

January 29, 2014

Consolidated Financial Results (Japanese Accounting Standards) for the Nine Months Ended December 31, 2013 (Q3 FY2013)

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2810
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Scheduled date for filing of securities report: February 13, 2014

Scheduled date of commencement of dividend payment: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

(Amounts of less than one million yen are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2013 (April 1, 2013 – December 31, 2013)

(1) Consolidated Results of Operations (Accumulated Total)

(Percentages show year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|--|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended December 31, 2013 | 177,459 | 9.6 | 8,505 | (16.8) | 9,746 | (15.0) | 8,110 | 14.0 |
| December 31, 2012 | 161,943 | (3.2) | 10,225 | (22.9) | 11,473 | (18.0) | 7,116 | (11.8) |

(Note) Comprehensive income: 9,749 million yen (35.5%) for the nine months ended December 31, 2013

7,195 million yen (negative 14.5%) for the nine months ended December 31, 2012

| | Net income per share (basic) | | Net income per share (diluted) | |
|--|---------------------------------|--|-----------------------------------|--|
| | Yen | | Yen | |
| Nine months ended December 31, 2013 | 76.68 | | – | |
| December 31, 2012 | 66.98 | | – | |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| Nine months ended December 31, 2013 | 269,744 | 206,420 | 76.0 | 1,938.81 |
| Year ended March 31, 2013 | 250,780 | 199,328 | 79.2 | 1,879.06 |

(Reference) Shareholders' equity: Nine months ended December 31, 2013: 205,048 million yen

Year ended March 31, 2013: 198,731 million yen

2. Dividends

| | Dividend per share | | | | |
|---|----------------------|-----------------------|----------------------|----------|--------|
| | End of first quarter | End of second quarter | End of third quarter | Year-end | Annual |
| | Yen | | Yen | | Yen |
| Year ended March 31, 2013 | – | 15.00 | – | 15.00 | 30.00 |
| Year ending March 31, 2014 | – | 15.00 | – | | |
| Year ending March 31, 2014 (forecasts) | | | | 20.00 | 35.00 |

(Note) Revisions to dividend forecasts published most recently: None

The annual dividend for the year ending March 31, 2014 comprises an ordinary dividend of 30.00 yen and a commemorative dividend of 5.00 yen (commemorate dividend for 100th anniversary of foundation).

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Percentage figures for the fiscal year represent the changes from the previous year.)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|----------------------------|-------------|------|------------------|--------|-----------------|--------|-------------|-----|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Year ending March 31, 2014 | 232,000 | 10.6 | 9,500 | (17.0) | 10,800 | (19.7) | 8,600 | 4.2 | 81.32 |

(Note) Revisions to financial forecasts published most recently: None

* Notes

- (1) Changes of important subsidiaries during the period
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): None
- (2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- | | |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | None |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |
- (4) Number of shares outstanding (common stock):
- | | |
|--|--------------------|
| (i) Number of shares outstanding at end of period (including treasury stock) | |
| As of December 31, 2013: | 105,761,763 shares |
| As of March 31, 2013: | 105,761,763 shares |
| (ii) Number of treasury stock at end of period | |
| As of December 31, 2013: | 2,379 shares |
| As of March 31, 2013: | 972 shares |
| (iii) Average number of shares outstanding during the term | |
| Nine months ended December 31, 2013: | 105,759,997 shares |
| Nine months ended December 31, 2012: | 106,245,266 shares |

* Status of a quarterly review

- This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. Procedures for a quarterly review of the consolidated financial statements are being followed at the time of the announcement of this financial summary.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

- The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.
- For other matters relating to the forecasts, please refer to “(3) Information on the Future Outlook, Including Consolidated Business Performance Forecasts” on page 4 of the accompanying materials.

Accompanying Materials – Contents

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1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2013

(1) Details of Operating Results

During the nine-month period ended December 31, 2013, a tendency towards economic recovery gradually emerged, as the government's economic policy measures and monetary easing by the Bank of Japan brought about a correction of the excessive appreciation of the yen and improvement in corporate performance led by exporters, and consumer spending also showed signs of picking up. In the food industry, the situation was still unpredictable, with consumer trends remaining challenging amid the diversification of eating situations and customer needs, in addition to higher prices for raw materials due to the weaker yen.

In such an environment, the House Foods Group adopted a holding company system on October 1, and took steps to achieve the goals specified in its Fourth Medium-term Business Plan, launched in fiscal year 2012, including "enhancing profitability in domestic core operations and accelerating development of overseas core operations" and "promoting and strengthening development capabilities and cost competitiveness" in line with the newly formulated Group philosophy of "Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives."

Consolidated net sales in the first three quarters of the fiscal year under review increased 9.6% year on year, to 177,459 million yen, due to generally favorable business expansion of the International Business with the aim for the development of core operations, in all countries of operation and the inclusion of Vox Trading Co., Ltd., a company that imports and sells foodstuffs, as a consolidated subsidiary in May 2013 in Other Food Related Business (name changed from Transport and other Businesses segment), which offset decreased sales of certain mainstay products in domestic core operations due to intensifying competition in a mature market and market entry by competitors.

Operating income stood at 8,505 million yen, down 16.8% year on year, due mainly to decreased sales in domestic core businesses and upfront investment of marketing costs for the establishment of a business base in Southeast Asia in the International Business, which offset continued cost-cutting efforts and completion of goodwill amortization of House Wellness Foods Corporation. Ordinary income fell 15% year on year, to 9,746 million yen, and net income rose 14% year on year, to 8,110 million yen due to a substantial increase in extraordinary income.

The following is an overview of results by segment.

With the adoption of the holding company system, the Group revised the classification of its business segments and changed the name of the reportable segment "Transport and Other Businesses" to "Other Food Related Business", effective from the nine-month period ended December 31, 2013.

| | Consolidated net sales | | Consolidated operating income (segment margin) | |
|---|------------------------|-------------------------|--|-------------------------|
| | Amount (million yen) | Year-on-year change (%) | Amount (million yen) | Year-on-year change (%) |
| Spice / Seasoning / Processed Food Business | 95,364 | 99.4 | 5,417 | 79.1 |
| Health Food Business | 32,254 | 93.1 | 2,107 | 107.1 |
| International Business | 13,650 | 138.3 | 344 | 48.8 |
| Other Food Related Business | 36,191 | 168.5 | 635 | 90.6 |
| Reportable segments total | 177,459 | 109.6 | 8,504 | 83.2 |

* Figures in the consolidated operating income (segment margin) column are figures before adjustment for impact of inter-segment transactions of 1 million yen.

Spice / Seasoning / Processed Food Business

The shares of curry roux products and stew roux products in this category increased thanks to the strategy of offering a full lineup of products in each price bracket and the launch of new products. However, this was not enough to offset the impact of competition among different types of products, and sales declined year on year.

Meanwhile, sales of retort pouched products were driven by steady market penetration of *The Hotel* series, which pursues authentic flavors, and sales of spice products were also solid, reflecting the achievement of a certain degree of success in operating activities aimed at increasing the number of retailers selling spice products.

In other new products, the *Mitsuboshi Shokkan* series was well received as seasoning exclusively for cooking which makes cooking easier and less time consuming and made a good start.

As a result, sales in the Spice / Seasoning / Processed Food Business decreased 0.6% year on year, to 95,364 million yen, and operating income fell 20.9% year on year, to 5,417 million yen.

Health Food Business

With the adoption of the holding company system, the health food business, which was previously conducted by two companies, was integrated into House Wellness Foods Corporation and a system for further strengthening business development capabilities was put in place.

Sales of the *Ukon No Chikara* series were weak, reflecting a persistently challenging competition environment, despite a revamp of the series in October, further enhancement of customer satisfaction in terms of quality and flavour, and efforts to strengthen communication with heavy users. Meanwhile, sales of the growth brand *Mega Shaki* series grew, reflecting increased synergies across the brand due to rigorous promotion activities for each demand season.

In the *C1000* series, *Vitamin Lemon* performed well by stressing the effectiveness of taking vitamins on a daily basis. However, sales of *Lemon Water* were sluggish due to intensifying competition in PET bottled beverages, resulting in a decline in overall sales of the *C1000 series*.

As a result, sales in the Health Food Business declined 6.9% year on year, to 32,254 million yen, and operating income rose 7.1%, to 2,107 million yen.

International Business

In the tofu business in the United States, sales continued to expand, and the loss narrowed from the first half, reflecting increased profits in the third quarter largely due to the success of continued cost-cutting activities.

The curry business in China achieved strengthening of the profit base alongside business expansion as a result of endeavors to encourage new areas and new companies to handle products and cost-cutting efforts. House Foods (China) Inc. was established in November as an area center to oversee Chinese business, and efforts were made to further speed up the development of business in China.

In Southeast Asia, the functional drink business being developed in Thailand made progress with the establishment of a base for vitamin functional drinks in Thailand, including the launch of variety products, and in Vietnam, where business was launched this fiscal year, the operating structure was strengthened and efforts were made to increase the number of retailers handling products.

As for the curry restaurant business, in China, where further expansion is expected in the future, companies were established in North China (Beijing) and South China (Guangzhou) in addition to Shanghai, and a system for speeding up the expansion of restaurants in each area was put in place.

As a result, sales in the International Business climbed 38.3% year on year, to 13,650 million yen, and operating income fell 51.2%, to 344 million yen.

Other Food Related Business

House Logistics Service Corporation, a Group company engaged in the transport and logistics business, posted growth in sales due to expansion of logistics operations commissioned by companies outside the Group and increased profits thanks to cost reductions. Profits of Delica Chef Corporation, a Group company that produces prepared food for convenience stores, fell despite a rise in sales from the previous year, reflecting strong sales of dessert products and sluggish sales of baked bread products. Meanwhile, Vox Trading Co., Ltd., a new consolidated subsidiary of the Group, contributed to the increase in sales.

As a consequence, sales of Other Food Related Business increased 68.5% year on year, to 36,191 million yen, and operating income declined 9.4% year on year, to 635 million yen due mainly to goodwill amortization associated with the inclusion of Vox Trading Co., Ltd. as a consolidated subsidiary.

(2) Details of Financial Position

The consolidated financial situation at the end of the third quarter of the fiscal year under review is as follows:

Total assets were 269,744 million yen, an increase of 18,964 million yen in comparison to the end of the previous consolidated fiscal year.

Current assets rose 11,223 million yen, to 118,358 million yen, primarily attributable to increases in notes and accounts receivable–trade, cash and deposits, and merchandise and finished goods, which more than offset a fall in securities associated with a decline in negotiable deposits. Noncurrent assets came to 151,386 million yen, up 7,741 million yen, largely due to increases in construction in progress, land, buildings and structures, and investment securities, which offset a decrease in long-term time deposits reaching maturity.

Liabilities were 63,325 million yen, an increase of 11,872 million yen from the end of the previous fiscal year.

Current liabilities climbed 10,816 million yen, to 50,330 million yen, mainly because of increases in notes and accounts payable–trade and short-term loans payable. Noncurrent liabilities were up 1,057 million yen, to 12,994 million yen, chiefly owing to an increase in deferred tax liabilities.

Net assets increased 7,092 million yen from the end of the previous consolidated fiscal year, to 206,420 million yen, reflecting an increase in retained earnings as a result of net income and an increase in foreign currency translation adjustment due to the effect of exchange rate fluctuations.

As a result, the equity ratio stood at 76.0% (compared with 79.2% at the end of the previous consolidated fiscal year), and net assets per share stood at 1,938.81 yen (compared with 1,879.06 yen at the end of the previous consolidated fiscal year) at the end of the third quarter of the consolidated fiscal year under review.

In the first three quarters of the consolidated period under review, total assets increased 10,962 million yen and liabilities rose 9,234 million yen, due to the additional acquisition of the common shares of Vox Trading Co., Ltd. and the inclusion of this company, a former affiliated company, in the consolidated subsidiaries.

(3) Information on the Future Outlook, Including Consolidated Business Performance Forecasts

There has been no change to the consolidated performance forecasts announced on October 30, 2013, for the period ending March 31, 2014.

2. Matters Relating to Summary Information (Notes)

(1) Changes of Important Subsidiaries during the Period

Not applicable.

(2) Application of Particular Accounts Procedures to the Preparation of Quarterly Consolidated Financial Statements

Calculation of tax expenses

Following the application of tax effect accounting for the current term net income before taxes for the consolidated fiscal year, the Company has adopted a method of calculating tax expenses using a reasonable estimate of the effective tax rate and multiplying quarterly net income before taxes by this estimated effective tax rate.

“Income taxes-current” and “Income taxes-deferred” are unified in “Income taxes.”

(3) Changes in Accounting Policies and Changes or Restatement of Accounting Estimates

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | End of previous fiscal year (As of March 31, 2013) | End of third quarter of the fiscal year under review (As of December 31, 2013) |
|---|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 19,371 | 23,954 |
| Notes and accounts receivable–trade | 37,866 | 50,508 |
| Securities | 35,445 | 25,133 |
| Merchandise and finished goods | 6,223 | 8,447 |
| Work in process | 1,012 | 1,296 |
| Raw materials and supplies | 2,817 | 3,050 |
| Deferred tax assets | 2,277 | 2,455 |
| Other | 2,130 | 3,520 |
| Allowance for doubtful accounts | (7) | (5) |
| Total current assets | 107,135 | 118,358 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 18,038 | 19,271 |
| Machinery, equipment and vehicles, net | 7,769 | 7,721 |
| Land | 24,152 | 25,951 |
| Lease assets, net | 4,338 | 4,213 |
| Construction in progress | 883 | 2,779 |
| Other, net | 932 | 1,127 |
| Total property, plant and equipment | 56,112 | 61,062 |
| Intangible assets | | |
| Goodwill | 268 | 657 |
| Software | 889 | 907 |
| Software in progress | 161 | 576 |
| Other | 467 | 827 |
| Total intangible assets | 1,787 | 2,967 |
| Investments and other assets | | |
| Investment securities | 75,689 | 78,988 |
| Long-term loans receivable | 239 | 283 |
| Deferred tax assets | 213 | 884 |
| Long-term time deposits | 6,000 | 4,000 |
| Prepaid pension cost | 1,193 | 803 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | – | 448 |
| Other | 2,682 | 2,654 |
| Allowance for doubtful accounts | (270) | (703) |
| Total investments and other assets | 85,746 | 87,357 |
| Total noncurrent assets | 143,645 | 151,386 |
| Total assets | 250,780 | 269,744 |

(Million yen)

| | End of previous fiscal year (As of March 31, 2013) | End of third quarter of the fiscal year under review (As of December 31, 2013) |
|---|---|--|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable–trade | 18,613 | 23,349 |
| Electronically recorded obligations–operating | 1,162 | 1,344 |
| Short-term loans payable | 570 | 4,683 |
| Lease obligations | 400 | 540 |
| Accounts payable–other | 12,453 | 12,167 |
| Income taxes payable | 1,872 | 2,276 |
| Provision for directors’ bonuses | 67 | 63 |
| Other | 4,378 | 5,908 |
| Total current liabilities | 39,515 | 50,330 |
| Noncurrent liabilities | | |
| Long-term loans payable | – | 238 |
| Lease obligations | 3,938 | 3,909 |
| Long-term accounts payable–other | 834 | 874 |
| Deferred tax liabilities | 5,194 | 5,672 |
| Provision for retirement benefits | 1,203 | 1,259 |
| Asset retirement obligations | 278 | 281 |
| Other | 490 | 762 |
| Total noncurrent liabilities | 11,938 | 12,994 |
| Total liabilities | 51,452 | 63,325 |
| Net assets | | |
| Shareholders’ equity | | |
| Capital stock | 9,948 | 9,948 |
| Capital surplus | 23,868 | 23,868 |
| Retained earnings | 155,148 | 160,085 |
| Treasury stock | (1) | (4) |
| Total shareholders’ equity | 188,963 | 193,898 |
| Other accumulated comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,840 | 11,047 |
| Deferred gains or losses on hedges | – | 2 |
| Foreign currency translation adjustment | (1,072) | 101 |
| Total other accumulated comprehensive income | 9,768 | 11,150 |
| Minority interests | 596 | 1,372 |
| Total net assets | 199,328 | 206,420 |
| Total liabilities and net assets | 250,780 | 269,744 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

First nine-month period

(Million yen)

| | First nine-month period of previous fiscal year (April 1, 2012 - December 31, 2012) | First nine-month period of the fiscal year under review (April 1, 2013 - December 31, 2013) |
|---|--|--|
| Net sales | 161,943 | 177,459 |
| Cost of sales | 87,698 | 102,212 |
| Gross profit | 74,245 | 75,247 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 8,379 | 8,856 |
| Transportation and warehousing expenses | 4,567 | 5,114 |
| Sales commission | 3,230 | 2,700 |
| Promotion expenses | 22,910 | 23,988 |
| Salaries, allowances and bonuses | 9,680 | 10,370 |
| Provision for directors' bonuses | 52 | 70 |
| Depreciation | 770 | 619 |
| Amortization of goodwill | 684 | 128 |
| Rent expenses | 1,101 | 1,229 |
| Experiment and research expenses | 2,846 | 2,634 |
| Other | 9,801 | 11,034 |
| Total selling, general and administrative expenses | 64,020 | 66,742 |
| Operating income | 10,225 | 8,505 |
| Non-operating income | | |
| Interest income | 361 | 407 |
| Dividends income | 294 | 319 |
| Equity in earnings of affiliates | 339 | 363 |
| Foreign exchange gains | 135 | 376 |
| Other | 194 | 249 |
| Total non-operating income | 1,322 | 1,714 |
| Non-operating expenses | | |
| Interest expenses | 31 | 172 |
| Other | 44 | 300 |
| Total non-operating expenses | 74 | 472 |
| Ordinary income | 11,473 | 9,746 |

(Million yen)

| | First nine-month period of previous fiscal year (April 1, 2012 - December 31, 2012) | First nine-month period of the fiscal year under review (April 1, 2013 - December 31, 2013) |
|---|--|--|
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 2 | 3,110 |
| Gain on sales of investment securities | 10 | 81 |
| Reversal of allowance for doubtful accounts | 0 | 19 |
| Other | 3 | 1 |
| Total extraordinary income | 15 | 3,211 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 9 | 122 |
| Loss on retirement of noncurrent assets | 133 | 147 |
| Loss on valuation of investment securities | 72 | - |
| Loss on valuation of membership | 29 | 24 |
| Impairment loss | - | 85 |
| Provision for loss on guarantees | - | 152 |
| Loss on step acquisitions | - | 69 |
| Other | 17 | 7 |
| Total extraordinary loss | 260 | 606 |
| Income before income taxes | 11,229 | 12,351 |
| Income taxes | 4,097 | 4,095 |
| Income before minority interests | 7,132 | 8,256 |
| Minority interests in income | 16 | 146 |
| Net income | 7,116 | 8,110 |
| Minority interests in income | 16 | 146 |
| Income before minority interests | 7,132 | 8,256 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 82 | 220 |
| Deferred gains or losses on hedges | - | 5 |
| Foreign currency translation adjustment | (22) | 1,197 |
| Share of other comprehensive income of associates accounted for using equity method | 4 | 70 |
| Total other comprehensive income | 64 | 1,492 |
| Comprehensive income | 7,195 | 9,749 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent | 7,163 | 9,492 |
| Comprehensive income attributable to minority interests | 33 | 257 |

(3) Notes to Quarterly Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

Notes for Case Where Shareholders' Equity underwent Significant Changes in Value

Not applicable.

Segment Information

I. First nine-month period of previous fiscal year (April 1, 2012 – December 31, 2012)

1. Information on net sales and profits or losses by reported segment

(Million yen)

| | Reported segments | | | | | Other | Total |
|---------------------------------------|---|-------------------------|---------------------------|-----------------------------------|---------|-------|---------|
| | Spice / Seasoning / Processed Food Business | Health Food Business | International Business | Other Food Related Business | Total | | |
| Net sales | | | | | | | |
| Sales – outside customers | 95,929 | 34,658 | 9,872 | 21,484 | 161,943 | – | 161,943 |
| Sales and transfer – inter-segment | – | – | – | 8,493 | 8,493 | – | 8,493 |
| Total | 95,929 | 34,658 | 9,872 | 29,977 | 170,436 | – | 170,436 |
| Segment profit | 6,847 | 1,967 | 705 | 701 | 10,221 | – | 10,221 |

2. Difference between the sum of reportable segment profits and losses and operating income in quarterly consolidated statements of income and comprehensive income, and major factors in the difference (adjustment of difference)

(Million yen)

| Profit | Amount |
|--|--------|
| Reportable segments total | 10,221 |
| Elimination of inter-segment transactions | 4 |
| Operating income in quarterly consolidated statements of income and comprehensive income | 10,225 |

3. Information on impairment loss on noncurrent assets and goodwill by reportable segment

(Important impairment loss on noncurrent assets)

Not applicable.

(Significant changes in the amount of goodwill)

Goodwill in the Other Food Related Business segment increased 140 million yen in the first three quarters of the consolidated fiscal year under review due to the acquisition of shares of Horie Yamatoya Co., Ltd. and the inclusion of this company in the consolidated subsidiaries.

II. First nine-month period of fiscal year under review (April 1, 2013 – December 31, 2013)

1. Information on net sales and profits or losses by reported segment

(Million yen)

| | Reported segments | | | | | Other | Total |
|------------------------------------|---|----------------------|------------------------|-----------------------------|---------|-------|---------|
| | Spice / Seasoning / Processed Food Business | Health Food Business | International Business | Other Food Related Business | Total | | |
| Net sales | | | | | | | |
| Sales – outside customers | 95,364 | 32,254 | 13,650 | 36,191 | 177,459 | – | 177,459 |
| Sales and transfer – inter-segment | 87 | 45 | 61 | 9,014 | 9,206 | – | 9,206 |
| Total | 95,451 | 32,299 | 13,710 | 45,205 | 186,666 | – | 186,666 |
| Segment profit | 5,417 | 2,107 | 344 | 635 | 8,504 | – | 8,504 |

2. Information on assets by reported segment

(Substantial increase in assets due to the acquisition of a subsidiary)

In the three quarters of the consolidated period under review, assets in the Other Food Related Business segment increased 11,384 million yen from the last day of the previous consolidated fiscal year due to the additional acquisition of the common shares of Vox Trading Co., Ltd. and the inclusion of this company in the consolidated subsidiaries.

3. Difference between the sum of reportable segment profits and losses and operating income in quarterly consolidated statements of income and comprehensive income, and major factors in the difference (adjustment of difference)

(Million yen)

| Profit | Amount |
|--|--------|
| Reportable segments total | 8,504 |
| Elimination of inter-segment transactions | 1 |
| Operating income in quarterly consolidated statements of income and comprehensive income | 8,505 |

4. Information on impairment loss on noncurrent assets and goodwill by reportable segment

(Important impairment loss on noncurrent assets)

In the first three quarters of the consolidated fiscal year under review, impairment losses of 65 million yen in the Spice / Seasoning / Processed Food Business segment, 21 million yen in the Health Food Business segment and 0 million yen in the Other Food Related Business segment were recognized in connection with the closure of the training center in Ikoma.

(Significant changes in the amount of goodwill)

Goodwill in the Other Food Related Business segment increased 516 million yen in the first three quarters of the consolidated fiscal year under review due to the additional acquisition of the common shares of Vox Trading Co., Ltd. and the inclusion of this company in the consolidated subsidiaries.

5. Matters Concerning Changes, Etc. in Reportable Segments

(Change in classification of reportable segments)

The scope of net sales and expenses allocated to each reportable segment was reviewed and changed, including adopting the method of apportioning expenses of House Business Partners Corporation, which were previously included in “Other Food Related Business,” to each reportable segment in accordance with certain criteria, with effect from the first three quarters of the consolidated fiscal year under review. This change is associated with restructuring as a result of the adoption of the holding company system.

This change does not have a material impact on segment information for the first three quarters under review.

(Renaming of reportable segment)

The classification of business segments was reviewed in connection with restructuring due to the adoption of the holding company system, and the reportable segment “Transport and Other Businesses” was renamed “Other Food Related Business,” with effect from the first three quarters of the consolidated fiscal year under review.

The segment information for the first three quarters of the previous consolidated fiscal year is shown based on reportable segment names after the revision.