

January 27, 2017

Consolidated Financial Results (Japanese Accounting Standards) for the Nine Months Ended December 31, 2016 (Q3 FY2016)

Company name: House Foods Group Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2810
 URL: <http://housefoods-group.com>
 Representative: Hiroshi Urakami, President
 Contact: Ryo Shibata, General Manager, Public & Investors Relations Division
 Tel. +81-3-5211-6039

Scheduled date for filing of securities report: February 13, 2017
 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, 2016 (April 1, 2016 – December 31, 2016)

(1) Consolidated Results of Operations (Accumulated Total)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine Months ended								
December 31, 2016	214,414	21.6	11,300	18.4	12,260	13.3	8,900	(61.6)
December 31, 2015	176,265	(1.8)	9,541	15.1	10,819	12.1	23,180	253.4

(Note) Comprehensive income: 6,903 million yen (-69.0%) for the nine months ended December 31, 2016
 22,293 million yen (83.4%) for the nine months ended December 31, 2015

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Nine Months ended				
December 31, 2016	86.66		–	
December 31, 2015	225.67		–	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Nine months ended				
December 31, 2016	353,946	263,101	65.4	2,254.44
Year ended				
March 31, 2016	349,427	260,329	65.5	2,231.86

(Reference) Shareholders' equity: As of December 31, 2016: 231,651 million yen
 As of March 31, 2016: 228,812 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	Yen	Yen
Year ended March 31, 2016	–	15.00	–	15.00	30.00
Year ending March 31, 2017	–	15.00	–		
Year ending March 31, 2017 (forecasts)				15.00	30.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Year ending March 31, 2017	285,300	17.9	11,000	2.1	11,500	(5.4)	7,300	(67.7)	71.04	

(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): Yes
Newly added: Two companies (Gaban Co., Ltd. and Zhejiang House Foods Co., Ltd.)
- (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: | Yes |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |
- For details, please see the statement under the heading of “2. Matters Relating to Summary Information (Notes), (3) Changes in Accounting Policies and Changes or Restatement of Accounting Estimates” on page 5 of the accompanying materials.
- (4) Number of shares outstanding (common shares):
- | | |
|---|--------------------|
| (i) Number of shares outstanding at end of period (including treasury shares) | |
| As of December 31, 2016: | 102,758,690 shares |
| As of March 31, 2016: | 102,758,690 shares |
| (ii) Number of treasury shares at end of period | |
| As of December 31, 2016: | 5,192 shares |
| As of March 31, 2016: | 237,762 shares |
| (iii) Average number of shares outstanding during the term | |
| Nine months ended December 31, 2016: | 102,706,848 shares |
| Nine months ended December 31, 2015: | 102,717,790 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 related to the forecasts, please refer to “(3) Information on the Future Outlook, Including Consolidated Business Performance Forecasts” under “1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2016” on page 4 of the accompanying materials.

Accompanying Materials – Contents

1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2016.....	2
(1) Details of Operating Results	2
(2) Details of Financial Position	4
(3) Information on the Future Outlook, Including Consolidated Business Performance Forecasts	4
2. Matters Relating to Summary Information (Notes).....	5
(1) Changes of Important Subsidiaries during the Period	5
(2) Application of Particular Accounts Procedures to the Preparation of Quarterly Consolidated Financial Statements	5
(3) Changes in Accounting Policies and Changes or Restatement of Accounting Estimates	5
(4) Additional Information.....	6
3. Quarterly Consolidated Financial Statements	7
(1) Quarterly Consolidated Balance Sheets	7
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	9
(3) Notes to Quarterly Consolidated Financial Statements	11
Notes Relating to Assumptions for the Going Concern.....	11
Notes for Case Where Shareholders' Equity underwent Significant Changes in Value	11
Segment Information.....	11
Business Combinations, etc.....	13

1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2016

(1) Details of Operating Results

During the nine-month period ended December 2016, the business environment reflected a growing sense of uncertainty about the future overall, given an increasingly unforeseeable international economic situation. In the food industry, the situation continued to be unpredictable as consumer confidence remained weak in some sectors, in addition to progress in maturity in the Japanese market.

In this operating environment, the Group was taking steps to strengthen the earnings power of its domestic businesses, create new demand, and accelerate the growth of the International Business segment based on the theme of “striving to become a high quality company that provides ‘Healthy Life Through Foods’” in its Fifth Medium-term Business Plan, which was launched in the previous fiscal year and has entered its second year in the current fiscal year.

Consolidated net sales for the first nine months of the fiscal year under review increased 21.6% year on year, to 214,414 million yen, thanks to the strong performance of the Spice/Seasoning/Processed Food Business and the Other Food Related Business and the contribution of the positive effect of the new consolidation of Ichibanya Co., Ltd. and Gaban Co., Ltd., which offset a fall in yen-equivalent sales of overseas affiliates due to the effect of foreign exchange.

Consolidated operating income rose 18.4% year on year, to 11,300 million yen as a result of promoting cost control, in addition to the effect of higher net sales. Consolidated ordinary income grew 13.3% year on year, to 12,260 million yen, and profit attributable to owners of parent declined 61.6%, to 8,900 million yen, chiefly owing to the effect of posting extraordinary income arising from the conversion of Ichibanya Co., Ltd. to a consolidated subsidiary in the previous fiscal year.

The following is an overview of results by segment (before the elimination of inter-segment transactions).

Segment	Consolidated net sales		Consolidated operating income Segment profit (loss)	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	100,389	109.4	8,133	126.5
Health Food Business	27,215	98.1	1,953	110.1
International Food Business	13,176	92.7	1,243	105.8
Restaurant Business	37,803	713.5	(158)	—
Other Food Related Business	47,402	102.8	788	530.0
Subtotal	225,986	122.0	11,960	125.0
Adjustment (elimination)	(11,572)	—	(659)	—
Total	214,414	121.6	11,300	118.4

(Notes) 1. Adjustment (elimination) comprises profit or loss not distributed to segments and the elimination of inter-segment transactions.

2. Different methods for distribution to each segment and classification have been used since previous consolidated fiscal year. For more details, see “(3) Notes to Quarterly Consolidated Financial Statements (Segment Information)” of “3. Quarterly Consolidated Financial Statements” on page 11.

Spice / Seasoning / Processed Food Business

This business segment is working to strengthen existing areas and develop new areas by providing products and services that are “healthier, better quality, more easily and with a more appropriate amount,” in response to changes in the environment surrounding our business, such as the growing tendency of people to eat out or buying food to eat at home.

Sales of major curry roux products remained solid, despite the effects of unseasonable weather and rising vegetable prices. Sales of retort pouched products grew, driven by *Pro Quality* consisting of several packs, as well as mainstay *Curry Ya Curry*. Sales of spice products and food service products also remained strong.

In addition to the above, as a result of incorporating Gaban Co., Ltd. into the consolidated business performance from the second quarter of this fiscal year, sales in the Spice/Seasoning/Processed Food Business stood at 100,389 million yen, up 9.4% year on year, and operating income was 8,133 million yen, up 26.5% year on year.

Health Food Business

This business segment has been making efforts to improve the profitability of its core products and making preparations for their growth.

Sales of the *Ukon No Chikara* series declined from the year-ago level because the occasions when customers enjoyed a drink diversified, although we focused on boosting demand from middle light users.

Sales of vitamin products increased from the year-ago level because *Ichinichibun No Vitamin*, which the segment sought to develop, were supported by customers, although sales of PET bottle products remained sluggish.

As a result, sales in the Health Food Business declined 1.9% year on year, to 27,215 million yen, but operating income rose 10.1% year on year, to 1,953 million yen, reflecting the full enforcement of cost control.

International Food Business

This business segment has been working to accelerate its growth and increase profitability in the three key areas (the United States, China, and Southeast Asia).

In the United States, stores selling tofu and organic products were expanding, driven by the spread of health consciousness, and the segment sought to acquire new customers by enhancing tofu-related products.

In China, the Group steadily strengthened the business base by working to rebuild the sales system in anticipation of the operation of the third plant due to begin in around fall 2018.

In Southeast Asia, the functional beverage business in Thailand increased stores selling its products and continued to show a strong performance.

Although yen-equivalent sales declined in both the United States and China due to the appreciation of the yen, sales in local currencies increased. In Southeast Asia, the irregular account settlement for nine months in the previous fiscal year due to a change in the account settlement date had an impact.

As a result of the above, sales in the International Food Business declined 7.3% year on year, to 13,176 million yen, and operating income increased 5.8% to 1,243 million yen.

Restaurant Business

This business segment strives to further expand the world of curry through the operation of curry restaurants in Japan and overseas.

Ichibanya Co., Ltd. continued to show a steady performance as a result of making extensive efforts to boost store attractiveness by improving quality, service and cleanliness (QSC) as well as customer convenience, with the highest priority put on an increase in sales of existing stores.

The Asian restaurant business worked to increase the profitability of individual stores as it is affected by intensifying competition, particularly in China.

As a result, sales in the Restaurant Business rose 613.5% year on year, to 37,803 million yen due to the significant contribution of the new consolidation of Ichibanya Co., Ltd. The segment recorded an operating loss of 158 million yen (compared to an operating income of 46 million yen in the first three quarters of the previous fiscal year), partly attributable to the burden of amortizing goodwill, etc. associated with the incorporation of Ichibanya Co., Ltd. into the Group as a consolidated subsidiary.

Since welcoming Ichibanya Co., Ltd. to the Group in December 2015, the Company has been considering the division of roles of the both companies and the optimum allocation of management resources. As a result, the Company has

decided to reorganize the Restaurant Business in China and Taiwan, which had operated under the initiative of the Global Headquarters of the Company, into a system under the leadership of Ichibanya Co., Ltd.

Other Food Related Business

Companies in this business segment have been working to enhance the overall strength of the Group by improving their functions and level of synergy with Group companies.

House Logistics Service Corporation, which operates the transportation and warehouse business, made efforts to improve its earnings structure through a review of its business structure and the enhancement of its cost competitiveness.

Delica Chef Corporation, a Group company that produces prepared food for convenience stores, strengthened its earnings power, thanks to its efforts to increase production capacity and improve production efficiency, in addition to the elimination of initial costs for the operation of a new prepared food plant.

Vox Trading Co., Ltd., which merged with Horie Yamatoya Co., Ltd. through an absorption-type merger in April 2016, continued to make efforts to consolidate management resources and strengthen its procurement and sales capabilities.

As a result of the above, sales in Other Food Related Business increased 2.8% year on year, to 47,402 million yen, and operating income increased 430.0% to 788 million yen.

(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 353,946 million yen, an increase of 4,520 million yen compared to the end of the previous consolidated fiscal year.

Current assets increased 16,891 million yen, to 135,838 million yen, mainly reflecting rises in notes and accounts receivable-trade and cash and deposits due to the effect of making Gaban Co., Ltd. a consolidated subsidiary. Non-current assets declined 12,371 million yen, to 218,109 million yen. This was chiefly due to decreases in investment securities, goodwill and long-term time deposits, although land increased primarily due to the effect of making Gaban Co., Ltd. a consolidated subsidiary.

Liabilities stood at 90,845 million yen, an increase of 1,748 million yen from the end of the previous consolidated fiscal year.

Current liabilities increased 2,676 million yen, to 53,490 million yen, owing mainly to a rise in notes and accounts payable-trade. Non-current liabilities fell by 928 million yen, to 37,356 million yen, reflecting a fall in deferred tax liabilities due to reversal.

Net assets increased 2,772 million yen from the end of the previous consolidated fiscal year, to 263,101 million yen, primarily the result of an increase in retained earnings due to profit attributable to owners of parent, despite a decrease in foreign currency translation adjustment.

As a result, the equity ratio stood at 65.4% (compared with 65.5% at the end of the previous fiscal year) and net assets per share amounted to 2,254.44 yen (2,231.86 yen at the end of the previous fiscal year) at the end of the third quarter of the fiscal year under review.

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

There has been no change to the consolidated performance forecasts announced on October 31, 2016, for the fiscal year ending March 31, 2017.

2. Matters Relating to Summary Information (Notes)

(1) Changes of Important Subsidiaries during the Period

In the first quarter of this consolidated fiscal year, the Company acquired shares of Gaban Co., Ltd. through a tender offer for its common shares. Because the voting right holding ratio of the Company to Gaban Co., Ltd. exceeded 50% as a result of the acquisition, the Company has included Gaban Co., Ltd. and Gaban Spice Manufacturing (M) SDN. BHD., a consolidated subsidiary of Gaban Co., Ltd., in the scope of consolidation from the first quarter of this consolidated fiscal year.

In addition, in the second quarter of this consolidated fiscal year, the Company made Gaban Co., Ltd. a wholly owned subsidiary by acquiring additional shares of its common stock.

Because the amount of capital stock of Gaban Co., Ltd. is more than an amount equivalent to 10 hundredths of the amount of capital stock of the Company, Gaban Co., Ltd. falls under a specified subsidiary of the Company.

Because the date of acquisition of the consolidated subsidiary was June 30, 2016, the business performances from July 1, 2016 to December 31, 2016 are included in the first three quarters of this consolidated fiscal year. The consolidation of Gaban Co., Ltd. is also expected to have a significant impact on the Company's consolidated financial statements for the consolidated fiscal year to which the first three quarters under review belongs. The overview of the impact is increases in total assets and total liabilities on the consolidated balance sheet and increases in net sales and others on consolidated statements of income and comprehensive income and changes in cash flows from operating activities in the consolidated statements of cash flows.

In December 2016, the Company increased the capital of Zhejiang House Foods Co., Ltd., which was established in May 2016. Because the amount of capital stock of Zhejiang House Foods Co., Ltd. increased to more than an amount equivalent to 10 hundredths of the amount of the Company's capital stock as a result of this capital increase, Zhejiang House Foods Co., Ltd. is now classed as a specified subsidiary of the Company.

In addition, the Company conducted an absorption-type merger in April 2016, in which Vox Trading Co., Ltd. became the surviving company and Horie Yamatoya Co., Ltd. became an absorbed company. As a result, Horie Yamatoya Co., Ltd. ceased to exist, and the Company excluded it from the scope of consolidation.

(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 income before income 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 income before income 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

(Changes in accounting policies)

In association with the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (ASBJ Practical Issues Task Force (PITF) No. 32 dated June 17, 2016) from the first quarter of this consolidated fiscal year, and changed the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of this change on the quarterly consolidated financial statements for the first three quarters of the financial year ending March 31, 2017 is immaterial.

(4) Additional Information

(Change of the name of a consolidated subsidiary)

PT. Vox Trading Indonesia changed its name to PT House And Vox Indonesia in May 2016.

(Changes in matters concerning the business year, etc. of consolidated subsidiaries)

During the first nine months of the consolidated fiscal year under review, Ichibanya Co., Ltd. changed its account settlement date from May 31 to the end of February, and Ichibanya USA Inc., Ichibanya International Hong Kong Ltd. and Ichibanya Hong Kong Ltd. changed their account settlement date from March 31 to December 31.

The effect of these changes on the first nine months of the consolidated fiscal year ending March 31, 2017 is minimal.

(Changes in presentation methods)

(Change in presentation relating to restaurant management)

Restaurant costs related to restaurant management at certain consolidated subsidiaries that had been previously recorded in cost of sales were recorded in selling, general and administrative expenses from the previous consolidated fiscal year under review.

This change was made following the inclusion of the Ichibanya Group in the scope of consolidation and the establishment of a Restaurant Business segment to manage the Group's performance in a unified manner and present the results of its operating activities more appropriately. To reflect this change in presentation, the reclassification of accounts was made to the quarterly consolidated balance sheet for the first three quarters of the previous consolidated fiscal year.

As a result, cost of sales in the Quarterly Consolidated Statements of Income and Comprehensive Income for the first three quarters of the previous consolidated fiscal year decreased by 3,300 million yen and gross profit and selling, general and administrative expenses increased by the same amount. Therefore, this change did not affect operating income, ordinary income and income before income taxes in the first three quarters of the previous consolidated fiscal year.

(Quarterly Consolidated Statements of Income and Comprehensive Income)

"House rent income," which had been included in "Other" under "Non-operating income," was presented as a separate item from the previous consolidated fiscal year, as the amount became more material. To reflect this change in presentation, the reclassification of accounts was made to the quarterly consolidated balance sheet for the first three quarters of the previous consolidated fiscal year.

As a result, 209 million yen that was presented in "Other" under "Non-operating income" in the Quarterly Consolidated Statements of Income and Comprehensive Income for the first three quarters of the previous consolidated fiscal year was reclassified as "House rent income" of 1 million yen and "Other" of 208 million yen.

(Application of implementation guidance on recoverability of deferred tax assets)

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 dated March 28, 2016) from the first quarter of this consolidated fiscal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2016)	End of third quarter of the fiscal year under review (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	44,128	47,685
Notes and accounts receivable - trade	43,140	54,923
Securities	10,009	8,836
Merchandise and finished goods	9,628	9,458
Work in process	1,563	1,855
Raw materials and supplies	3,723	4,499
Deferred tax assets	2,397	2,756
Other	4,499	5,966
Allowance for doubtful accounts	(141)	(141)
Total current assets	118,947	135,838
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,848	28,743
Machinery, equipment and vehicles, net	11,722	11,752
Land	28,851	30,397
Lease assets, net	4,400	4,096
Construction in progress	1,140	837
Other, net	2,261	2,133
Total property, plant and equipment	77,223	77,957
Intangible assets		
Goodwill	16,542	13,858
Trademark right	26,570	26,084
Software	2,109	2,112
Contract-related intangible assets	28,753	28,029
Software in progress	89	73
Other	736	666
Total intangible assets	74,799	70,823
Investments and other assets		
Investment securities	68,800	61,508
Long-term loans receivable	360	356
Deferred tax assets	2,247	2,229
Long-term time deposits	2,500	500
Net defined benefit asset	285	275
Claims provable in bankruptcy, claims provable in rehabilitation and other	719	689
Other	4,441	4,642
Allowance for doubtful accounts	(893)	(870)
Total investments and other assets	78,458	69,329
Total non-current assets	230,480	218,109
Total assets	349,427	353,946

(Million yen)

	End of previous fiscal year (As of March 31, 2016)	End of third quarter of the fiscal year under review (As of December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,749	22,058
Electronically recorded obligations - operating	1,540	1,351
Short-term loans payable	6,849	6,142
Lease obligations	733	654
Accounts payable - other	13,887	14,282
Income taxes payable	2,810	2,711
Provision for bonuses	129	124
Provision for directors' bonuses	68	43
Provision for shareholder benefit program	75	81
Asset retirement obligations	3	3
Other	5,971	6,040
Total current liabilities	50,814	53,490
Non-current liabilities		
Long-term loans payable	824	635
Lease obligations	3,745	3,493
Long-term accounts payable - other	319	336
Deferred tax liabilities	25,330	24,398
Provision for loss on guarantees	6	4
Net defined benefit liability	4,668	4,540
Asset retirement obligations	711	718
Other	2,681	3,232
Total non-current liabilities	38,284	37,356
Total liabilities	89,098	90,845
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus	23,927	23,446
Retained earnings	176,898	182,718
Treasury shares	(516)	(12)
Total shareholders' equity	210,257	216,101
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	18,294	18,236
Deferred gains or losses on hedges	(19)	(36)
Foreign currency translation adjustment	2,410	(876)
Remeasurements of defined benefit plans	(2,128)	(1,775)
Total other accumulated comprehensive income	18,555	15,550
Non-controlling interests	31,517	31,450
Total net assets	260,329	263,101
Total liabilities and net assets	349,427	353,946

(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, 2015 - December 31, 2015)	First nine-month period of the fiscal year under review (April 1, 2016 - December 31, 2016)
Net sales	176,265	214,414
Cost of sales	100,220	120,351
Gross profit	76,045	94,063
Selling, general and administrative expenses		
Advertising expenses	7,649	7,292
Transportation and warehousing expenses	5,092	6,891
Sales commission	1,773	1,861
Promotion expenses	22,688	23,337
Salaries, allowances and bonuses	11,563	16,347
Provision for directors' bonuses	51	53
Depreciation	1,044	2,828
Amortization of goodwill	121	2,684
Rent expenses	1,968	3,047
Experiment and research expenses	2,637	2,798
Other	11,918	15,626
Total selling, general and administrative expenses	66,504	82,763
Operating income	9,541	11,300
Non-operating income		
Interest income	373	294
Dividend income	347	355
Share of profit of entities accounted for using equity method	585	52
House rent income	1	564
Foreign exchange gains	71	193
Other	208	213
Total non-operating income	1,585	1,671
Non-operating expenses		
Interest expenses	69	61
Rent expenses	-	475
Other	238	176
Total non-operating expenses	308	712
Ordinary income	10,819	12,260

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2015 - December 31, 2015)	First nine-month period of the fiscal year under review (April 1, 2016 - December 31, 2016)
Extraordinary income		
Gain on sales of non-current assets	2	4
Gain on sales of investment securities	3,129	146
Gain on sales of restaurants	–	119
Gain on step acquisitions	13,851	448
Gain on bargain purchase	–	1,018
Other	0	70
Total extraordinary income	16,982	1,806
Extraordinary loss		
Loss on sales of non-current assets	0	6
Loss on retirement of non-current assets	155	201
Loss on sales of investment securities	2	–
Impairment loss	–	625
Other	41	56
Total extraordinary loss	197	888
Income before income taxes	27,604	13,178
Income taxes	4,275	3,017
Net income	23,329	10,161
Profit attributable to		
Profit attributable to owners of parent	23,180	8,900
Profit attributable to non-controlling interests	149	1,261
Other comprehensive income		
Valuation difference on available-for-sale securities	(110)	8
Deferred gains or losses on hedges	(136)	(86)
Foreign currency translation adjustment	(327)	(3,494)
Remeasurements of defined benefit plans, net of tax	(364)	338
Share of other comprehensive income of entities accounted for using equity method	(99)	(25)
Total other comprehensive income	(1,036)	(3,258)
Comprehensive income	22,293	6,903
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,307	5,895
Comprehensive income attributable to non-controlling interests	(15)	1,008

(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 the previous fiscal year (April 1, 2015 - December 31, 2015)

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

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	91,410	27,610	14,068	5,298	37,838	176,224	–	176,224	41	176,265
Sales and transfer – inter-segment	369	146	147	–	8,275	8,936	–	8,936	(8,936)	–
Total	91,779	27,755	14,215	5,298	46,113	185,160	–	185,160	(8,894)	176,265
Segment profit	6,428	1,774	1,174	46	149	9,570	–	9,570	(29)	9,541

(Note) 1. The details of the adjustments listed are as follows:

- (1) “Sales – outside customers” consist primarily of proceeds from the real estate leasing recorded by the Company.
- (2) “Segment profit” includes a profit of -29 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments, and -0 million yen for the elimination of inter-segment transactions.

(Note) 2. “Segment profit” has been adjusted, with operating income recorded in the consolidated financial statements.

2. Information on assets by reported segment

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

In the third quarter of the fiscal year under review, segment assets in the Restaurant Business increased 69,791 million yen from the end of the previous fiscal year as a result of acquiring additional shares of common stock of Ichibanya Co., Ltd. and including it within the scope of consolidation.

3. Information on impairment loss on non-current assets and goodwill by reportable segment

(Important impairment loss on non-current assets)

Not applicable.

(Significant changes in the amount of goodwill)

In the third quarter of the fiscal year under review, goodwill increased 17,083 million yen in the Restaurant Business segment as a result of acquiring additional shares of common stock of Ichibanya Co., Ltd. and including it within the scope of consolidation.

II. First nine-month period of the fiscal year under review (April 1, 2016 - December 31, 2016)

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

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	97,207	27,051	13,023	37,794	39,299	214,375	–	214,375	39	214,414
Sales and transfer – inter-segment	3,182	164	152	9	8,103	11,611	–	11,611	(11,611)	–
Total	100,389	27,215	13,176	37,803	47,402	225,986	–	225,986	(11,572)	214,414
Segment profit (loss)	8,133	1,953	1,243	(158)	788	11,960	–	11,960	(659)	11,300

(Note) 1. The details of the adjustments listed are as follows:

- (1) “Sales – outside customers” consist primarily of proceeds from the real estate leasing recorded by the Company.
- (2) “Segment profit (loss)” includes a profit of -659 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments, and -0 million yen for the elimination of inter-segment transactions.

(Note) 2. “Segment profit” has been adjusted, with operating income recorded in the consolidated financial statements.

2. Information on assets by reported segment

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

As a result of including Gaban Co., Ltd. in the scope of consolidation in the first quarter of the consolidated fiscal year under review by additionally acquiring common shares of Gaban Co., Ltd., segment assets in the Spice / Seasoning / Processed Food Business increased 10,770 million yen from the end of the previous consolidated fiscal year.

3. Information on impairment loss on non-current assets and goodwill by reportable segment

(Important impairment loss on non-current assets)

During the first three quarters of the consolidated fiscal year under review, the Company recorded an impairment loss of 625 million yen associated with a fall in profitability of store assets and assets for lease, etc. in the Restaurant Business segment.

(Significant changes in the amount of goodwill)

The provisional accounting processing concerning the business combination of Ichibanya Co., Ltd. conducted in the third quarter of the previous consolidated fiscal year was fixed at the end of the previous consolidated fiscal year. Associated with the fixed nature of this provisional accounting processing, the amount of goodwill after this review is reflected is stated for significant changes in the amount of goodwill in the third quarter of the previous consolidated fiscal year.

(Important gain on bargain purchase)

As a result of including Gaban Co., Ltd. in the scope of consolidation in the first quarter of the consolidated fiscal year by additionally acquiring common shares of Gaban Co., Ltd., the Company recorded a gain on bargain purchase of 1,018 million yen in the Spice / Seasoning / Processed Food Business segment.

4. Matters relating to changes in the Company's reported segment

(Change in the method to categorize reported segments)

In the previous consolidated fiscal year, the Company added the Restaurant Business as a reported segment after additionally acquiring common shares of Ichibanya Co., Ltd. and including it in the scope of consolidation. As a result, the Restaurant Business of House Foods America Corp., House Restaurant Management (Shanghai) Co., Ltd., House Restaurant Management (Beijing) Co., Ltd., House Restaurant Management (Guangzhou) Co. Ltd., Taiwan Curry House Restaurant Inc. and Curry House Korea Corporation, which were previously included in the International Food Business, were included in the Restaurant Business.

With the establishment of the Restaurant Business segment, the Company changed the name of the International Business to the International Food Business.

The segment information for the first three quarters of the previous consolidated fiscal year, which is presented as comparative information for the first three quarters of the consolidated fiscal year under review, is categorized by the new method.

Business Combinations, etc.

Business combination by acquisition

Fixedness of provisional accounting processing concerning business combinations

In the first quarter of the consolidated fiscal year under review, the provisional accounting processing was conducted concerning the business combination with Gaban Co., Ltd. that was executed on June 30, 2016, and this provisional accounting processing was fixed in the third quarter of the consolidated fiscal year under review.

There is no revision to the amount of goodwill.