

October 30, 2015

Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2015 (Q2 FY2015)

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2810
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Scheduled date for filing of securities report: November 12, 2015
 Scheduled date of commencement of dividend payment: December 4, 2015
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2015 (April 1, 2015 – September 30, 2015)

(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	%
Six months ended September 30, 2015	112,375	(1.8)	4,044	1.6	4,791	3.4	2,951	5.7
September 30, 2014	114,405	(0.1)	3,981	(14.6)	4,633	(16.1)	2,793	(18.2)

(Note) Comprehensive income: 1,329 million yen (-74.9%) for the six months ended September 30, 2015
 5,290 million yen (51.9%) for the six months ended September 30, 2014

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Six months ended September 30, 2015	28.71		-	
September 30, 2014	26.99		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Six months ended September 30, 2015	282,428	221,214	77.8	2,137.27
Year ended March 31, 2015	286,149	221,456	76.9	2,140.27

(Reference) Shareholders' equity: As of September 30, 2015: 219,616 million yen
 As of March 30, 2015: 219,927 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, 2015	-	15.00	-	15.00	30.00
Year ending March 31, 2016	-	15.00	-	-	-
Year ending March 31, 2016 (forecasts)	-	-	-	15.00	30.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(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, 2016	236,000	2.0	10,500	20.9	12,000	9.5	8,000	14.8	77.86

(Note) Revisions to financial forecasts published most recently: Yes

* 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: | 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 September 30, 2015: | 102,758,690 shares |
| As of March 31, 2015: | 102,758,690 shares |
| (ii) Number of treasury shares at end of period | |
| As of September 30, 2015: | 2,997 shares |
| As of March 31, 2015: | 2,237 shares |
| (iii) Average number of shares outstanding during the term | |
| Six months ended September 30, 2015: | 102,755,994 shares |
| Six months ended September 30, 2014: | 103,458,495 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 Half Ended September 30, 2015” on page 4 of the accompanying materials.

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1. Qualitative Information on Results for the First Half Ended September 30, 2015

(1) Details of Operating Results

During the six-month period ended September 30, 2015, the business environment showed an overall trend of modest recovery in spite of uncertainty in the global economy. In the food industry, however, the unpredictable situation continued as raw material prices remained high amid a standstill in personal consumption.

In this operating environment, the Group has been 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 “innovative changes to a quality company that offers healthy life through foods” in its Fifth Medium-term Business Plan, which was launched in the consolidated fiscal year under review.

Consolidated net sales for the first half of the fiscal year under review declined 1.8% year on year, to 112,375 million yen, due to a decline in sales from the two core domestic business segments, which offset a strong performance in the International Business segment, particularly in the United States and China.

Consolidated operating income rose 1.6% year on year, to 4,044 million yen, with the impact of a decrease in sales from the Spice/Seasoning/Processed Food Business offset by efforts to increase the earning power of the International Business, the Health Food Business and the Other Food Related Business. Consolidated ordinary income grew 3.4% year on year, to 4,791 million yen, and profit attributable to owners of parent rose 5.7%, to 2,951 million yen.

The following is an overview of results by segment.

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	56,746	96.4	2,309	92.4
Health Food Business	18,191	88.8	904	110.5
International Business	12,900	128.3	734	206.4
Other Food Related Business	24,511	98.0	(62)	—
Reportable segments total	112,348	98.2	3,884	115.2
Adjustment	27	226.4	159	26.2
Total	112,375	98.2	4,044	101.6

* The adjusted amount comprises profit or loss not distributed to business segments.

A different method for distribution to each segment has been used since the first quarter of this consolidated fiscal year. For more details, see “(4) Notes to Quarterly Consolidated Financial Statements (segment information)” of “3. Quarterly Consolidated Financial Statements” on page 12.

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 curry roux products, which were among the products whose prices were revised in February 2015, trended upwards in the first half of the fiscal year under review, surpassing the year-ago level, as the new prices gradually became widely accepted thanks to efforts such as menu proposals suited to customer needs. Meanwhile, sales of retort pouched products and snack products were weak amid efforts to rationalize sales.

As a result, sales in the Spice / Seasoning / Processed Food Business declined 3.6% year on year, to 56,746 million yen, and operating income decreased 7.6% year on year, to 2,309 million yen.

Health Food Business

This business segment has been making efforts to boost the earning power of its core products. However, segment sales fell 11.2% year on year, to 18,191 million yen, reflecting decline in sales of the *Ukon no Chikara* series from the year-ago level, in addition to a sharp drop in sales of products for sales consignment and the impact of the end of sales of certain products. Operating income rose 10.5% year on year, to 904 million yen, reflecting a degree of success in efforts to achieve efficient use of budgets, especially the marketing budget.

International 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, sales and profits increased as a result of growth in high added value products such as organic tofu, amid the rising popularity of the *HOUSE TOFU* brand.

In China, sales increased while profits declined, reflecting continued strong growth offset by active prior investment in areas such as marketing to establish the market for Japanese curry throughout China.

The Asian restaurant business achieved higher sales and higher profits due to efforts to steadily expand new stores and improve store quality.

In Southeast Asia, the Group is continuing to build its infrastructure. For Group companies based in Southeast Asia, the account settlement date for the fiscal year under review has been made for an irregular period of nine months due to a change in the account settlement date.

As a result, sales in the International Business rose 28.3% year-on-year, to 12,900 million yen, and operating income increased 106.4% to 734 million yen.

Other Food Related Business

This business segment has been working on improving its functions and level of synergy with Group companies to enhance the overall strength of the Group.

House Logistics Service Corporation, which handles the logistics function of the Group, moved into profit in the first half of the fiscal year under review, after reporting an operating loss the previous fiscal year, by modifying its business structure, increasing product transportation capacity, and improving its earnings structure through activities to drastically reduce costs.

Vox Trading Co., Ltd., a Group company that imports and sells foodstuffs, achieved higher profits despite lower sales owing to a boost in the sales of spices and frozen vegetables, which was made in collaboration with a local subsidiary, despite the impact of delay in the timing of bidding for certain products handled.

Delica Chef Corporation, a Group company that produces prepared food for convenience stores, posted an operating loss due to a significant increase in the initial costs for a new prepared food plant that began operation in February and this pushed down this segment's profits.

As a result, sales in Other Food Related Business decreased 2.0% year on year, to 24,511 million yen, and operating loss amounted to 62 million yen (compared to an operating loss of 299 million yen for the first half of the previous fiscal year).

(2) Details of Financial Position

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

Total assets were 282,428 million yen, a decrease of 3,721 million yen compared to the end of the previous consolidated fiscal year.

Current assets declined by 1,789 million yen, to 121,345 million yen, due to a reduction in securities, which offset an increase in cash and deposits. Non-current assets amounted to 161,083 million yen, a fall of 1,932 million yen, chiefly due to a decrease in investment securities.

Current liabilities decreased 1,991 million yen, to 44,312 million yen, owing mainly to a reduction in accounts payable-other. Non-current liabilities fell 1,488 million yen, to 16,902 million yen, reflecting decreases in deferred tax liabilities and long-term accounts payable-other.

Net assets fell 242 million yen from the end of the previous consolidated fiscal year, to 221,214 million yen, reflecting a decrease in valuation difference on available-for-sale securities due to the mark-to-market valuation of shareholdings, etc., which offset an increase in retained earnings due to profit attributable to owners of parent.

As a result, the equity ratio stood at 77.8% (compared with 76.9% at the end of the previous fiscal year) and net assets per share amounted to 2,137.27 yen (2,140.27 yen at the end of the previous fiscal year) at the end of the first half of the fiscal year under review.

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

In spite of continued growth in the International Business, business results in the first half of the fiscal year under review were below the targets set at the beginning of the fiscal year largely because, following revision of prices in the Spice/Seasoning/Processed Food Business, it took time for the new prices to become widely accepted.

In this environment, it is difficult to fill the gap between the targets set at the beginning of the fiscal year under review and the actual results of the first half, which were below the targets, in the second half. The full-year consolidated business performance forecast for the fiscal year ending March 31, 2016 has thus been changed as below.

Revision of full-year consolidated business performance forecast for the fiscal year ending March 31, 2016

(from April 1, 2015 to March 31, 2016)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (basic)
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	246,000	11,500	12,900	8,900	86.61
Revised forecast (B)	236,000	10,500	12,000	8,000	77.86
Change (B – A)	(10,000)	(1,000)	(900)	(900)	–
Percentage change (%)	(4.1)	(8.7)	(7.0)	(10.1)	–
(For reference) Performance in previous fiscal year (ended March 31, 2015)	231,448	8,686	10,957	6,971	67.61

* The forecast above has been made based on information available on the date of publication of this document. Actual results may differ from the forecast.

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 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 net 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

Standards such as the Accounting Standard for Business Combinations (ASBJ Statement No.21 of September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No.7 of September 13, 2013) have been applied from the first quarter of the fiscal year under review. The purpose for applying these standards was to change the method for recording the difference from changes in the Company’s equity in its subsidiaries that remain controlled by the Company as capital surplus and as an expense in the consolidated fiscal year in which expenses related to acquisition are incurred. For business combinations implemented after the beginning of the first quarter of the fiscal year under review, the method will be changed to one that reflects the revision of distributed amounts of acquisition costs by determining provisional accounting treatment in the quarterly consolidated financial statements for the quarterly consolidated accounting period to which the date of business combination belongs. In addition, the Company has changed the presentation of quarterly net profit and other items and the presentation of minority interests to non-controlling interests. To reflect this change, the quarterly consolidated financial statements and consolidated financial statements for the first half ended September 30, 2014 and fiscal year ended March 31, 2015 have been replaced.

In the Quarterly Consolidated Statements of Cash Flows for the first six-month period of the fiscal year under review, cash flows related to an acquisition or sale of ownership interests in subsidiaries that does not result in a change in the scope of consolidation are recorded under “Cash flows from financing activities,” and cash flows relating to expenses related to the acquisition of ownership interests in subsidiaries that does result in a change in the scope of consolidation or expenses incurred in connection with the acquisition or sale of equity in subsidiaries that does not result in a change in the scope of consolidation are recorded under “Cash flows from operating activities.”

The application of the Accounting Standard for Business Combinations and the other standards follows the transitional treatment specified in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statement, and Article 57-4 (4) of the Accounting Standard for Business Divestiture. The application of these standards has been under way since the beginning of the first quarter of the fiscal year under review, and will continue to be applied going forward.

The effect of this change on the first half of the consolidated fiscal year ending March 31, 2016 is minimal.

(4) Additional Information

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

As for consolidated subsidiaries, in the first half of the consolidated fiscal year under review House Foods Vietnam Co., Ltd. and House Osotspa Foods Co., Ltd. changed their account settlement date from March 31 to December 31.

The effect of this change on the first half of the consolidated fiscal year ending March 31, 2016 is minimal.

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2015)	End of first half of the fiscal year under review (As of September 30, 2015)
Assets		
Current assets		
Cash and deposits	26,906	29,970
Notes and accounts receivable - trade	40,695	40,712
Securities	34,577	29,608
Merchandise and finished goods	9,708	10,277
Work in process	1,535	1,523
Raw materials and supplies	3,590	3,689
Deferred tax assets	2,070	2,083
Other	4,132	3,556
Allowance for doubtful accounts	(79)	(73)
Total current assets	123,134	121,345
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,176	23,740
Machinery, equipment and vehicles, net	10,801	10,187
Land	25,842	25,851
Lease assets, net	3,775	3,830
Construction in progress	556	767
Other, net	1,465	1,736
Total property, plant and equipment	66,616	66,111
Intangible assets		
Goodwill	476	395
Software	1,960	1,945
Software in progress	75	15
Other	967	965
Total intangible assets	3,478	3,320
Investments and other assets		
Investment securities	80,240	78,263
Long-term loans receivable	369	360
Deferred tax assets	636	600
Long-term time deposits	2,000	2,500
Net defined benefit asset	7,103	7,324
Claims provable in bankruptcy, claims provable in rehabilitation and other	512	664
Other	2,764	2,795
Allowance for doubtful accounts	(702)	(854)
Total investments and other assets	92,922	91,652
Total non-current assets	163,016	161,083
Total assets	286,149	282,428

(Million yen)

	End of previous fiscal year (As of March 31, 2015)	End of first half of the fiscal year under review (As of September 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,592	17,577
Electronically recorded obligations - operating	1,447	1,050
Short-term loans payable	6,770	7,205
Lease obligations	483	476
Accounts payable - other	12,432	11,016
Income taxes payable	1,557	1,390
Provision for directors' bonuses	65	45
Other	5,957	5,551
Total current liabilities	46,303	44,312
Non-current liabilities		
Long-term loans payable	810	781
Lease obligations	3,393	3,410
Long-term accounts payable - other	661	218
Deferred tax liabilities	11,383	10,516
Net defined benefit liability	960	933
Asset retirement obligations	285	286
Other	898	758
Total non-current liabilities	18,390	16,902
Total liabilities	64,693	61,214
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus	23,868	23,848
Retained earnings	157,338	158,747
Treasury shares	(5)	(7)
Total shareholders' equity	191,150	192,537
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	20,402	18,712
Deferred gains or losses on hedges	47	27
Foreign currency translation adjustment	2,878	3,126
Remeasurements of defined benefit plans	5,450	5,213
Total other accumulated comprehensive income	28,777	27,079
Non-controlling interests	1,530	1,598
Total net assets	221,456	221,214
Total liabilities and net assets	286,149	282,428

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(First six-month period)

(Million yen)

	First six-month period of previous fiscal year (April 1, 2014 - September 30, 2014)	First six-month period of the fiscal year under review (April 1, 2015 - September 30, 2015)
Net sales	114,405	112,375
Cost of sales	67,693	66,862
Gross profit	46,713	45,513
Selling, general and administrative expenses		
Advertising expenses	5,404	5,064
Transportation and warehousing expenses	3,464	3,365
Sales commission	1,240	1,151
Promotion expenses	15,257	14,559
Salaries, allowances and bonuses	6,907	7,013
Provision for directors' bonuses	59	47
Depreciation	449	533
Amortization of goodwill	81	81
Rent expenses	782	741
Experiment and research expenses	1,774	1,740
Other	7,315	7,176
Total selling, general and administrative expenses	42,732	41,469
Operating income	3,981	4,044
Non-operating income		
Interest income	250	257
Dividend income	311	331
Share of profit of entities accounted for using equity method	300	243
Foreign exchange gains	202	26
Other	134	153
Total non-operating income	1,198	1,011
Non-operating expenses		
Interest expenses	64	50
Other	481	214
Total non-operating expenses	546	264
Ordinary income	4,633	4,791

(Million yen)

	First six-month period of previous fiscal year (April 1, 2014 - September 30, 2014)	First six-month period of the fiscal year under review (April 1, 2015 - September 30, 2015)
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	–	0
Gain on sales of investments in capital	18	–
Gain on change in equity	3	–
Compensation income	13	–
Other	2	0
Total extraordinary income	38	0
Extraordinary loss		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	49	135
Loss on valuation of investment securities	3	–
Other	13	4
Total extraordinary loss	65	139
Income before income taxes	4,606	4,652
Income taxes	1,701	1,621
Net income	2,904	3,031
Net income attributable to		
Profit attributable to owners of parent	2,793	2,951
Profit attributable to non-controlling interests	111	81
Other comprehensive income		
Valuation difference on available-for-sale securities	3,068	(1,699)
Deferred gains or losses on hedges	1	(50)
Foreign currency translation adjustment	(649)	242
Remeasurements of defined benefit plans, net of tax	(61)	(243)
Share of other comprehensive income of entities accounted for using equity method	26	48
Total other comprehensive income	2,386	(1,702)
Comprehensive income	5,290	1,329
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,206	1,253
Comprehensive income attributable to non-controlling interests	84	76

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	First six-month period of previous fiscal year (April 1, 2014 - September 30, 2014)	First six-month period of the fiscal year under review (April 1, 2015 - September 30, 2015)
Cash flows from operating activities		
Income before income taxes	4,606	4,652
Depreciation	2,632	3,052
Amortization of goodwill	81	81
Share of (profit) loss of entities accounted for using equity method	(300)	(243)
Loss (gain) on valuation of investment securities	3	-
Increase (decrease) in allowance for doubtful accounts	(16)	146
Increase (decrease) in provision for directors' bonuses	(35)	(20)
Increase (decrease) in net defined benefit liability	134	(25)
Interest and dividend income	(561)	(588)
Interest expenses	64	50
Foreign exchange losses (gains)	(177)	11
Loss (gain) on sales of investment securities	-	(0)
Loss (gain) on sales of investments in capital	(18)	-
Loss (gain) on sales of non-current assets	(1)	0
Loss on retirement of non-current assets	49	135
Decrease (increase) in notes and accounts receivable - trade	(1,232)	16
Decrease (increase) in inventories	(2,849)	(646)
Increase (decrease) in notes and accounts payable - trade	2,494	180
Increase (decrease) in accounts payable - bonuses	19	8
Decrease (increase) in other assets	858	(332)
Increase (decrease) in other liabilities	(372)	(1,323)
Subtotal	5,378	5,154
Interest and dividend income received	717	805
Interest expenses paid	(67)	(57)
Income taxes paid	(3,080)	(1,787)
Net cash provided by (used in) operating activities	2,948	4,115

(Million yen)

	First six-month period of previous fiscal year (April 1, 2014 - September 30, 2014)	First six-month period of the fiscal year under review (April 1, 2015 - September 30, 2015)
Cash flows from investing activities		
Payments into time deposits	(4,015)	(806)
Proceeds from withdrawal of time deposits	2,523	34
Purchase of securities	(3,500)	(3,308)
Proceeds from sales of securities	6,490	11,887
Purchase of property, plant and equipment	(4,717)	(3,423)
Proceeds from sales of property, plant and equipment	9	2
Purchase of intangible assets	(555)	(288)
Purchase of investment securities	(1,528)	(5,076)
Proceeds from sales of investment securities	1,000	0
Payments for investments in capital	(5)	-
Collection of investments in capital	36	-
Payments of loans receivable	(53)	(0)
Net cash provided by (used in) investing activities	(4,316)	(978)
Cash flows from financing activities		
Increase in short-term loans payable	34,752	36,570
Decrease in short-term loans payable	(35,119)	(36,172)
Repayments of lease obligations	(269)	(280)
Proceeds from long-term loans payable	-	120
Repayment of long-term loans payable	(128)	(111)
Purchase of treasury shares	(5,490)	(2)
Cash dividends paid	(2,116)	(1,543)
Dividends paid to non-controlling interests	(8)	(8)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(20)
Net cash provided by (used in) financing activities	(8,378)	(1,446)
Effect of exchange rate change on cash and cash equivalents	(171)	103
Net increase (decrease) in cash and cash equivalents	(9,916)	1,793
Cash and cash equivalents at beginning of period	49,586	43,832
Cash and cash equivalents at end of period	39,670	45,625

(4) 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 six-month period of previous fiscal year (April 1, 2014 - September 30, 2014)

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

(Million yen)

	Reported segments					Other	Total	Adjustment (Note) 1	Amount recorded in the consolidated financial statements (Note) 2
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Other Food Related Business	Total				
Net sales									
Sales – outside customers	58,855	20,474	10,056	25,009	114,394	–	114,394	12	114,405
Sales and transfer – inter-segment	82	76	88	5,394	5,639	–	5,639	(5,639)	–
Total	58,937	20,550	10,144	30,402	120,033	–	120,033	(5,627)	114,405
Segment profit (loss)	2,499	818	356	(299)	3,373	–	3,373	608	3,981

(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 606 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments, and 2 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 impairment loss on non-current assets and goodwill by reportable segment

Not applicable.

II. First six-month period of the fiscal year under review (April 1, 2015 - September 30, 2015)

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

(Million yen)

	Reported segments					Other	Total	Adjustment (Note) 1	Amount recorded in the consolidated financial statements (Note) 2
	Spice / Seasoning / Processed Food Business	Health Food Business	International Business	Other Food Related Business	Total				
Net sales									
Sales – outside customers	56,746	18,191	12,900	24,511	112,348	–	112,348	27	112,375
Sales and transfer – inter-segment	24	86	109	5,494	5,712	–	5,712	(5,712)	–
Total	56,769	18,276	13,009	30,005	118,060	–	118,060	(5,686)	112,375
Segment profit (loss)	2,309	904	734	(62)	3,884	–	3,884	159	4,044

(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 159 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 impairment loss on non-current assets and goodwill by reportable segment

Not applicable.

3. Matters relating to changes in the Company’s reported segment

(Changes in the method for calculating the profit or loss of reported segments)

To clarify the responsibilities of business companies for segment profits, the method for presenting the profits and losses of the Company and House Business Partners Corporation was changed from distribution to business segments to indication as an adjustment in the first quarter of the consolidated fiscal year under review, which marks the beginning of the Fifth Medium-term Business Plan.

The segment information for the first half of the previous consolidated fiscal year (the term ended September 30, 2014), which is presented as comparative information for the first half of the consolidated fiscal year under review (the term ended September 30, 2015), is presented using the new calculation method.

Important Subsequent Events

The Company passed a resolution, at the meeting of Board of Directors held on October 30, 2015, to conduct a tender offer for the common stock of Ichibanya Co., Ltd., which is listed on the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange, for the purpose of making Ichibanya Co., Ltd. into its consolidated subsidiary. The tender offer period was set as the period commencing November 2, 2015 and ending December 1, 2015.