October 31, 2016

Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2016 (Q2 FY2016)

Company name: House Foods Group Inc.
Stock exchange listing: Tokyo Stock Exchange
Stock code: 2810
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Scheduled date for filing of securities report: November 10, 2016
Scheduled date of commencement of dividend payment: December 6, 2016
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, 2016 (April 1, 2016 – September 30, 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	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2016	136,975	21.9	5,351	32.3	5,377	12.2	4,208	42.6
September 30, 2015	112,375	(1.8)	4,044	1.6	4,791	3.4	2,951	5.7

(Note) Comprehensive income: 675 million yen (-49.2%) for the six months ended September 30, 2016
1,329 million yen (-74.9%) for the six months ended September 30, 2015

	Net income per share (basic)	Net income per share (diluted)
Six months ended	Yen	Yen
September 30, 2016	40.98	–
September 30, 2015	28.71	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Six months ended September 30, 2016	346,344	258,965	65.6	2,211.91
Year ended March 31, 2016	349,427	260,329	65.5	2,231.86

(Reference) Shareholders' equity: As of September 30, 2016: 227,283 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: Yes

* 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: One company (Gaban 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 6 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, 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 September 30, 2016:	4,674 shares
As of March 31, 2016:	237,762 shares

(iii) Average number of shares outstanding during the term

Six months ended September 30, 2016:	102,683,430 shares
Six months ended September 30, 2015:	102,755,994 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, 2016" on page 5 of the accompanying materials.

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1. Qualitative Information on Results for the First Half Ended September 30, 2016

(1) Details of Operating Results

During the six-month period ended September 30, 2016, the business environment reflected a growing sense of uncertainty about the future, given an increasingly unforeseeable international economic situation. The Japanese market became more mature, in step with an aging population and low birth rate alongside a declining working-age population. In the food industry, the situation continued to be unpredictable as consumer confidence remained sluggish in some sectors.

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 half of the fiscal year under review increased 21.9% year on year, to 136,975 million yen, thanks to the strong performance of the Spice/Seasoning/Processed Food 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 32.3% year on year, to 5,351 million yen as a result of the full enforcement of the effective operation of marketing costs, in addition to the effect of higher net sales. Consolidated ordinary income grew 12.2% year on year, to 5,377 million yen, and profit attributable to owners of parent climbed 42.6%, to 4,208 million yen, chiefly owning to an increase in extraordinary income such as a gain on bargain purchase and a gain on step acquisitions arising from the acquisition of additional shares of Gaban Co., Ltd.

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	62,333	109.4	3,619	156.6
Health Food Business	17,852	96.4	1,130	116.1
International Food Business	8,609	93.9	767	119.1
Restaurant Business	25,422	700.7	(97)	–
Other Food Related Business	30,178	100.6	434	–
Subtotal	144,394	122.1	5,854	150.7
Adjustment (elimination)	(7,418)	–	(503)	–
Total	136,975	121.9	5,351	132.3

(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 "(4) Notes to Quarterly Consolidated Financial Statements (Segment Information)" of "3. Quarterly Consolidated Financial Statements" on page 14.

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 and retort pouched products grew because of the disappearance of the temporary stagnation in demand caused by the price revision in the first half of the previous fiscal year, as well as the promotion of the market

introduction of products that addressed customer needs, such as *Pro Quality*.
In addition to the above, as a result of incorporating Gaban Co., Ltd. into the consolidated business performance from the second quarter of the fiscal year under review, sales in the Spice/Seasoning/Processed Food Business stood at 62,333 million yen, up 9.4% year on year, and operating income was 3,619 million yen, up 56.6% year on year.

Health Food Business

This business segment has been making efforts to improve the profitability of its core products through comprehensive cost control and making preparations for their growth.
Sales of the *Ukon No Chikara* series declined from the year-ago level because demand from light users remained weak, as the occasions when customers enjoyed a drink diversified. While sales of vitamin products declined given the weak performance of PET bottle products, sales of *Ichinichibun No Vitamin*, which the segment sought to develop to enhance its revenue base, grew thanks to support from customers.
As a result, sales in the Health Food Business declined 3.6% year on year, to 17,852 million yen, but operating income rose 16.1% year on year, to 1,130 million yen, reflecting the full enforcement of the effective operation of marking costs.

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 a wide variety of high value-added products such as organic tofu and food-service products increased, driven by the spread of health consciousness.
In China, the Group worked to promote Japanese-style curry for both household use and professional use, mainly in the coastal areas.
In Southeast Asia, the functional beverage business in Thailand 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 grew steadily. 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 6.1% year on year, to 8,609 million yen, and operating income increased 19.1% to 767 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 by making various efforts to increase quality, service and cleanliness (QSC) and the store attractiveness, putting the highest priority on an increase in sales of existing stores.
As a result, sales in the Restaurant Business rose 600.7% year on year, to 25,422 million yen due to the significant contribution of the new consolidation of Ichibanya Co., Ltd. The segment recorded an operating loss of 97 million yen (compared to an operating income of 18 million yen in the first half 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, continued to pursue its efforts to improve its earnings structure through activities to modify its business structure and enhance its cost competitiveness, as in the previous fiscal year.

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 0.6% year on year, to 30,178 million yen, and operating income amounted to 434 million yen (compared to an operating loss of 62 million yen a year ago).

(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 346,344 million yen, a decrease of 3,083 million yen compared to the end of the previous consolidated fiscal year.

Current assets increased 7,820 million yen, to 126,767 million yen, mainly reflecting rises in merchandise and finished goods and notes and accounts receivable-trade due to the effect of making Gaban Co., Ltd. a consolidated subsidiary.

Non-current assets declined 10,903 million yen, to 219,577 million yen. This was chiefly due to decreases in investment securities and long-term time deposits, although land and buildings and structures increased primarily due to the effect of making Gaban Co., Ltd. a consolidated subsidiary.

Liabilities stood at 87,379 million yen, a decrease of 1,718 million yen from the end of the previous consolidated fiscal year.

Current liabilities declined 115 million yen, to 50,698 million yen, owning mainly to a decrease in accounts payable – other, while notes and accounts payable – trade increased. Non-current liabilities fell by 1,603 million yen, to 36,681 million yen, reflecting a fall in deferred tax liabilities due to reversal.

Net assets declined 1,364 million yen from the end of the previous consolidated fiscal year, to 258,965 million yen, primarily the result of decreases in foreign currency translation adjustment and valuation difference on available-for-sale securities due to the falling market value of investment securities owned, although retained earnings increased thanks to profit attributable to owners of parent.

As a result, the equity ratio stood at 65.6% (compared with 65.5% at the end of the previous fiscal year) and net assets per share amounted to 2,211.91 yen (2,231.86 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

The full-year consolidated business performance forecast for the fiscal year ending March 31, 2017, which was published in the "Notice of Revisions to Business Performance Forecast" on June 24, 2016, has been changed as below, in light of progress in the business performance in the first half under review and the recent business environment, etc.

Revision of full-year consolidated business performance forecast for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

	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)	295,800	10,400	11,400	6,900	67.30
Revised forecast (B)	285,300	11,000	11,500	7,300	71.04
Change (B – A)	(10,500)	600	100	400	–
Percentage change (%)	(3.5)	5.8	0.9	5.8	–
(For reference) Performance in previous fiscal year (ended March 31, 2016)	241,893	10,775	12,152	22,632	220.48

* 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

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.

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.

In the second quarter of this consolidated fiscal year, the Company made Gaban Co., Ltd. a wholly owned subsidiary by acquiring its additional shares of common stock. For more details, see "(4) Notes to Quarterly Consolidated Financial Statements (Business Combinations, etc.)" of "3. Quarterly Consolidated Financial Statements" on page 16.

Because the date of acquisition of the consolidated subsidiary was June 30, 2016, the business performance from July 1, 2016 to September 30, 2016 are included in the first half 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 half 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 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 half 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 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 half 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 half of the previous consolidated fiscal year decreased by 2,271 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 half 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 half of the previous consolidated fiscal year.

As a result, 153 million yen that was presented in "Other" under "Non-operating income" in the Quarterly Consolidated Statements of Income and Comprehensive Income for the first half of the previous consolidated fiscal year was reclassified as "House rent income" of 0 million yen and "Other" of 153 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 first half of the fiscal year under review (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	44,128	44,596
Notes and accounts receivable - trade	43,140	45,707
Securities	10,009	9,238
Merchandise and finished goods	9,628	12,260
Work in process	1,563	1,857
Raw materials and supplies	3,723	4,486
Deferred tax assets	2,397	2,786
Other	4,499	5,979
Allowance for doubtful accounts	(141)	(141)
Total current assets	118,947	126,767
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,848	29,095
Machinery, equipment and vehicles, net	11,722	11,847
Land	28,851	30,409
Lease assets, net	4,400	4,217
Construction in progress	1,140	348
Other, net	2,261	2,097
Total property, plant and equipment	77,223	78,013
Intangible assets		
Goodwill	16,542	14,752
Trademark right	26,570	26,245
Software	2,109	1,965
Contract-related intangible assets	28,753	28,270
Software in progress	89	233
Other	736	680
Total intangible assets	74,799	72,145
Investments and other assets		
Investment securities	68,800	62,028
Long-term loans receivable	360	358
Deferred tax assets	2,247	2,231
Long-term time deposits	2,500	500
Net defined benefit asset	285	278
Claims provable in bankruptcy, claims provable in rehabilitation and other	719	689
Other	4,441	4,206
Allowance for doubtful accounts	(893)	(870)
Total investments and other assets	78,458	69,420
Total non-current assets	230,480	219,577
Total assets	349,427	346,344

(Million yen)

	End of previous fiscal year (As of March 31, 2016)	End of first half of the fiscal year under review (As of September 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,749	20,237
Electronically recorded obligations - operating	1,540	1,088
Short-term loans payable	6,849	7,375
Lease obligations	733	679
Accounts payable - other	13,887	12,457
Income taxes payable	2,810	2,150
Provision for bonuses	129	232
Provision for directors' bonuses	68	47
Provision for shareholder benefit program	75	65
Asset retirement obligations	3	–
Other	5,971	6,367
Total current liabilities	50,814	50,698
Non-current liabilities		
Long-term loans payable	824	720
Lease obligations	3,745	3,597
Long-term accounts payable - other	319	329
Deferred tax liabilities	25,330	23,959
Provision for loss on guarantees	6	4
Net defined benefit liability	4,668	4,599
Asset retirement obligations	711	717
Other	2,681	2,756
Total non-current liabilities	38,284	36,681
Total liabilities	89,098	87,379
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus	23,927	23,447
Retained earnings	176,898	179,567
Treasury shares	(516)	(11)
Total shareholders' equity	210,257	212,953
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	18,294	16,881
Deferred gains or losses on hedges	(19)	(137)
Foreign currency translation adjustment	2,410	(515)
Remeasurements of defined benefit plans	(2,128)	(1,899)
Total other accumulated comprehensive income	18,555	14,330
Non-controlling interests	31,517	31,682
Total net assets	260,329	258,965
Total liabilities and net assets	349,427	346,344

(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, 2015 - September 30, 2015)	First six-month period of the fiscal year under review (April 1, 2016 - September 30, 2016)
Net sales	112,375	136,975
Cost of sales	64,591	77,091
Gross profit	47,784	59,884
Selling, general and administrative expenses		
Advertising expenses	5,064	4,763
Transportation and warehousing expenses	3,378	4,539
Sales commission	1,151	1,198
Promotion expenses	14,559	15,020
Salaries, allowances and bonuses	7,754	10,891
Provision for directors' bonuses	47	49
Depreciation	708	1,884
Amortization of goodwill	81	1,789
Rent expenses	1,346	2,041
Experiment and research expenses	1,740	1,847
Other	7,912	10,511
Total selling, general and administrative expenses	43,740	54,533
Operating income	4,044	5,351
Non-operating income		
Interest income	257	193
Dividend income	331	336
Share of profit of entities accounted for using equity method	243	24
House rent income	0	370
Foreign exchange gains	26	–
Other	153	119
Total non-operating income	1,011	1,043
Non-operating expenses		
Interest expenses	50	41
Rent expenses	–	316
Foreign exchange losses	–	503
Other	214	157
Total non-operating expenses	264	1,017
Ordinary income	4,791	5,377

(Million yen)

	First six-month period of previous fiscal year (April 1, 2015 - September 30, 2015)	First six-month period of the fiscal year under review (April 1, 2016 - September 30, 2016)
Extraordinary income		
Gain on sales of non-current assets	0	2
Gain on sales of investment securities	0	6
Gain on sales of restaurants	–	92
Gain on step acquisitions	–	448
Gain on bargain purchase	–	1,018
Other	0	70
Total extraordinary income	0	1,636
Extraordinary loss		
Loss on sales of non-current assets	0	4
Loss on retirement of non-current assets	135	117
Impairment loss	–	533
Other	4	50
Total extraordinary loss	139	705
Income before income taxes	4,652	6,308
Income taxes	1,621	1,139
Net income	3,031	5,169
Profit attributable to		
Profit attributable to owners of parent	2,951	4,208
Profit attributable to non-controlling interests	81	961
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,699)	(1,376)
Deferred gains or losses on hedges	(50)	(187)
Foreign currency translation adjustment	242	(3,124)
Remeasurements of defined benefit plans, net of tax	(243)	213
Share of other comprehensive income of entities accounted for using equity method	48	(19)
Total other comprehensive income	(1,702)	(4,493)
Comprehensive income	1,329	675
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,253	(17)
Comprehensive income attributable to non-controlling interests	76	692

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	First six-month period of previous fiscal year (April 1, 2015 - September 30, 2015)	First six-month period of the fiscal year under review (April 1, 2016 - September 30, 2016)
Cash flows from operating activities		
Income before income taxes	4,652	6,308
Depreciation	3,052	4,514
Amortization of goodwill	81	1,789
Impairment loss	–	533
Share of (profit) loss of entities accounted for using equity method	(243)	(24)
Loss (gain) on step acquisitions	–	(448)
Gain on bargain purchase	–	(1,018)
Increase (decrease) in allowance for doubtful accounts	146	(34)
Increase (decrease) in provision for directors' bonuses	(20)	(20)
Increase (decrease) in provision for shareholder benefit program	–	(9)
Increase (decrease) in provision for loss on guarantees	–	(2)
Increase (decrease) in net defined benefit liability	(25)	107
Interest and dividend income	(588)	(529)
Interest expenses	50	41
Foreign exchange losses (gains)	11	321
Loss (gain) on sales of investment securities	(0)	(6)
Loss (gain) on sales of non-current assets	0	2
Loss on retirement of non-current assets	135	117
Loss (gain) on sales of restaurants	–	(92)
Decrease (increase) in notes and accounts receivable - trade	16	(1,044)
Decrease (increase) in inventories	(646)	(1,597)
Increase (decrease) in notes and accounts payable - trade	180	1,727
Increase (decrease) in accounts payable - bonuses	8	58
Decrease (increase) in other assets	(332)	(1,905)
Increase (decrease) in other liabilities	(1,323)	(1,284)
Subtotal	5,154	7,504
Interest and dividend income received	805	549
Interest expenses paid	(57)	(40)
Income taxes paid	(1,787)	(2,969)
Net cash provided by (used in) operating activities	4,115	5,043

(Million yen)

	First six-month period of previous fiscal year (April 1, 2015 - September 30, 2015)	First six-month period of the fiscal year under review (April 1, 2016 - September 30, 2016)
Cash flows from investing activities		
Payments into time deposits	(806)	(2,975)
Proceeds from withdrawal of time deposits	34	2,168
Purchase of securities	(3,308)	(306)
Proceeds from sales of securities	11,887	6,906
Purchase of property, plant and equipment	(3,423)	(4,169)
Proceeds from sales of property, plant and equipment	2	2
Proceeds from sales of restaurants	–	275
Purchase of intangible assets	(288)	(332)
Purchase of investment securities	(5,076)	(2,040)
Proceeds from sales of investment securities	0	300
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(4,458)
Payments of loans receivable	(0)	–
Proceeds from liquidation of subsidiaries	–	30
Net cash provided by (used in) investing activities	(978)	(4,599)
Cash flows from financing activities		
Increase in short-term loans payable	36,570	34,599
Decrease in short-term loans payable	(36,172)	(34,263)
Repayments of lease obligations	(280)	(404)
Proceeds from long-term loans payable	120	300
Repayments of long-term loans payable	(111)	(126)
Purchase of treasury shares	(2)	(1)
Purchase of treasury shares of subsidiaries	–	(902)
Proceeds from sales of shares of parent held by subsidiaries	–	1,009
Cash dividends paid	(1,543)	(1,535)
Dividends paid to non-controlling interests	(8)	(647)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(20)	(113)
Proceeds from capital increase through private placement by consolidated subsidiaries	–	29
Net cash provided by (used in) financing activities	(1,446)	(2,055)
Effect of exchange rate change on cash and cash equivalents	103	(1,160)
Net increase (decrease) in cash and cash equivalents	1,793	(2,770)
Cash and cash equivalents at beginning of period	43,832	44,156
Cash and cash equivalents at end of period	45,625	41,385

(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, 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 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	56,725	18,420	9,063	3,628	24,511	112,348	–	112,348	27	112,375
Sales and transfer – inter-segment	233	100	109	–	5,494	5,935	–	5,935	(5,935)	–
Total	56,958	18,520	9,172	3,628	30,005	118,283	–	118,283	(5,909)	112,375
Segment profit (loss)	2,310	974	645	18	(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.

II. First six-month period of the fiscal year under review (April 1, 2016 - September 30, 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	60,363	17,761	8,510	25,416	24,896	136,946	–	136,946	29	136,975
Sales and transfer – inter-segment	1,970	90	99	6	5,282	7,447	–	7,447	(7,447)	–
Total	62,333	17,852	8,609	25,422	30,178	144,394	–	144,394	(7,418)	136,975
Segment profit (loss)	3,619	1,130	767	(97)	434	5,854	–	5,854	(503)	5,351

(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 -502 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 10,217 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)

In the first half of the consolidated fiscal year under review, the Company recorded an impairment loss of 533 million yen associated with a fall in profitability of store assets and assets for lease, etc. in the Restaurant Business segment.

(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.

The amount of the gain on bargain purchase is calculated provisionally because the allocation of the acquisition cost is not yet completed as of the end of the first half of the consolidated fiscal year under review.

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

Business Combinations, etc.

Transaction under common control, etc.

Acquisition of additional shares of a subsidiary

(1) Overview of the transaction

(i) Name and business of the company involved in business combination

Name of the company involved in business combination	Gaban Co., Ltd. (consolidated subsidiary of the Company)
Business	Import, manufacture and sale of spices and the sale of imported foods

(ii) Date of business combination

August 10, 2016 (deemed date of acquisition: July 1, 2016)

(iii) Legal form of business combination

Acquisition of shares with cash as consideration

(iv) Name of the acquired company after the combination

No change

(v) Other matters relating to the overview of the transaction

The Company acquired shares of Gaban Co., Ltd. through a tender offer for its common shares on June 30, 2016 and became a special controlling shareholder of Gaban Co., Ltd. Subsequently, the Company made the demand for cash-out pursuant to the provisions of Article 179, Paragraph 1 of the Companies Act and, as a result, made Gaban Co., Ltd. a wholly owned subsidiary.

(2) Overview of the accounting treatment conducted

The Company treated the business combination of the transaction under common control, etc. as a transaction with non-controlling shareholders based on the "Accounting Standard for Business Combination" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

(3) Matters relating to the acquisition of additional shares of a subsidiary

Acquisition cost and the breakdown of consideration by type

Consideration for acquisition	Cash	107 million yen
Acquisition cost		107 million yen