January 30, 2018

Consolidated Financial Results (Japanese Accounting Standards) for the Nine Months Ended December 31, 2017 (Q3 FY2017)

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Stock exchange listing: Tokyo Stock Exchange
Stock code: 2810
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Scheduled date for filing of securities report: February 13, 2018
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, 2017 (April 1, 2017 – December 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2017	222,139	3.6	14,386	27.3	15,170	23.7	8,783	(1.3)
December 31, 2016	214,414	21.6	11,300	18.4	12,260	13.3	8,900	(61.6)

(Note) Comprehensive income: 18,199 million yen (163.7%) for the nine months ended December 31, 2017
6,903 million yen (-69.0%) for the nine months ended December 31, 2016

	Profit per share (basic)	Profit per share (diluted)
Nine months ended	Yen	Yen
December 31, 2017	85.47	–
December 31, 2016	86.66	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2017	374,310	280,372	66.4	2,420.41
March 31, 2017	353,888	266,615	66.5	2,289.43

(Reference) Shareholders' equity: As of December 31, 2017: 248,702 million yen
As of March 31, 2017: 235,246 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, 2017	–	15.00	–	17.00	32.00
Year ending March 31, 2018	–	18.00	–		
Year ending March 31, 2018 (forecasts)				18.00	36.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2018	291,600	2.7	15,000	21.8	16,100	15.4	8,600	(1.0)	83.70

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

* Notes

(1) Changes of important subsidiaries during the period
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards:	None
(ii) Changes in accounting policies other than (i):	None
(iii) Changes in accounting estimates:	None
(iv) Restatement:	None

(4) Number of shares outstanding (common shares):

(i) Number of shares outstanding at end of period (including treasury shares)

As of December 31, 2017:	102,758,690 shares
As of March 31, 2017:	102,758,690 shares

(ii) Number of treasury shares at end of period

As of December 31, 2017:	6,326 shares
As of March 31, 2017:	5,423 shares

(iii) Average number of shares outstanding during the term

Nine months ended December 31, 2017:	102,752,802 shares
Nine months ended December 31, 2016:	102,706,848 shares

* Quarterly consolidated financial results are not subject to a quarterly review.

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

- The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.
- For other matters related to the forecasts, please refer to “(3) Information on the Future Outlook, Including Consolidated Business Performance Forecasts” under “1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2017” on page 5 of the accompanying materials.

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1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2017

(1) Details of Operating Results

During the nine-month period ended December 2017, the business environment continued to require attention to uncertainty about the international economic situation and the geopolitical risk. In Japan, the business environment stayed on a modest recovery track on the back of an improvement in employment and income conditions. In the food industry, the market has become more mature, and thus it is necessary to respond to diversifying dietary needs and provide new value.

The current fiscal year is the final year of the Fifth Medium-term Business Plan of the Group, and the Group was taking steps to bolster the earnings strength of its existing domestic businesses, create new demand, and accelerate the growth of the International Business to "striving to become a high quality company that provides 'Healthy Life Through Foods.'" In August 2017, the Company acquired shares in Malony Co., Ltd., making it a consolidated subsidiary. Results at Malony are included in the consolidated results from the third quarter under review.

While the Health Food Business faced a challenging situation, the Spice/Seasoning/Processed Food Business and the International Food Business grew, and consolidated net sales in the nine-month period under review increased 3.6% year on year, to 222,139 million yen.

Consolidated operating profit rose 27.3% year on year, to 14,386 million yen, reflecting the effect of higher sales and the efforts of Group companies to enhance their earnings strength. Consolidated ordinary profit was up 23.7% year on year, to 15,170 million yen, while profit attributable to owners of parent decreased 1.3%, to 8,783 million yen, due to the effect of extraordinary income posted in the previous fiscal year as a result of the conversion of Gaban Co., Ltd. to a consolidated subsidiary and the reversal of deferred tax liabilities at Ichibanya Co., Ltd. following the revision of tax regulations, among other factors.

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

Segment	Consolidated net sales		Consolidated operating profit Segment profit (loss)	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	106,462	106.0	9,843	121.0
Health Food Business	25,737	94.6	1,386	71.0
International Food Business	16,926	128.5	2,253	181.3
Restaurant Business	38,621	102.2	(118)	–
Other Food Related Business	46,285	97.6	1,675	212.4
Subtotal	234,031	103.6	15,040	125.8
Adjustment (elimination)	(11,892)	–	(653)	–
Total	222,139	103.6	14,386	127.3

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

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.

Overall sales of curry products rose from a year earlier. Sales of curry roux declined due to the effect of the growing tendency for people to eat out or buy food to eat at home. Meanwhile, retort pouched curry products, including *Pro Quality* with multiple packs that continued strong growth, and food service products grew. Sales of stew roux, spice and snack products also increased.

In addition to the above, the new consolidation of Gaban Co., Ltd. and Malony Co., Ltd. made a contribution. As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 106,462 million yen, up 6.0% year on year, and operating profit was 9,843 million yen, up 21.0% year on year.

Health Food Business

In this business segment, harsh conditions still continued, despite its efforts for preparations to improve revenue from its main products and grow them.

In the functional spice business, the *Ukon No Chikara* series, the main brand, continued to face challenging circumstances because of the diversification of occasions when customers enjoyed a drink, which became a major factor that pushed down results in this segment.

In the vitamin business, while sales of the *C1000* series declined from a year earlier, sales of *Ichinichibun No Vitamin*, which focused on the expansion of the vitamin market, increased steadily, and overall sales remained firm.

As a result, sales in the Health Food Business declined 5.4% year on year, to 25,737 million yen. Operating profit fell 29.0% year on year, to 1,386 million yen due to the decrease in sales and an increase in costs for cultivating brands.

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), and business expanded in all three areas.

In the United States, sales of *Tofu* and *Tofu*-related products remained solid in key Asian markets, and products for the American market and food service products also performed well, helping their sales increase.

In China, the Group worked to further strengthen the business base to make Japanese-style curry popular by revising prices of products for household use in the second half of the current fiscal year, in addition to the reorganization of sales system in the previous fiscal year.

In Southeast Asia, the market penetration of *C-vitt* made steady progress in the functional beverage business in Thailand. The Halal certified curry business in Indonesia, which we commercialized in the previous fiscal year, began approaching the food service market.

As a result of the above, sales in the International Food Business rose 28.5% year on year, to 16,926 million yen, and operating profit increased 81.3%, to 2,253 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 enjoy firm sales in Japan, with sales at all stores rising 2.6% year on year and sales at existing stores increasing 1.3% year on year. However, profits declined slightly year on year mainly due to a rise in hourly wages of part-timers at stores and increasing costs of rice and other cooking ingredients.

Overseas, the Company has transferred the Restaurant Business in China and Taiwan, which was previously operated by the Company as a franchisee business of Ichibanya Co., Ltd., to Ichibanya to strive to increase its earnings power and competitiveness.

As a result, sales in the Restaurant Business increased 2.2% year on year, to 38,621 million yen, and the operating loss stood at 118 million yen (compared to an operating loss of 158 million yen in the first nine months of the previous fiscal year).

Other Food Related Business

Companies in this business segment have been working to enhance the overall strength of the Group by pursuing enhancement of their functions.

House Logistics Service Corporation, which operates the transportation and warehouse business, continuously worked to optimize and rebuild its business, with a view to the nationwide development of “F-LINE,” a joint effort of six food companies, in the difficult logistics environment.

Delica Chef Corporation, a Group company that produces prepared food for convenience stores, has been improving profitability by working to strengthen its development capabilities and increase efficiency, primarily in its prepared food business.

Vox Trading Co., Ltd. continued to focus on working to promote collaboration with the Group companies and strengthening its procurement and sales capabilities.

As a result of the above, sales in Other Food Related Business decreased 2.4% year on year, to 46,285 million yen, and operating profit soared 112.4% year on year, to 1,675 million yen, reflecting an improvement in earnings power in each company.

(2) Details of Financial Position

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

Total assets were 374,310 million yen, an increase of 20,422 million yen from the end of the previous consolidated fiscal year.

Current assets increased 8,901 million yen, to 144,514 million yen, mainly reflecting increases in notes and accounts receivable - trade and merchandise and finished goods, as well as a decline in cash and deposits. Non-current assets rose 11,521 million yen, to 229,796 million yen. This was chiefly due to an increase in investment securities and construction in progress, while goodwill declined.

Liabilities stood at 93,938 million yen, an increase of 6,665 million yen from the end of the previous consolidated fiscal year.

Current liabilities rose 2,514 million yen, to 54,005 million yen, owing mainly to increase in notes and accounts payable - trade, despite a decrease in accounts payable - other. Non-current liabilities increased 4,151 million yen, to 39,932 million yen, chiefly due to rises in deferred tax liabilities and long-term guarantee deposited.

Net assets rose 13,757 million yen from the end of the previous consolidated fiscal year, to 280,372 million yen, as a result of an increase in valuation difference on available-for-sale securities due to a rise in the market value of investment securities owned and an increase in retained earnings due to profit attributable to owners of parent.

As a result, the equity ratio stood at 66.4% (compared with 66.5% at the end of the previous fiscal year), and net assets per share amounted to 2,420.41 yen (2,289.43 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 November 2, 2017, for the year ending March 31, 2018.

2. Quarterly Consolidated Finance Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2017)	End of third quarter of the fiscal year under review (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	57,583	54,329
Notes and accounts receivable - trade	45,370	56,128
Securities	7,436	8,170
Merchandise and finished goods	10,020	10,859
Work in process	2,008	1,955
Raw materials and supplies	4,563	4,449
Deferred tax assets	2,682	2,660
Other	6,185	6,179
Allowance for doubtful accounts	(234)	(216)
Total current assets	135,612	144,514
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	29,491	28,992
Machinery, equipment and vehicles, net	12,723	12,027
Land	30,394	32,268
Lease assets, net	3,942	3,725
Construction in progress	585	3,297
Other, net	2,028	1,839
Total property, plant and equipment	79,162	82,148
Intangible assets		
Goodwill	12,964	10,281
Trademark right	25,933	25,455
Software	2,142	1,734
Contract-related intangible assets	27,787	27,062
Software in progress	29	55
Other	1,094	1,076
Total intangible assets	69,949	65,663
Investments and other assets		
Investment securities	61,870	73,647
Long-term loans receivable	356	354
Deferred tax assets	1,223	1,072
Long-term time deposits	500	1,000
Net defined benefit asset	358	337
Claims provable in bankruptcy, claims provable in rehabilitation and other	683	680
Other	5,049	5,767
Allowance for doubtful accounts	(874)	(871)
Total investments and other assets	69,164	81,985
Total non-current assets	218,275	229,796
Total assets	353,888	374,310

(Million yen)

	End of previous fiscal year (As of March 31, 2017)	End of third quarter of the fiscal year under review (As of December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,584	22,549
Electronically recorded obligations - operating	1,294	1,262
Short-term loans payable	5,711	6,124
Current portion of bonds	–	26
Lease obligations	655	627
Accounts payable - other	14,872	13,963
Income taxes payable	2,680	2,605
Provision for bonuses	317	185
Provision for directors' bonuses	75	62
Provision for shareholder benefit program	87	73
Other provision	124	50
Asset retirement obligations	3	3
Other	6,090	6,477
Total current liabilities	51,492	54,005
Non-current liabilities		
Bonds payable	–	65
Long-term loans payable	550	499
Lease obligations	3,390	3,174
Long-term accounts payable - other	298	275
Deferred tax liabilities	24,296	27,470
Provision for directors' retirement benefits	–	286
Provision for loss on guarantees	3	2
Net defined benefit liability	2,720	2,547
Asset retirement obligations	719	810
Long-term guarantee deposited	3,508	4,298
Other	295	506
Total non-current liabilities	35,781	39,932
Total liabilities	87,273	93,938
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus	23,107	23,107
Retained earnings	182,501	187,687
Treasury shares	(12)	(15)
Total shareholders' equity	215,545	220,728
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	18,297	26,338
Deferred gains or losses on hedges	188	113
Foreign currency translation adjustment	1,566	1,536
Remeasurements of defined benefit plans	(350)	(13)
Total other accumulated comprehensive income	19,702	27,974
Non-controlling interests	31,369	31,670
Total net assets	266,615	280,372
Total liabilities and net assets	353,888	374,310

(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, 2016 - December 31, 2016)	First nine-month period of the fiscal year under review (April 1, 2017 - December 31, 2017)
Net sales	214,414	222,139
Cost of sales	120,351	122,854
Gross profit	94,063	99,285
Selling, general and administrative expenses	82,763	84,898
Operating profit	11,300	14,386
Non-operating income		
Interest income	294	247
Dividend income	355	373
Share of profit of entities accounted for using equity method	52	80
House rent income	564	574
Foreign exchange gains	193	–
Other	213	202
Total non-operating income	1,671	1,477
Non-operating expenses		
Interest expenses	61	63
Rent expenses	475	467
Foreign exchange losses	–	91
Other	176	72
Total non-operating expenses	712	693
Ordinary profit	12,260	15,170
Extraordinary income		
Gain on sales of non-current assets	4	11
Gain on sales of investment securities	146	0
Gain on sales of restaurants	119	109
Gain on step acquisitions	448	–
Gain on bargain purchase	1,018	57
Other	70	6
Total extraordinary income	1,806	184
Extraordinary losses		
Loss on sales of non-current assets	6	15
Loss on retirement of non-current assets	201	104
Loss on sales of investment securities	–	0
Impairment loss	625	363
Other	56	16
Total extraordinary losses	888	498
Profit before income taxes	13,178	14,855
Income taxes	3,017	5,050
Profit	10,161	9,805
Profit attributable to		
Profit attributable to owners of parent	8,900	8,783
Profit attributable to non-controlling interests	1,261	1,023

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2016 - December 31, 2016)	First nine-month period of the fiscal year under review (April 1, 2017 - December 31, 2017)
Other comprehensive income		
Valuation difference on available-for-sale securities	8	8,123
Deferred gains or losses on hedges	(86)	(72)
Foreign currency translation adjustment	(3,494)	(21)
Remeasurements of defined benefit plans, net of tax	338	346
Share of other comprehensive income of entities accounted for using equity method	(25)	17
Total other comprehensive income	(3,258)	8,394
Comprehensive income	6,903	18,199
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,895	17,055
Comprehensive income attributable to non-controlling interests	1,008	1,143

(3) Notes to Quarterly Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

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

Not applicable.

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

(Calculation of tax expenses)

The Company calculates tax expenses by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year and multiplying profit before income taxes by the estimated effective tax rate.

However, if the calculation of tax expenses using the estimated effective tax rate results in a markedly unreasonable outcome, tax expenses are calculated by using the statutory effective tax rate after adding and subtracting important differences that do not fall under temporary differences to and from profit before income taxes.

"Income taxes-current" and "Income taxes-deferred" are unified in "Income taxes."

Segment Information

I. First nine-month period of previous fiscal year (April 1, 2016 - December 31, 2016)

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

(Million yen)

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

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

(1) "Sales – outside customers" consist primarily of proceeds from the real estate leasing recorded by the Company.

(2) "Segment profit (loss)" includes a profit of -659 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments, and -0 million yen for the elimination of inter-segment transactions.

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

2. Information on assets by reported segment

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

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

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

(Important impairment loss on non-current assets)

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

(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.

II. First nine-month period of the fiscal year under review (April 1, 2017 - December 31, 2017)

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	103,269	25,570	16,798	38,612	37,851	222,100	–	222,100	39	222,139
Sales and transfer – inter-segment	3,193	167	128	9	8,434	11,931	–	11,931	(11,931)	–
Total	106,462	25,737	16,926	38,621	46,285	234,031	–	234,031	(11,892)	222,139
Segment profit (loss)	9,843	1,386	2,253	(118)	1,675	15,040	–	15,040	(653)	14,386

(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 -653 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 profit recorded in the consolidated financial statements.

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

(Important impairment loss on non-current assets)

In the first three quarters of the consolidated fiscal year under review, the Company recorded an impairment loss of 363 million yen associated with a fall in profitability of store assets and assets for lease, etc. in the Restaurant Business segment.

Additional Information

(Changes in Presentation Methods)

Quarterly consolidated balance sheets

“Long-term guarantee deposited,” which was included in “Other” under “Non-current liabilities” in the previous fiscal year, is presented as a separate item from the second quarter as the amount has become more significant. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been replaced.

“Other” under “Non-current liabilities” in the consolidated balance sheets for the previous fiscal year, 3,803 million yen, is replaced by “Long-term guarantee deposited” of 3,508 million yen and “Other” of 295 million yen.

Quarterly consolidated statements of income and comprehensive income

From the previous consolidated fiscal year, to increase the readability and clarity of Consolidated Statements of Income and Comprehensive Income, “Selling, general and administrative expenses,” which was recorded by expense item, has been posted under the single title of “Selling, general and administrative expenses.”

The consolidated financial statements for the first nine-month period of the previous consolidated fiscal year have been reclassified to reflect these changes in presentation.

3. Supplementary Information

(1) Business Performance

Consolidated (Million yen)

	First three quarters of FY2016		First three quarters of FY2017		FY2016		FY2017 Revised Target	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	214,414	121.6%	222,139	103.6%	283,812	117.3%	291,600	102.7%
Operating profit	11,300	118.4%	14,386	127.3%	12,312	114.3%	15,000	121.8%
Ordinary profit	12,260	113.3%	15,170	123.7%	13,951	114.8%	16,100	115.4%
Profit attributable to owners of parent	8,900	38.4%	8,783	98.7%	8,683	38.4%	8,600	99.0%
Comprehensive income	6,903	31.0%	18,199	263.7%	11,245	87.9%	–	–

Net sales by business segment

Net sales	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Spice / Seasoning / Processed Food Business	100,389	46.8%	106,462	47.9%	132,059	46.5%	140,000	48.0%
Health Food Business	27,215	12.7%	25,737	11.6%	33,281	11.7%	33,000	11.3%
International Food Business	13,176	6.2%	16,926	7.6%	20,111	7.1%	22,400	7.7%
Restaurant Business	37,803	17.6%	38,621	17.4%	51,375	18.1%	51,500	17.7%
Other Food Related Business	47,402	22.1%	46,285	20.8%	62,123	21.9%	60,000	20.6%
Adjustment	(11,572)	(5.4%)	(11,892)	(5.3%)	(15,138)	(5.3%)	(15,300)	(5.3%)

Operating profit by business segment

Operating profit	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Spice / Seasoning / Processed Food Business	8,133	72.0%	9,843	68.4%	9,885	80.3%	11,200	74.7%
Health Food Business	1,953	17.3%	1,386	9.6%	1,334	10.8%	1,000	6.7%
International Food Business	1,243	11.0%	2,253	15.7%	1,681	13.7%	2,600	17.3%
Restaurant Business	(158)	(1.4%)	(118)	(0.8%)	(424)	(3.4%)	(200)	(1.3%)
Other Food Related Business	788	6.9%	1,675	11.6%	719	5.8%	1,700	11.3%
Adjustment	(659)	(5.8%)	(653)	(4.5%)	(883)	(7.2%)	(1,300)	(8.7%)

(2) Number of Group Companies

	First three quarters of FY2016	First three quarters of FY2017	FY2016
Consolidated subsidiaries	36	37	36
Japan	14	14	14
Overseas	22	23	22
Equity-method affiliate	3	4	4
Japan	1	2	2
Overseas	2	2	2

Financial results of major subsidiaries in the first three quarters of the fiscal year ending March 31, 2018 (Million yen)

	Net sales		Operating profit		Profit	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
House Foods Corporation	99,094	103.2%	9,121	117.8%	6,527	117.5%
House Wellness Foods Corporation	25,737	94.6%	1,388	71.0%	1,130	61.3%
House Foods America Corporation (Consolidated)	9,507	115.9%	1,005	119.1%	596	119.5%
Ichibanya Co., Ltd. (Consolidated)	36,845	102.1%	3,671	99.2%	2,526	98.7%

* Period included in consolidated financial statements: House Foods America Corporation - from January to September 2017; Ichibanya Co., Ltd. - from March to November 2017

* Ichibanya Co., Ltd. reorganized the overseas restaurant business in March 2017, and year-on-year changes are comparisons with values after reclassification.

(3) Consolidated Statements of Income

1. Consolidated Statements of Income (Million yen)

	First three quarters of FY2016		First three quarters of FY2017		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
Net sales	**214,414**	**100.0%**	**222,139**	**100.0%**	**7,725**	**3.6%**
<By business segment>						
Spice / Seasoning / Processed Food Business	100,389	46.8%	106,462	47.9%	6,073	6.0%
Health Food Business	27,215	12.7%	25,737	11.6%	(1,478)	(5.4%)
International Food Business	13,176	6.1%	16,926	7.6%	3,750	28.5%
Restaurant Business	37,803	17.6%	38,621	17.4%	817	2.2%
Other Food Related Business	47,402	22.1%	46,285	20.8%	(1,117)	(2.4%)
Adjustment	(11,572)	(5.4%)	(11,892)	(5.4%)	(321)	–
Cost of sales	120,351	56.1%	122,854	55.3%	2,503	2.1%
Selling, general and administrative expenses	82,763	38.6%	84,898	38.2%	2,136	2.6%
Advertising expenses	7,292	3.4%	7,403	3.3%	110	1.5%
Transportation and warehousing expenses	6,891	3.2%	7,511	3.4%	620	9.0%
Sales commission	1,861	0.9%	1,872	0.8%	11	0.6%
Promotion expenses	23,337	10.9%	23,812	10.7%	476	2.0%
Personnel expenses	21,414	10.0%	22,013	9.9%	600	2.8%
Research and development expenses	2,798	1.3%	2,910	1.3%	112	4.0%
Amortization of goodwill	2,684	1.3%	2,683	1.2%	(1)	(0.0%)
Operating profit	**11,300**	**5.3%**	**14,386**	**6.5%**	**3,086**	**27.3%**
Non-operating income	1,671	0.8%	1,477	0.7%	(194)	(11.6%)
Non-operating expenses	712	0.3%	693	0.3%	(18)	(2.6%)
Ordinary profit	**12,260**	**5.7%**	**15,170**	**6.8%**	**2,910**	**23.7%**
Extraordinary income	1,806	0.8%	184	0.1%	(1,622)	(89.8%)
Extraordinary losses	888	0.4%	498	0.2%	(389)	(43.9%)
Profit before income taxes	13,178	6.1%	14,855	6.7%	1,678	12.7%
Income taxes	3,017	1.4%	5,050	2.3%	2,033	67.4%
Profit	10,161	4.7%	9,805	4.4%	(356)	(3.5%)
Profit attributable to						
Profit attributable to owners of parent	**8,900**	**4.2%**	**8,783**	**4.0%**	**(118)**	**(1.3%)**
Profit attributable to non-controlling interests	1,261	0.6%	1,023	0.5%	(238)	(18.9%)
Comprehensive income	**6,903**	**3.2%**	**18,199**	**8.2%**	**11,296**	**163.7%**

2. Major Factors for Changes in Operating Profit (Year on Year) (Million yen)

Increase in gross profit	5,221
Increase in transportation and warehousing expenses	(620)
Increase in marketing costs (sum of advertising expenses, sales commission and promotion expenses)	(597)
Increase in salaries, allowances and bonuses	(484)
Increase in research and development expenses	(112)
Increase in other expenses	(323)

3. Non-Operating Income (Expenses) (Million yen)

	First three quarters of FY2016	First three quarters of FY2017	Year-on-year change
Interest income	294	247	(47)
Dividend income	355	373	18
Share of profit of entities accounted for using equity method	52	80	29
Foreign exchange gains	193	–	(193)
House rent income	564	574	11
Other	213	202	(11)
Total non-operating income	1,671	1,477	(194)
Interest expenses	61	63	2
Foreign exchange losses	–	91	91
Rent expenses	475	467	(8)
Other	176	72	(104)
Total non-operating expenses	712	693	(18)

4. Extraordinary Income (Losses) (Million yen)

	First three quarters of FY2016	First three quarters of FY2017	Year-on-year change
Gain on sales of non-current assets	4	11	7
Gain on sales of investment securities	146	0	(146)
Gain on bargain purchase	1,018	57	(961)
Gain on sales of restaurants	119	109	(10)
Gain on step acquisitions	448	–	(448)
Other	70	6	(64)
Total extraordinary income	1,806	184	(1,622)
Loss on sales of non-current assets	6	15	9
Loss on retirement of non-current assets	201	104	(97)
Impairment loss	625	363	(262)
Other	56	16	(40)
Total extraordinary losses	888	498	(389)

(4) Consolidated Balance Sheets

Consolidated Balance Sheets (Million yen)

	End of FY2016		End of third quarter of FY2017		Increase/decrease from end of FY2016	Major factors for increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount		
Current assets	135,612	38.3%	144,514	38.6%	8,901	Increase in notes and accounts receivable - trade	10,759
						Increase in securities	734
						Increase in inventories	672
						Decrease in cash and deposits	(3,254)
Non-current assets	218,275	61.7%	229,796	61.4%	11,521	Increase in investment securities	11,776
						Increase in construction in progress	2,712
						Decrease in goodwill	(2,683)
Total assets	**353,888**	**100.0%**	**374,310**	**100.0%**	**20,422**		
Current liabilities	51,492	14.6%	54,005	14.4%	2,514	Increase in notes and accounts payable - trade	2,966
						Increase in short-term loans payable	412
						Decrease in accounts payable - other	(909)
Non-current liabilities	35,781	10.1%	39,932	10.7%	4,151	Increase in deferred tax liabilities	3,174
						Increase in long-term guarantee deposited	790
						Increase in provision for directors' retirement benefits	286
Total liabilities	**87,273**	**24.7%**	**93,938**	**25.1%**	**6,665**		
Total shareholders' equity	215,545	60.8%	220,728	59.0%	5,183	Increase in retained earnings	5,186
Total other accumulated comprehensive income	19,702	5.6%	27,974	7.5%	8,273	Increase in valuation difference on available-for-sale securities	8,041
						Increase in remeasurements of defined benefit plans	337
						Decrease in deferred gains or losses on hedges	(75)
Non-controlling interests	31,369	8.9%	31,670	8.4%	301		
Total net assets	**266,615**	**75.3%**	**280,372**	**74.9%**	**13,757**		
Total liabilities and net assets	**353,888**	**100.0%**	**374,310**	**100.0%**	**20,422**		

(5) Capital Investment

Consolidated (Million yen)

	First three quarters of FY2016	First three quarters of FY2017
Capital investment	4,498	6,791
Leases	373	423
Total	4,871	7,214

(6) Depreciation

Consolidated (Million yen)

	First three quarters of FY2016	First three quarters of FY2017
Depreciation	6,811	6,725
Lease payments	255	234
Total	7,066	6,959

* Lease payments for leased property which is recorded as an asset according to the method for sales transactions are included in "depreciation."

(7) Major Management Indicators, etc.

Consolidated

	First three quarters of FY2017	FY2016
Profit per share	85.47 yen	84.53 yen
Net assets per share	2,420.41 yen	2,289.43 yen
ROE	–	3.7%
Ratio of ordinary profit to total assets	–	4.0%
Ratio of ordinary profit to net sales	6.8%	4.9%
ATO	–	0.81 times
Current ratio	267.6%	263.4%
Fixed ratio	92.4%	92.8%
Debt to equity ratio	37.8%	37.1%
Equity ratio	66.4%	66.5%
Dividend (per share)	–	32.00 yen
Payout ratio	–	37.9%
Payout ratio based on the basic policy on the payment of dividends	–	30.4%

* Basic policy on the payment of dividends:
  A dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses and the amortization of goodwill arising from business combination

Number of employees	6,395 people	6,248 people

* Excluding those on leave of absence and part-time workers

(8) Full-Year Target

Consolidated (Million yen)

	FY2016	FY2017 Revised Target	Year-on-year change
<By business segment>			
Spice / Seasoning / Processed Food Business	132,059	140,000	7,941
Health Food Business	33,281	33,000	(281)
International Food Business	20,111	22,400	2,289
Restaurant Business	51,375	51,500	125
Other Food Related Business	62,123	60,000	(2,123)
Adjustment	(15,138)	(15,300)	(162)
Net Sales	**283,812**	**291,600**	**7,788**
<By business segment>			
Spice / Seasoning / Processed Food Business	9,885	11,200	1,315
Health Food Business	1,334	1,000	(334)
International Food Business	1,681	2,600	919
Restaurant Business	(424)	(200)	224
Other Food Related Business	719	1,700	981
Adjustment	(883)	(1,300)	(417)
Operating profit	**12,312**	**15,000**	**2,688**
Ordinary profit	**13,951**	**16,100**	**2,149**
Profit attributable to owners of parent	**8,683**	**8,600**	**(83)**
Comprehensive income	**11,245**	**–**	**–**

Consolidated Capital Investment (Million yen)

	FY2016	FY2017 Revised Target
Capital investment	**7,708**	**11,500**
Leases	**470**	**500**
Total	**8,178**	**12,000**

Consolidated Depreciation (Million yen)

	FY2016	FY2017 Revised Target
Depreciation	**9,345**	**9,200**
Lease payments	**346**	**500**
Total	**9,691**	**9,700**