippon Broiler Co., Ltd. as a joint company.

Introduction of customer input in product development under the Consumer Delegate Committee System

1969

September Introduced Consumer Delegate Committee System.

1973

November Pro baseball team Nippon-Ham Fighters Baseball Club, established.

1977

March Began development of distribution and sales system of fresh meats with the establishment of Sendai Food, Co., Ltd. (now Higashi Nippon Food, Inc.).

March Began overseas expansion with the acquisition of Day-Lee Meats, Inc., of Los Angeles, USA (now Day-Lee Foods, Inc.).

May Established Yakumo Farm (now Interfarm Co., Ltd., Donan Office).

1978

January Established Nippon Meat Packers Australia Pty. Ltd. in Sydney, Australia (now NH Foods Australia Ltd.).

1979

April Full entry into the processed foods business with the establishment of Nippon Ham Shokuhin Co., Ltd. (now Nipponham Processed Foods Ltd.).

Taking over the business of Marine Foods Corporation

1981

July Entered the marine foods processing business with the acquisition of Marine Foods Corporation.

1984

January Established Research and Development Center.

March Entered freeze-dried foods business with the establishment of Nippon Dry Foods Co., Ltd.

1986

April Established Corporate Philosophies.

Whyalla Feedlot (Australia)

1988

July Implemented an integrated system from production to marketing of fresh meats overseas with the purchase of Whyalla Feedlot (Australia).

Kansai Luna, Inc. (now Nippon Luna, Inc.).

1992

July Entered the lactic acid probiotic beverages business with the acquisition of Kansai Luna, Inc. (now Nippon Luna, Inc.).

1993

December Participated in the establishment and operation of Osaka Football Club Co., Ltd., team Cerezo Osaka.

Established Texas Farm

1995

February Entered the hog farming business in the USA with the establishment of Texas Farm, LLC in Perryton, Texas.

March Established Nippon Pure Food, Inc. to bolster natural flavoring business.

1998

August Established Environment Charter.

Ono Plant received the first ISO 14001 certification in the industry

1999

November Ono Plant (now Nipponham Factory Ltd., Ono Plant) is the first in the industry to receive ISO 14001 certification.

2003

April Launched New Medium-Term Management Plan Part 1 and established newborn "Group."

July Purchased shares in Hoko Co., Ltd. (formerly Hoko Suisan Co., Ltd.) to strengthen the Company's position in the marine foods and dairy products businesses.

August Established Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd.

2004

August Purchased shares in Maruwa & Co., Inc. to strengthen the Company's position in the health foods business.

2005

January Established the Group brand.

2010

January Introduced carbon footprint labeling on hams and sausages products.

2011

June Established Nippon Golden Pig Joint Stock Company Co., Ltd. in Vietnam (now NH Foods Vietnam Joint Stock Company).

2014

April Changed its the Group brand and corporate brand logos.

2015

April Purchased shares in Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi (Turkey) to bolster global business.

Nipponham

http://www.nipponham.co.jp