January 27, 2015

Consolidated Financial Results (Japanese Accounting Standards) for the Nine Months Ended December 31, 2014 (Q3 FY2014)

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: Chiyuki Tanaka, General Manager, Public & Investors Relations Division
Tel. +81-3-5211-6039

Scheduled date for filing of securities report: February 12, 2015
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, 2014 (April 1, 2014 – December 31, 2014)

(1) Consolidated Results of Operations (Accumulated Total) (Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Nine Months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2014	179,478	1.1	8,291	(2.5)	9,655	(0.9)	6,560	(19.1)
December 31, 2013	177,459	9.6	8,505	(16.8)	9,746	(15.0)	8,110	14.0

(Note) Comprehensive income: 12,156 million yen (24.7%) for the nine months ended December 31, 2014

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

	Net income per share (basic)	Net income per share (diluted)
Nine Months ended	Yen	Yen
December 31, 2014	63.55	–
December 31, 2013	76.68	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Nine Months ended December 31, 2014	277,295	211,848	75.8	2,045.79
Year ended March 31, 2014	273,368	210,097	76.4	1,974.31

(Reference) Shareholders' equity: As of December 31, 2014: 210,220 million yen
As of March 31, 2014: 208,801 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, 2014	–	15.00	–	20.00	35.00
Year ending March 31, 2015	–	15.00	–		
Year ending March 31, 2015 (forecasts)				15.00	30.00

(Note) Revisions to dividend forecasts published most recently: None
The annual dividend for the year ended 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, 2015 (April 1, 2014 – March 31, 2015)

(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, 2015	234,000	0.6	10,000	4.3	11,400	4.0	7,100	(19.2)	69.09

(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:	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, 2014:	102,758,690 shares
As of March 31, 2014:	105,761,763 shares

(ii) Number of treasury shares at end of period

As of December 31, 2014:	975 shares
As of March 31, 2014:	2,711 shares

(iii) Average number of shares outstanding during the term

Nine months ended December 31, 2014:	103,224,950 shares
Nine months ended December 31, 2013:	105,759,997 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

1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2014 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

3. Quarterly Consolidated Financial Statements 6
   (1) Quarterly Consolidated Balance Sheets 6
   (2) Quarterly Consolidated Statements of Income and Comprehensive Income 8
   (3) Notes to Quarterly Consolidated Financial Statements 10
   Notes Relating to Assumptions for the Going Concern 10
   Notes for Case Where Shareholders' Equity underwent Significant Changes in Value 10
   Segment Information 10

1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2014

(1) Details of Operating Results

During the nine month period ended December 2014, the business environment continued to stage a modest recovery against the backdrop of the effects of the government policies, while consumer spending slowed reflecting the consumption tax hike and the influence of unseasonable weather. In the food industry, uncertainties remained in the trend of consumption. Pressure for cost increases continued due to the depreciation of the yen and increasing demand in emerging countries, and the unpredictable situation persisted.

In this operating environment, entering the final year of its Fourth Medium-Term Business Plan covering the three years from the fiscal year ended March 2013, the House Foods Group took steps to complete the implementation of the action plan. The House Foods Group also made preparations for the Fifth Medium-Term Business Plan, and endeavored to enhance its enterprise value.

Sales declined in the two domestic core business segments. However, the size of the international business increased in each area of business development, and the Other Food Related Business also grew. As a result, consolidated net sales for the first nine months of the fiscal year under review rose 1.1% year on year, to 179,478 million yen.

Consolidated operating income declined 2.5% from a year earlier, to 8,291 million yen, reflecting a substantial rise in the cost of the transport and warehouse business and the effect of decreased net sales in the Health Food Business. Consolidated ordinary income fell 0.9% to 9,655 million yen, and consolidated net income decreased 19.1% to 6,560 million yen reflecting a sharp decline in extraordinary income.

The following is an overview of results by segment.

Segment	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	93,630	98.2	6,476	119.5
Health Food Business	30,154	93.5	1,335	63.4
International Business	16,741	122.6	772	224.3
Other Food Related Business	38,953	107.6	(293)	–
Reportable segments total	179,478	101.1	8,291	97.5

* Figures in the consolidated operating income (segment margin) column are figures before adjustment for impact of inter-segment transactions of 0 million yen.

Spice / Seasoning / Processed Food Business

The Group sought to maintain and enhance the brand value of curry roux products through the effective use of marketing costs and efforts to increase demand by proposing seasonal menu items. Sales of *UMAKACCHAN*, a packaged noodles product marking the 35th anniversary of the start of sales, remained brisk. Of new products, *Mazete Magic*, a versatile sauce that is to be used with other sauces, was established in the market. As for spice products, the Group's flagship products, the Group promoted measures to expand business such as an increase of seasoning products exclusively used for menu items to specifically meet customers' needs.

Meanwhile, sales of retort pouched products declined from a year earlier reflecting the consumption tax hike and the influence of intensified competition, despite the promotion of measures to develop mid-priced products.

As a result, sales in the Spice / Seasoning / Processed Food Business stood at 93,630 million yen, down 1.8% from a year earlier. Despite a rise in raw materials and energy costs, operating income rose 19.5% year-on-year, to 6,476 million yen thanks to the effective use of marketing costs and a temporary reduction in costs in the previous fiscal year.

Health Food Business

Sales of the *Ukon No Chikara* series declined from the previous year due to the effect of competition with other companies' products. However, the Group started to sell products with additional functions and freshened up existing products with the new designation of Bisacurone as a useful ingredient, and also promoted measures to raise the level of customers' satisfaction and facilitate trials.

Sales of the *C1000* series decreased, given weak sales especially of plastic bottled products due chiefly to unseasonably bad weather, despite our efforts to promote the impact of vitamin consumption centered on *Vitamin Lemon*, a bottled products, under the catchphrase of "hand-washing, gargling, and *Vitamin Lemon*!"

As a result, in the Health Food Business, sales declined 6.5% year on year, to 30,154 million yen. Operating income decreased 36.6%, to 1,335 million yen, reflecting the effect of a fall in sales and the active marketing investment in new products for which new functions were added.

International Business

In the tofu business in the United Sates, sales and profits rose from the previous year reflecting progress in the acquisition of customers through the improvement of soybean-related products in a market that continues to grow steadily.

In the curry business in China, the Group started to operate a second production base in last September, established a production system to meet a rise in demand, and pursued active marketing activities in a bid to gain recognition for Japanese-style curry, while expanding its sales structure. As a result, sales increased and profits decreased.

In the curry restaurant business, the Group enhanced the business base in each area and developed operations to increase the number of restaurants. Consequently, overall sales rose. However, profits declined, reflecting intensifying competition among restaurants in the urban areas of China and increasing costs for opening restaurants.

In Southeast Asia, the vitamin functional drink business in Thailand remained brisk thanks to successful sales promotion planning in the CVS channel. The Company took steady steps toward achieving business growth by increasing transactions in the marketplace.

As a result, sales in the International Business rose 22.6% year-on-year, to 16,741 million yen, and operating income jumped 124.3% to 772 million yen.

Other Food Related Business

House Logistics Service Corporation, a Group company engaging in the transport and warehouse business, showed a return to the black in the third quarter, and achieved a reduction in the operating loss from the end of the second quarter, as a result of its cost reduction activities and efforts for the improvement of subcontracting costs and the concentration of logistics bases, while profits were reduced significantly due to temporary costs required to accept new logistics operations commissioned by companies outside the Group and a rise in energy costs and subcontracting costs.

Delica Chef Corporation, a Group company that produces prepared foods for convenience stores, also suffered a decline in profits, reflecting a rise in energy costs and distribution costs, despite brisk sales of dessert products.

Vox Trading Co., Ltd., a company mainly engaged in the import and sale of foodstuffs, recorded higher sales, reflecting the start of new transactions.

As a result, sales in the Other Food Related Business increased 7.6% from a year earlier, to 38,953 million yen, and the operating loss amounted to 293 million yen (operating income of 635 million yen for the same period in the previous fiscal year).

(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 stood at 277,295 million yen, showing an increase of 3,926 million yen from the end of the previous fiscal year.

Current assets increased 5,219 million yen to 122,770 million yen reflecting a rise in notes and accounts receivable – trade, despite a decline in securities due to a decrease in negotiable deposits and a reduction in cash and deposits. Non-current assets decreased 1,292 million yen to 154,525 million yen reflecting a decline in investment securities and construction in progress, despite an increase in buildings and structures.

Liabilities amounted to 65,447 million yen, showing an increase by 2,176 million yen from the end of the previous fiscal year.

Current liabilities declined 12 million yen to 49,218 million yen reflecting a decrease in income taxes payable, accounts payable – other and short-term loans payable, and a rise in notes and accounts payable – trade. Non-current liabilities rose 2,188 million yen to 16,229 million yen due to an increase in deferred tax liabilities.

Net assets increased 1,751 million yen from the end of the previous fiscal year, to 211,848 million yen reflecting an increase in valuation difference on available-for-sale securities after a market valuation of shares held and foreign currency translation adjustment attributable to the effect of the foreign exchange rate fluctuation, despite a decrease in retained earnings due to the cancellation of treasury shares.

As a result, the equity ratio stood at 75.8% (compared with 76.4% at the end of the previous fiscal year) and net assets per share amounted to 2,045.79 yen (1,974.31 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 30, 2014, for the period ending March 31, 2015.

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

With respect to the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012, which will be hereinafter referred to as the "Retirement Benefit Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012, which will be hereinafter referred to as the "Retirement Benefit Application Guidance"), the provisions shown in the text of paragraph 35 of the Retirement Benefit Accounting Standard and the text of paragraph 67 of the Retirement Benefit Application Guidance have been applied from the first quarter of the fiscal year under review. Consequently, the method of calculating retirement benefit liabilities and service costs was revised. In addition, the period attribution method for estimated retirement benefits was changed from the straight-line attribution standard to the benefit formula standard. The method of determining the discount rate was changed from the method of determining the period of bonds, which is a basis for deciding on the discount rate, based on the number of years, which is approximate to the average remaining years of service of employees, to the method of using a single weighted average discount rate, which reflects the expected period of the retirement benefit payment and the amount of money for each expected period of payment.

As to the application of the Retirement Benefit Accounting Standard, the amount of the impact of a change in the method of calculating retirement benefit liabilities and service costs was added to, or deducted from, retained earnings at the beginning of the first quarter of the fiscal year under review in accordance with the transitional treatment provided in paragraph 37 of the Retirement Benefit Accounting Standard.

As a result, net defined benefit liability as of the beginning of the first quarter of the fiscal year under review increased by 145 million yen. Net defined benefit asset decreased by 1,935 million yen, and retained earnings declined by 1,251 million yen. Operating income, ordinary income and net income before income taxes for the first three quarters of the fiscal year under review each increased 55 million yen.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2014)	End of third quarter of the fiscal year under review (As of December 31, 2014)
Assets		
Current assets		
Cash and deposits	26,649	25,307
Notes and accounts receivable - trade	40,846	50,392
Securities	29,631	27,000
Merchandise and finished goods	9,382	8,530
Work in process	1,200	1,441
Raw materials and supplies	3,162	3,487
Deferred tax assets	2,757	2,675
Other	3,929	3,944
Allowance for doubtful accounts	(4)	(6)
Total current assets	117,551	122,770
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,571	23,341
Machinery, equipment and vehicles, net	9,195	9,528
Land	26,001	25,856
Lease assets, net	4,128	3,857
Construction in progress	2,449	578
Other, net	1,190	1,306
Total property, plant and equipment	62,534	64,467
Intangible assets		
Goodwill	619	512
Software	971	1,967
Software in progress	1,044	14
Other	848	930
Total intangible assets	3,482	3,423
Investments and other assets		
Investment securities	81,451	77,014
Long-term loans receivable	334	371
Deferred tax assets	428	1,109
Long-term time deposits	2,500	4,500
Net defined benefit asset	2,657	1,136
Claims provable in bankruptcy, claims provable in rehabilitation and other	448	479
Other	2,670	2,694
Allowance for doubtful accounts	(687)	(668)
Total investments and other assets	89,802	86,635
Total non-current assets	155,817	154,525
Total assets	273,368	277,295

(Million yen)

	End of previous fiscal year (As of March 31, 2014)	End of third quarter of the fiscal year under review (As of December 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,005	21,074
Electronically recorded obligations - operating	1,258	1,331
Short-term loans payable	7,284	6,804
Lease obligations	545	504
Accounts payable - other	12,878	12,093
Income taxes payable	2,640	1,641
Provision for directors' bonuses	93	49
Other	6,528	5,722
Total current liabilities	49,230	49,218
Non-current liabilities		
Long-term loans payable	978	812
Lease obligations	3,795	3,475
Long-term accounts payable - other	682	676
Deferred tax liabilities	6,680	9,078
Net defined benefit liability	871	1,004
Asset retirement obligations	282	284
Other	753	899
Total non-current liabilities	14,041	16,229
Total liabilities	63,272	65,447
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus	23,868	23,868
Retained earnings	160,767	156,926
Treasury shares	(4)	(2)
Total shareholders' equity	194,579	190,741
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	11,665	16,328
Deferred gains or losses on hedges	(5)	48
Foreign currency translation adjustment	1,053	1,692
Remeasurements of defined benefit plans	1,509	1,411
Total other accumulated comprehensive income	14,222	19,479
Minority interests	1,296	1,627
Total net assets	210,097	211,848
Total liabilities and net assets	273,368	277,295

(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, 2013 - December 31, 2013)	First nine-month period of the fiscal year under review (April 1, 2014 - December 31, 2014)
Net sales	177,459	179,478
Cost of sales	102,212	106,276
Gross profit	75,247	73,202
Selling, general and administrative expenses		
Advertising expenses	8,856	7,950
Transportation and warehousing expenses	5,114	5,229
Sales commission	2,700	1,877
Promotion expenses	23,988	23,760
Salaries, allowances and bonuses	10,370	10,383
Provision for directors' bonuses	70	87
Depreciation	619	743
Amortization of goodwill	128	122
Rent expenses	1,229	1,180
Experiment and research expenses	2,634	2,687
Other	11,034	10,894
Total selling, general and administrative expenses	66,742	64,912
Operating income	8,505	8,291
Non-operating income		
Interest income	407	392
Dividends income	319	328
Share of profit of entities accounted for using equity method	363	487
Foreign exchange gains	376	556
Other	249	206
Total non-operating income	1,714	1,969
Non-operating expenses		
Interest expenses	172	98
Other	300	507
Total non-operating expenses	472	605
Ordinary income	9,746	9,655

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2013 - December 31, 2013)	First nine-month period of the fiscal year under review (April 1, 2014 - December 31, 2014)
Extraordinary income		
Gain on sales of non-current assets	3,110	2
Gain on sales of investment securities	81	1,311
Gain on sale of invested money	–	18
Reversal of allowance for doubtful accounts	19	–
Gain on change in equity	–	3
Compensation income	–	13
Other	1	2
Total extraordinary income	3,211	1,349
Extraordinary losses		
Loss on sales of non-current assets	122	121
Loss on retirement of non-current assets	147	80
Loss on valuation of investment securities	–	4
Loss on valuation of membership	24	–
Impairment loss	85	323
Provision for loss on guarantees	152	–
Loss on step acquisitions	69	–
Other	7	16
Total extraordinary losses	606	543
Income before income taxes	12,351	10,461
Income taxes	4,095	3,705
Income before minority interests	8,256	6,756
Minority interests in income	146	196
Net income	8,110	6,560
Minority interests in income	146	196
Income before minority interests	8,256	6,756
Other comprehensive income		
Valuation difference on available-for-sale securities	220	4,652
Deferred gains or losses on hedges	5	133
Foreign currency translation adjustment	1,197	671
Remeasurements of defined benefit plans, net of tax	–	(91)
Share of other comprehensive income of entities accounted for using equity method	70	36
Total other comprehensive income	1,492	5,401
Comprehensive income	9,749	12,156
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,492	11,817
Comprehensive income attributable to minority interests	257	340

(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

The Company acquired treasury shares in the first quarter of this fiscal year based on the resolution reached at the meeting of Board of Directors held on May 8, 2014. As a result, treasury shares increased by 5,488 million yen during the first quarter of this fiscal year.

The Company canceled 3,003,073 treasury shares on July 7, 2014 under a resolution adopted at a meeting of the Board of Directors held on June 20, 2014. As a result, in the second quarter under review, treasury shares increased by 5,493 million yen, and retained earnings declined by 5,493 million yen.

The method of calculating retirement benefit liabilities and service costs was revised at the beginning of the first quarter of this fiscal year. Refer to page 5: "2. Matters Relating to Summary Information (Notes) (3) Changes in Accounting Policies and Changes or Restatement of Accounting Estimates" for its effects.

Segment Information

I. First nine-month period of previous fiscal year (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 first three quarters of the consolidated period under review, assets in the Other Food Related Businesses 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 non-current assets and goodwill by reportable segment

(Important impairment loss on non-current assets)

During the first nine months of the fiscal year under review, an impairment loss of 65 million yen was recorded in the Spice / Seasoning / Processed Food Business segment, an asset impairment loss of 21 million yen in the Health Food Business segment and an asset impairment loss of 0 million yen in the Other Food Related Business segment due to the closure of the Training Center in Ikoma.

(Significant changes in the amount of goodwill)

Goodwill in the Other Food Related Businesses 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 relating to changes in the Company's reported segment

(Change in the method to categorize reported segments)

The Company reviewed the scope of net sales and expenses allocated to each reported segment. As a result, effective from the third quarter of this fiscal year, the Company has made changes, including the introduction of a method in which expenses incurred from House Business Partners Corporation that were previously included in the Other Food Related Business are now allocated to each reported segment in accordance with an allocation standard. These changes have been made as a result of the establishment of a new organizational structure by adopting the holding company structure.

The impact of these changes on segment information for the first third quarters of this fiscal year is limited.

(Change of the names of the reported segments)

Following the establishment of a new organizational structure by adopting the holding company structure, the Company reviewed the method to categorize reported segments. As a result, effective from the third quarter of this fiscal year, the Company has changed the name of a reported segment, the Transport and Other Businesses, to the Other Food Related Business.

II. First nine-month period of the fiscal year under review (April 1, 2014 - December 31, 2014)

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	93,630	30,154	16,741	38,953	179,478	–	179,478
Sales and transfer – inter-segment	146	111	160	8,309	8,726	–	8,726
Total	93,776	30,266	16,901	47,262	188,205	–	188,205
Segment profit (loss)	6,476	1,335	772	(293)	8,291	–	8,291

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	8,291
Elimination of inter-segment transactions	0
Operating income in quarterly consolidated statements of income and comprehensive income	8,291

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

(Important impairment loss on non-current assets)

During the first nine months of the fiscal year under review, an impairment loss of 323 million yen was recorded in the Spice / Seasoning / Processed Food Business segment due to the closure of a company dormitory.

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

(Change in the method to categorize reported segments)

Dalian Horie Yamatoya Food Co., Ltd., which was included in the Other Food Related Business in the past, is included in the International Business from the first quarter of the fiscal year under review due to a change in the management category.

The impact of this change on segment information for the first nine months of the fiscal year under review is limited.

(Application of the Accounting Standard for Retirement Benefits, etc.)

As stated in Changes in Accounting Policies, the method of calculating retirement benefit liabilities and service costs was revised in the first quarter of this fiscal year. Accordingly, the method of calculating retirement benefit liabilities and service costs of business segments was revised similarly.

Because of the above revision, in the first three quarters of the fiscal year under review segment profit increased 52 million yen for the Spice / Seasoning / Processed Food Business, and 3 million yen for the Health Food Business, as compared with the previous method.