

October 30, 2013

## Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2013 (Q2 FY2013)

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 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 2810  
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Scheduled date for filing of securities report: November 13, 2013  
 Scheduled date of commencement of dividend payment: December 6, 2013  
 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, 2013 (April 1, 2013 – September 30, 2013)

#### (1) Consolidated Results of Operations (Accumulated Total)

(Percentages show year-on-year changes.)

|  | Net sales   |       | Operating income |        | Ordinary income |        | Net income  |        |
|--|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
|  | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen | %      |
| Six months ended<br>September 30, 2013 | 114,571     | 10.3  | 4,660            | 0.0    | 5,525           | 1.2    | 3,416       | 13.4   |
| September 30, 2012                     | 103,831     | (5.1) | 4,658            | (41.7) | 5,458           | (34.8) | 3,014       | (37.2) |

(Note) Comprehensive income: 3,481 million yen (58.1%) for the six months ended September 30, 2013  
 2,203 million yen (negative 65.2%) for the six months ended September 30, 2012

|  | Net income per share<br>(basic) |  | Net income per share<br>(diluted) |  |
|--|---------------------------------|--|-----------------------------------|--|
|  | Yen                             |  | Yen                               |  |
| Six months ended<br>September 30, 2013 | 32.30                           |  | –                                 |  |
| September 30, 2012                     | 28.30                           |  | –                                 |  |

#### (2) Consolidated Financial Position

|  | Total assets | Net assets  | Equity ratio | Net assets per share |
|--|--------------|-------------|--------------|----------------------|
|  | Million yen  | Million yen | %            | Yen                  |
| Six months ended<br>September 30, 2013 | 261,895      | 201,744     | 76.6         | 1,895.75             |
| Year ended<br>March 31, 2013           | 250,780      | 199,328     | 79.2         | 1,879.06             |

(Reference) Shareholders' equity: Six months ended September 30, 2013: 200,495 million yen  
 Year ended March 31, 2013: 198,731 million yen

### 2. Dividends

|   | Dividend per share   |                       |                      |          |        |
|---|----------------------|-----------------------|----------------------|----------|--------|
|   | End of first quarter | End of second quarter | End of third quarter | Year-end | Annual |
| Year ended March 31, 2013                 | –                    | 15.00                 | –                    | 15.00    | 30.00  |
| Year ending March 31, 2014                | –                    | 15.00                 |                      |          |        |
| Year ending March 31, 2014<br>(forecasts) |                      |                       | –                    | 20.00    | 35.00  |

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

The annual dividend for the year ending 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, 2014 (April 1, 2013 – March 31, 2014)

(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, 2014 | 232,000     | 10.6 | 9,500            | (17.0) | 10,800          | (19.7) | 8,600       | 4.2 | 81.32                |

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

\* Notes

- (1) Changes of important subsidiaries during the period  
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): None
- (2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- |  |      |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | 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 stock):
- |  |                    |
|--|--------------------|
| (i) Number of shares outstanding at end of period (including treasury stock) |                    |
| As of September 30, 2013:  | 105,761,763 shares |
| As of March 31, 2013:  | 105,761,763 shares |
| (ii) Number of treasury stock at end of period                               |                    |
| As of September 30, 2013:  | 1,919 shares       |
| As of March 31, 2013:  | 972 shares         |
| (iii) Average number of shares outstanding during the term                   |                    |
| Six months ended September 30, 2013:   | 105,760,170 shares |
| Six months ended September 30, 2012:   | 106,487,223 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 Half Ended September 30, 2013.....  | 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<br>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) Quarterly Consolidated Statements of Cash Flows .....  | 10 |
|    | (4) Notes to Quarterly Consolidated Financial Statements .....   | 12 |
|    | Notes Relating to Assumptions for the Going Concern.....   | 12 |
|    | Notes for Case Where Shareholders' Equity underwent Significant Changes in Value .....                                       | 12 |
|    | Segment Information.....   | 12 |
| 4. | Quarterly Non-Consolidated Financial Statements .....  | 14 |
|    | (1) Quarterly Balance Sheets (Non-Consolidated).....   | 14 |
|    | (2) Quarterly Statements of Income (Non-Consolidated) .....  | 16 |

## 1. Qualitative Information on Results for the First Half Ended September 30, 2013

### (1) Details of Operating Results

During the six-month period ended September 30, 2013, expectations of an economic recovery prompted by the change in political leadership and the Bank of Japan's monetary easing became more widespread. Corporate performance, mostly the performance of export-related companies, achieved a turnaround supported by the correction of the excessive appreciation of the yen. In addition, a slight recovery in consumer spending became evident. In the food industry, reflecting increasingly diversified eating situations and customer needs, the unpredictable situation persisted in an environment of continuously challenging consumer behavior and higher costs for raw materials and fuel.

In response to these circumstances, the House Foods Group is taking steps to achieve the goals specified in its Fourth Medium-term Business Plan, launched in fiscal year 2012, including "enhancing profitability in domestic core operations and accelerating development of overseas core operations," and "promoting and strengthening development capabilities and cost competitiveness," in line with a philosophy of "Bringing greater joy to families through our foods." In October 2013, the Group adopted a holding company system to improve the Group's organizational structure in line with the goal of "building the optimum organizational structure for each business to draw a growth strategy" which was included in the goals specified in the Fourth Medium-term Business Plan.

Consolidated net sales in the first half of the fiscal year under review increased 10.3% year on year, to 114,571 million yen, thanks to the continued growth of the International Business with the aim for the development of core operations and the inclusion of Vox Trading Co., Ltd., a company that imports and sells foodstuffs, through an additional purchase of its shares by the Group in May 2013, as a consolidated subsidiary.

Operating income stood at 4,660 million yen, to reach a similar level as the same period of the preceding year, despite the generally severe revenue environment. The Spice / Seasoning / Processed Food Business was affected by the impact of intensifying competition in a mature market. The Health Food Business suffered from severe pressure against the *C1000* series and competitors' entry into the turmeric market. The International Business was influenced by soybean prices in the United States and marketing investments to build its operating base in Southeast Asia. Factors that offset the above included inventory adjustment to prepare for a reorganization of production bases for curry roux products and the lower burden for the goodwill amortization of House Wellness Foods Corporation from the time of acquisition of an interest in the company.

The following is an overview of results by segment.

|   | Consolidated net sales |                            | Consolidated operating income<br>(segment margin) |                            |
|---|------------------------|----------------------------|---|----------------------------|
|   | Amount (million yen)   | Year-on-year change<br>(%) | Amount (million yen)                              | Year-on-year change<br>(%) |
| Spice / Seasoning / Processed Food Business | 60,262                 | 100.5                      | 2,707   | 100.7                      |
| Health Food Business                        | 21,393                 | 92.6                       | 1,427   | 142.3                      |
| International Business                      | 8,985                  | 135.0                      | 126   | 23.6                       |
| Transport and Other Businesses              | 23,931                 | 170.0                      | 398   | 93.0                       |
| Reportable segments total                   | 114,571                | 110.3                      | 4,658   | 100.1                      |

\* Figures in the consolidated operating income (segment margin) column are figures before adjustment for impact of inter-segment transactions of 2 million yen.

### **Spice / Seasoning / Processed Food Business**

The share of curry roux products in the category increased thanks to sales promotions for the 50th anniversary of *Vermont Curry*, the launch of new products, and the strategy of offering a full lineup of products in each price bracket. However, sales declined year on year, primarily due to competition among the different types of products.

Net sales of spice products rose as a result of continuous efforts in operating activities aiming at increasing the number of retailers selling spice products as well as strong sales of the *Papan* series that offer consumers the new value and delicious taste of the products when sprinkled on bread.

*The Hotel* series, which pursue authentic flavors, are steadily penetrating the market for retort pouched products.

Other new products that respond to changes in consumer behavior were successfully launched. These products include the *Mitsuboshi Shokkan* series, which makes cooking easier as seasoning exclusively for cooking.

As a result, sales in the Spice / Seasoning / Processed Food Business increased 0.5% year on year, to 60,262 million yen, and operating income rose 0.7% year on year, to 2,707 million yen.

### **Health Food Business**

In the Health Food Business, the mainstay *Ukon No Chikara* series faced an uphill battle due to a tougher scramble competition for share of a market that offers attractive growth opportunities in the category, despite efforts in storefront exposure activities linked with television commercials. Meanwhile, the Company continued to focus on the *Mega Shaki* series as a growth brand to improve their brand power and expand the market, mainly through active promotional activities and the launch of new products in the series.

Of the *C1000* series produced by House Wellness Foods Corporation, *Vitamin Lemon* performed well as a result of an increase in the number of retailers selling the product, amidst severe competition with other beverage makers and categories. However, sales of *Lemon Water* were sluggish due to the intensifying completion in PET bottled beverages, resulting in a decline in overall sales of the *C1000* series.

As a result, sales in the Health Food Business declined 7.4%, to 21,393 million yen, and operating income increased 42.3%, to 1,427 million yen, mainly reflecting the completion of the goodwill amortization of House Wellness Foods Corporation.

### **International Business**

Despite increased sales in the tofu business in the United States based on continuing growth in the new customer base, the tofu business recorded a net loss, largely due to higher soybean prices.

The curry business in China indicated strong sales of both household and commercial-use products as a result of continued market development and promotional activities. Profit also increased through cost-reduction efforts and effective use of promotion expenses.

In Southeast Asia, the functional drink business being developed in Thailand has been progressing as planned, and the Group commenced sales of powdered dessert products and powdered functional drink products in Vietnam.

While the ongoing opening of new restaurants contributed steadily to the growth of the curry restaurant business, some of the new stores in China have been struggling, which has led to an overall increase in sales but a decrease in profit.

As a result, sales in the International Business grew 35.0% year on year, to 8,985 million yen. Operating income fell 76.4% year on year, to 126 million yen, mainly due to the soaring soybean prices in the United States and up-front marketing investments for building its business in Southeast Asia.

## **Transport and Other Businesses**

Both sales and profits at House Logistics Service Corporation, a Group company engaged in the transport and warehouse business, rose through the benefits of cost reduction efforts in addition to the steady expansion of logistics operations commissioned by companies outside the Group. Profits of Delica Chef Corporation, a Group company that produces prepared food for convenience stores, fell despite a rise in sales from the previous year, reflecting strong sales of dessert products and sluggish sales of baked bread products. Meanwhile, Vox Trading Co., Ltd., a new consolidated subsidiary of the Group, contributed to both sales and profits.

As a consequence, sales of Transport and Other Businesses climbed 70.0% year on year, to 23,931 million yen, and operating income declined 7.0% year on year, to 398 million yen.

### **(2) Details of Financial Position**

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

Total assets were 261,895 million yen, an increase of 11,115 million yen in comparison to the end of the previous consolidated fiscal year.

Current assets rose 15,021 million yen, to 122,156 million yen, primarily attributable to increases in cash and deposits, merchandise and finished goods, and notes and accounts receivable–trade, which more than offset a fall in securities associated with a decline in negotiable deposits. Noncurrent assets finished at 139,739 million yen, a fall of 3,905 million yen, due chiefly to a decrease in long-term time deposits reaching maturity, which offset increases in buildings and structures, net and goodwill.

Liabilities were 60,151 million yen, an increase of 8,699 million yen from the end of the previous fiscal year.

Current liabilities climbed 9,030 million yen, to 48,545 million yen, mainly because of increases in notes and accounts payable–trade and short-term loans payable. Noncurrent liabilities slipped 331 million yen, to 11,606 million yen, primarily reflecting a reduction in deferred tax liabilities, despite increased long-term loans payable and a provision for retirement benefits.

Net assets increased 2,417 million yen from the end of the previous consolidated fiscal year, to 201,744 million yen, attributable to factors such as an increase in retained earnings as a result of net income, offsetting a decrease in valuation difference on available-for-sale securities after a market valuation of shares held.

As a result, the equity ratio stood at 76.6% (compared with 79.2% at the end of the previous consolidated fiscal year), and net assets per share stood at 1,895.75 yen (compared with 1,879.06 yen at the end of the previous consolidated fiscal year) at the end of the second quarter of the consolidated fiscal year under review.

In the second half of the consolidated period under review, total assets increased 10,615 million yen and liabilities rose 8,984 million yen, due to the additional acquisition of the common shares of Vox Trading Co., Ltd. and the inclusion of this company, a former affiliated company, in the consolidated subsidiaries.

### **(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, 2014 has been changed as below.

The so-called Abenomics as well as Tokyo's successful bid to host the 2020 Olympic Games will likely lead to a surge in domestic confidence, while the management environment is expected to remain under pressure chiefly from soaring raw material prices and the persistent deflationary trend.

Although it may be difficult to fill the gaps between the targets set at the beginning of the fiscal year under review and actual results of the first half that were below target, the Company will make every effort to further improve sales and profits.

Revision of full-year consolidated business performance forecast for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

|  | Net sales   | Operating income | Ordinary income | Net income  | Net income per share (basic) |
|--|-------------|------------------|-----------------|-------------|------------------------------|
|  | Million yen | Million yen      | Million yen     | Million yen | Yen                          |
| Previous forecast (A)  | 233,000     | 12,500           | 14,000          | 8,800       | 83.21                        |
| Revised forecast (B)   | 232,000     | 9,500            | 10,800          | 8,600       | 81.32                        |
| Change (B – A)   | (1,000)     | (3,000)          | (3,200)         | (200)       |                              |
| Percentage change (%)  | (0.4)       | (24.0)           | (22.9)          | (2.3)       |                              |
| (For reference) Performance in previous fiscal year (ended March 31, 2013) | 209,784     | 11,441           | 13,445          | 8,254       | 77.78                        |

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

## 2. Matters Relating to Summary Information (Notes)

### (1) Changes of Important Subsidiaries during the Period

Not applicable.

### (2) Application of Particular Accounts Procedures to the Preparation of Quarterly Consolidated Financial Statements

#### Calculation of tax expenses

Following the application of tax effect accounting for the current term net income before 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 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

Not applicable.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Million yen)

|   | End of previous fiscal year<br>(As of March 31, 2013) | End of second quarter of the<br>fiscal year under review<br>(As of September 30, 2013) |
|---|---|--|
| <b>Assets</b>   |   |  |
| <b>Current assets</b>   |   |  |
| Cash and deposits   | 19,371  | 37,338   |
| Notes and accounts receivable–trade   | 37,866  | 41,216   |
| Securities  | 35,445  | 22,998   |
| Merchandise and finished goods  | 6,223   | 10,918   |
| Work in process   | 1,012   | 1,381  |
| Raw materials and supplies  | 2,817   | 3,029  |
| Deferred tax assets   | 2,277   | 2,534  |
| Other   | 2,130   | 2,750  |
| Allowance for doubtful accounts   | (7)   | (7)  |
| <b>Total current assets</b>   | <b>107,135</b>  | <b>122,156</b>   |
| <b>Noncurrent assets</b>  |   |  |
| <b>Property, plant and equipment</b>  |   |  |
| Buildings and structures, net   | 18,038  | 19,565   |
| Machinery, equipment and vehicles, net  | 7,769   | 7,638  |
| Land  | 24,152  | 24,314   |
| Lease assets, net   | 4,338   | 4,233  |
| Construction in progress  | 883   | 763  |
| Other, net  | 932   | 1,163  |
| <b>Total property, plant and equipment</b>                                    | <b>56,112</b>   | <b>57,677</b>  |
| <b>Intangible assets</b>  |   |  |
| Goodwill  | 268   | 698  |
| Software  | 889   | 944  |
| Software in progress  | 161   | 351  |
| Other   | 467   | 815  |
| <b>Total intangible assets</b>  | <b>1,787</b>  | <b>2,809</b>   |
| <b>Investments and other assets</b>   |   |  |
| Investment securities   | 75,689  | 75,333   |
| Long-term loans receivable  | 239   | 286  |
| Deferred tax assets   | 213   | 215  |
| Long-term time deposits   | 6,000   | –  |
| Prepaid pension cost  | 1,193   | 959  |
| Claims provable in bankruptcy, claims provable in<br>rehabilitation and other | –   | 1,615  |
| Other   | 2,682   | 2,731  |
| Allowance for doubtful accounts   | (270)   | (1,885)  |
| <b>Total investments and other assets</b>                                     | <b>85,746</b>   | <b>79,253</b>  |
| <b>Total noncurrent assets</b>  | <b>143,645</b>  | <b>139,739</b>   |
| <b>Total assets</b>   | <b>250,780</b>  | <b>261,895</b>   |

(Million yen)

|   | End of previous fiscal year<br>(As of March 31, 2013) | End of second quarter of the<br>fiscal year under review<br>(As of September 30, 2013) |
|---|---|--|
| <b>Liabilities</b>                                    |   |  |
| <b>Current liabilities</b>                            |   |  |
| Notes and accounts payable–trade                      | 18,613  | 22,528   |
| Electronically recorded obligations–operating         | 1,162   | 1,203  |
| Short-term loans payable                              | 570   | 4,442  |
| Lease obligations                                     | 400   | 525  |
| Accounts payable–other                                | 12,453  | 12,641   |
| Income taxes payable                                  | 1,872   | 2,045  |
| Provision for directors’ bonuses                      | 67  | 37   |
| Other   | 4,378   | 5,124  |
| <b>Total current liabilities</b>                      | <b>39,515</b>   | <b>48,545</b>  |
| <b>Noncurrent liabilities</b>                         |   |  |
| Long-term loans payable                               | –   | 245  |
| Lease obligations                                     | 3,938   | 3,963  |
| Long-term accounts payable–other                      | 834   | 852  |
| Deferred tax liabilities                              | 5,194   | 4,463  |
| Provision for retirement benefits                     | 1,203   | 1,316  |
| Asset retirement obligations                          | 278   | 280  |
| Other   | 490   | 486  |
| <b>Total noncurrent liabilities</b>                   | <b>11,938</b>   | <b>11,606</b>  |
| <b>Total liabilities</b>                              | <b>51,452</b>   | <b>60,151</b>  |
| <b>Net assets</b>                                     |   |  |
| <b>Shareholders’ equity</b>                           |   |  |
| Capital stock   | 9,948   | 9,948  |
| Capital surplus                                       | 23,868  | 23,868   |
| Retained earnings                                     | 155,148   | 156,977  |
| Treasury stock  | (1)   | (3)  |
| <b>Total shareholders’ equity</b>                     | <b>188,963</b>  | <b>190,791</b>   |
| <b>Other accumulated comprehensive income</b>         |   |  |
| Valuation difference on available-for-sale securities | 10,840  | 9,597  |
| Deferred gains or losses on hedges                    | –   | (5)  |
| Foreign currency translation adjustment               | (1,072)   | 112  |
| <b>Total other accumulated comprehensive income</b>   | <b>9,768</b>  | <b>9,703</b>   |
| <b>Minority interests</b>                             | <b>596</b>  | <b>1,250</b>   |
| <b>Total net assets</b>                               | <b>199,328</b>  | <b>201,744</b>   |
| <b>Total liabilities and net assets</b>               | <b>250,780</b>  | <b>261,895</b>   |

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

First six-month period

(Million yen)

|   | First six-month period of<br>previous fiscal year<br>(April 1, 2012 -<br>September 30, 2012) | First six-month period of<br>the fiscal year under review<br>(April 1, 2013 -<br>September 30, 2013) |
|---|--|--|
| <b>Net sales</b>  | 103,831  | 114,571  |
| <b>Cost of sales</b>                                      | 56,922   | 66,462   |
| <b>Gross profit</b>                                       | 46,909   | 48,109   |
| <b>Selling, general and administrative expenses</b>       |  |  |
| Advertising expenses                                      | 5,867  | 5,796  |
| Transportation and warehousing expenses                   | 3,072  | 3,370  |
| Sales commission  | 2,007  | 2,040  |
| Promotion expenses  | 14,645   | 15,137   |
| Salaries, allowances and bonuses                          | 6,388  | 6,861  |
| Provision for directors' bonuses                          | 34   | 37   |
| Depreciation  | 513  | 393  |
| Amortization of goodwill                                  | 680  | 86   |
| Rent expenses   | 728  | 842  |
| Experiment and research expenses                          | 1,898  | 1,899  |
| Other   | 6,419  | 6,989  |
| <b>Total selling, general and administrative expenses</b> | 42,251   | 43,449   |
| <b>Operating income</b>                                   | 4,658  | 4,660  |
| <b>Non-operating income</b>                               |  |  |
| Interest income   | 227  | 269  |
| Dividends income  | 279  | 308  |
| Equity in earnings of affiliates                          | 315  | 249  |
| Foreign exchange gains                                    | -  | 138  |
| Other   | 154  | 130  |
| <b>Total non-operating income</b>                         | 975  | 1,095  |
| <b>Non-operating expenses</b>                             |  |  |
| Interest expenses   | 21   | 120  |
| Foreign exchange losses                                   | 117  | -  |
| Other   | 37   | 110  |
| <b>Total non-operating expenses</b>                       | 175  | 230  |
| <b>Ordinary income</b>                                    | 5,458  | 5,525  |
| <b>Extraordinary income</b>                               |  |  |
| Gain on sales of noncurrent assets                        | 1  | 8  |
| Gain on sales of investment securities                    | 10   | 27   |
| Reversal of allowance for doubtful accounts               | 0  | -  |
| Other   | 1  | 1  |
| <b>Total extraordinary income</b>                         | 13   | 37   |

(Million yen)

|   | First six-month period of<br>previous fiscal year<br>(April 1, 2012 -<br>September 30, 2012) | First six-month period of<br>the fiscal year under review<br>(April 1, 2013 -<br>September 30, 2013) |
|---|--|--|
| <b>Extraordinary loss</b>   |  |  |
| Loss on sales of noncurrent assets  | 1  | 1  |
| Loss on retirement of noncurrent assets   | 111  | 100  |
| Loss on valuation of investment securities  | 256  | -  |
| Loss on valuation of membership   | 29   | -  |
| Loss on step acquisitions   | -  | 69   |
| Other   | 16   | 6  |
| <b>Total extraordinary loss</b>   | <b>411</b>   | <b>175</b>   |
| <b>Income before income taxes</b>   | <b>5,060</b>   | <b>5,386</b>   |
| <b>Income taxes</b>   | <b>2,024</b>   | <b>1,904</b>   |
| <b>Income before minority interests</b>   | <b>3,036</b>   | <b>3,482</b>   |
| <b>Minority interests in income</b>   | <b>22</b>  | <b>66</b>  |
| <b>Net income</b>   | <b>3,014</b>   | <b>3,416</b>   |
| <b>Minority interests in income</b>   | <b>22</b>  | <b>66</b>  |
| <b>Income before minority interests</b>   | <b>3,036</b>   | <b>3,482</b>   |
| <b>Other comprehensive income</b>   |  |  |
| Valuation difference on available-for-sale securities                               | (888)  | (1,262)  |
| Deferred gains or losses on hedges  | -  | (14)   |
| Foreign currency translation adjustment   | 66   | 1,206  |
| Share of other comprehensive income of associates accounted for using equity method | (11)   | 69   |
| <b>Total other comprehensive income</b>   | <b>(834)</b>   | <b>(1)</b>   |
| <b>Comprehensive income</b>   | <b>2,203</b>   | <b>3,481</b>   |
| (Breakdown)   |  |  |
| Comprehensive income attributable to owners of the parent                           | 2,180  | 3,351  |
| Comprehensive income attributable to minority interests                             | 23   | 130  |

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

|  | First six-month period of<br>previous fiscal year<br>(April 1, 2012 -<br>September 30, 2012) | First six-month period of<br>the fiscal year under review<br>(April 1, 2013 -<br>September 30, 2013) |
|--|--|--|
| <b>Net cash provided by (used in) operating activities</b> |  |  |
| Income before income taxes                                 | 5,060  | 5,386  |
| Depreciation and amortization                              | 2,396  | 2,438  |
| Amortization of goodwill                                   | 680  | 86   |
| Equity in (earnings) losses of affiliates                  | (315)  | (249)  |
| Loss (gain) on step acquisitions                           | -  | 69   |
| Loss (gain) on valuation of investment securities          | 256  | -  |
| Loss on valuation of membership                            | 29   | -  |
| Increase (decrease) in allowance for doubtful accounts     | 23   | (4)  |
| Increase (decrease) in provision for directors' bonuses    | (39)   | (31)   |
| Increase (decrease) in provision for retirement benefits   | (109)  | (156)  |
| Interest and dividends income                              | (507)  | (577)  |
| Interest expenses  | 21   | 120  |
| Foreign exchange losses (gains)                            | 103  | (110)  |
| Loss (gain) on sales of investment securities              | (10)   | (27)   |
| Loss (gain) on sales of noncurrent assets                  | (1)  | (7)  |
| Loss on retirement of noncurrent assets                    | 111  | 100  |
| Decrease (increase) in notes and accounts receivable-trade | (2,647)  | 911  |
| Decrease (increase) in inventories                         | (175)  | (2,018)  |
| Increase (decrease) in notes and accounts payable-trade    | 1,503  | 598  |
| Increase (decrease) in accounts payable-bonuses            | 5  | 47   |
| Decrease (increase) in other assets                        | 728  | 147  |
| Increase (decrease) in other liabilities                   | (863)  | (173)  |
| <b>Subtotal</b>  | <b>6,248</b>   | <b>6,550</b>   |
| Interest and dividends income received                     | 734  | 805  |
| Interest expenses paid                                     | (20)   | (119)  |
| Income taxes paid  | (3,409)  | (1,966)  |
| <b>Net cash provided by (used in) operating activities</b> | <b>3,552</b>   | <b>5,270</b>   |

(Million yen)

|  | First six-month period of<br>previous fiscal year<br>(April 1, 2012 -<br>September 30, 2012) | First six-month period of<br>the fiscal year under review<br>(April 1, 2013 -<br>September 30, 2013) |
|--|--|--|
| <b>Net cash provided by (used in) investing activities</b>                               |  |  |
| Payments into time deposits  | (1,524)  | (5,017)  |
| Proceeds from withdrawal of time deposits  | 3,219  | 13,024   |
| Purchase of securities   | (1,000)  | (2,500)  |
| Proceeds from sales of securities  | 1,000  | 5,000  |
| Purchase of property, plant and equipment  | (2,570)  | (3,267)  |
| Proceeds from sales of property, plant and equipment                                     | 26   | 14   |
| Purchase of intangible assets  | (153)  | (687)  |
| Purchase of investment securities  | (7,019)  | (3,516)  |
| Proceeds from sales of investment securities   | 1,525  | 149  |
| Collection of investments in capital   | -  | 8  |
| Purchase of memberships  | (3)  | -  |
| Purchase of investments in subsidiaries resulting in change in<br>scope of consolidation | -  | 380  |
| Purchase of stocks of subsidiaries and affiliates  | (319)  | -  |
| Payments of loans receivable   | -  | (53)   |
| <b>Net cash provided by (used in) investing activities</b>                               | <b>(6,817)</b>   | <b>3,535</b>   |
| <b>Net cash provided by (used in) financing activities</b>                               |  |  |
| Increase in short-term loans payable   | 1,056  | 16,149   |
| Decrease in short-term loans payable   | (1,057)  | (14,950)   |
| Repayments of lease obligations  | (204)  | (264)  |
| Proceeds from long-term loans payable  | -  | 26   |
| Repayment of long-term loans payable   | -  | (1,031)  |
| Purchase of treasury stock   | (1,307)  | (2)  |
| Cash dividends paid  | (1,599)  | (1,587)  |
| Cash dividends paid to minority shareholders   | (0)  | (0)  |
| <b>Net cash provided by (used in) financing activities</b>                               | <b>(3,111)</b>   | <b>(1,659)</b>   |
| <b>Effect of exchange rate change on cash and cash equivalents</b>                       | <b>(35)</b>  | <b>326</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                              | <b>(6,411)</b>   | <b>7,472</b>   |
| <b>Cash and cash equivalents at beginning of period</b>                                  | <b>41,190</b>  | <b>47,715</b>  |
| <b>Cash and cash equivalents at end of period</b>  | <b>34,779</b>  | <b>55,187</b>  |

(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, 2012 – September 30, 2012)

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

(Million yen)

|                                       | Reported segments                                       |                         |                           |                                      |         | Other | Total   |
|---------------------------------------|---|-------------------------|---------------------------|--------------------------------------|---------|-------|---------|
|                                       | Spice /<br>Seasoning /<br>Processed<br>Food<br>Business | Health Food<br>Business | International<br>Business | Transport<br>and Other<br>Businesses | Total   |       |         |
| Net sales                             |   |                         |                           |                                      |         |       |         |
| Sales – outside customers             | 59,991  | 23,112                  | 6,654                     | 14,074                               | 103,831 | –     | 103,831 |
| Sales and transfer –<br>inter-segment | –   | –                       | –                         | 5,592                                | 5,592   | –     | 5,592   |
| Total                                 | 59,991  | 23,112                  | 6,654                     | 19,666                               | 109,424 | –     | 109,424 |
| Segment profit                        | 2,689   | 1,003                   | 536                       | 428                                  | 4,656   | –     | 4,656   |

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   | 4,656  |
| Elimination of inter-segment transactions   | 2      |
| Operating income in quarterly consolidated statements of income<br>and comprehensive income | 4,658  |

3. Information on impairment loss on noncurrent assets and goodwill by reportable segment

Not applicable.

## II. First six-month period of fiscal year under review (April 1, 2013 – September 30, 2013)

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

(Million yen)

|                                       | Reported segments                                       |                         |                           |                                      |         | Other | Total   |
|---------------------------------------|---|-------------------------|---------------------------|--------------------------------------|---------|-------|---------|
|                                       | Spice /<br>Seasoning /<br>Processed<br>Food<br>Business | Health Food<br>Business | International<br>Business | Transport<br>and Other<br>Businesses | Total   |       |         |
| Net sales                             |   |                         |                           |                                      |         |       |         |
| Sales – outside customers             | 60,262  | 21,393                  | 8,985                     | 23,931                               | 114,571 | –     | 114,571 |
| Sales and transfer –<br>inter-segment | –   | –                       | 17                        | 6,095                                | 6,112   | –     | 6,112   |
| Total                                 | 60,262  | 21,393                  | 9,002                     | 30,026                               | 120,683 | –     | 120,683 |
| Segment profit                        | 2,707   | 1,427                   | 126                       | 398                                  | 4,658   | –     | 4,658   |

### 2. Information on assets by reported segment

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

In the first half of the consolidated period under review, assets in the Transport and Other Businesses segment increased 10,855 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  | 4,658  |
| Elimination of inter-segment transactions  | 2      |
| Operating income in quarterly consolidated statements of income and comprehensive income | 4,660  |

### 4. Information on impairment loss on noncurrent assets and goodwill by reportable segment

(Important impairment loss on noncurrent assets)

Not applicable.

(Significant changes in the amount of goodwill)

Goodwill in the Transport and Other Businesses segment increased 516 million yen in the first half 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.

#### 4. Quarterly Non-Consolidated Financial Statements

(Note) These Quarterly Financial Statements (Non-Consolidated) have been prepared voluntarily by the Company based on the Regulations for Quarterly Financial Statements and are outside of the scope of this quarterly review.

##### (1) Quarterly Balance Sheets (Non-Consolidated)

(Million yen)

|   | End of previous fiscal year<br>(As of March 31, 2013) | End of second quarter of the<br>fiscal year under review<br>(As of September 30, 2013) |
|---|---|--|
| <b>Assets</b>   |   |  |
| <b>Current assets</b>                                       |   |  |
| Cash and deposits   | 16,248  | 31,340   |
| Notes receivable-trade                                      | 16  | 9  |
| Accounts receivable-trade                                   | 29,149  | 27,500   |
| Securities  | 35,445  | 22,998   |
| Merchandise and finished goods                              | 5,093   | 6,387  |
| Work in process   | 958   | 1,014  |
| Raw materials and supplies                                  | 1,929   | 1,964  |
| Deferred tax assets   | 1,636   | 1,612  |
| Other   | 1,707   | 2,053  |
| Allowance for doubtful accounts                             | (3)   | (6)  |
| <b>Total current assets</b>                                 | <b>92,178</b>   | <b>94,872</b>  |
| <b>Noncurrent assets</b>                                    |   |  |
| <b>Property, plant and equipment</b>                        |   |  |
| Buildings, net  | 9,740   | 10,727   |
| Structures, net   | 432   | 488  |
| Machinery and equipment, net                                | 4,363   | 4,155  |
| Vehicles, net   | 51  | 45   |
| Tools, furniture, and fixtures, net                         | 345   | 544  |
| Land  | 14,711  | 14,711   |
| Lease assets, net   | 73  | 98   |
| Construction in progress                                    | 806   | 545  |
| <b>Total property, plant and equipment</b>                  | <b>30,521</b>   | <b>31,313</b>  |
| <b>Intangible assets</b>                                    |   |  |
| Leasehold right   | 6   | 6  |
| Right of trademark  | 3   | 2  |
| Telephone subscription right                                | 44  | 44   |
| Right of using facilities                                   | 0   | 0  |
| Software  | 551   | 587  |
| Software in progress  | 107   | 281  |
| <b>Total intangible assets</b>                              | <b>711</b>  | <b>920</b>   |
| <b>Investments and other assets</b>                         |   |  |
| Investment securities                                       | 70,581  | 70,038   |
| Stocks of subsidiaries and affiliates                       | 44,124  | 46,494   |
| Investments in capital                                      | 21  | 21   |
| Investments in capital of subsidiaries and affiliates       | 2,955   | 3,258  |
| Long-term loans receivable from employees                   | 3   | 3  |
| Long-term loans receivable from subsidiaries and affiliates | 2,060   | 2,002  |
| Long-term prepaid expenses                                  | 24  | 19   |
| Guarantee deposits  | 1,257   | 1,260  |
| Long-term time deposits                                     | 6,000   | -  |
| Prepaid pension cost  | 1,193   | 955  |
| Other   | 42  | 42   |
| Allowance for doubtful accounts                             | (236)   | (236)  |
| <b>Total investments and other assets</b>                   | <b>128,024</b>  | <b>123,855</b>   |
| <b>Total noncurrent assets</b>                              | <b>159,256</b>  | <b>156,087</b>   |
| <b>Total assets</b>   | <b>251,434</b>  | <b>250,960</b>   |

(Million yen)

|   | End of previous fiscal year<br>(As of March 31, 2013) | End of second quarter of the<br>fiscal year under review<br>(As of September 30, 2013) |
|---|---|--|
| <b>Liabilities</b>                                      |   |  |
| <b>Current liabilities</b>                              |   |  |
| Notes payable-trade                                     | 1,155   | 728  |
| Electronically recorded obligations-operating           | 1,162   | 1,203  |
| Accounts payable-trade                                  | 10,083  | 10,071   |
| Short-term loans payable to subsidiaries and affiliates | 12,476  | 11,652   |
| Lease obligations                                       | 21  | 27   |
| Accounts payable-other                                  | 10,184  | 10,969   |
| Accrued expenses  | 1,737   | 2,087  |
| Income taxes payable                                    | 1,685   | 1,737  |
| Deposits received                                       | 164   | 167  |
| Provision for directors' bonuses                        | 62  | 30   |
| Other   | 674   | 455  |
| <b>Total current liabilities</b>                        | <b>39,404</b>   | <b>39,125</b>  |
| <b>Noncurrent liabilities</b>                           |   |  |
| Lease obligations                                       | 53  | 72   |
| Long-term guarantee deposited                           | 268   | 268  |
| Long-term accounts payable-other                        | 601   | 601  |
| Deferred tax liabilities                                | 5,189   | 4,457  |
| Asset retirement obligations                            | 42  | 43   |
| Other   | 67  | 65   |
| <b>Total noncurrent liabilities</b>                     | <b>6,221</b>  | <b>5,506</b>   |
| <b>Total liabilities</b>                                | <b>45,625</b>   | <b>44,631</b>  |
| <b>Net assets</b>                                       |   |  |
| <b>Shareholders' equity</b>                             |   |  |
| Capital stock   | 9,948   | 9,948  |
| Capital surplus   |   |  |
| Legal capital surplus                                   | 23,815  | 23,815   |
| Total capital surplus                                   | 23,815  | 23,815   |
| Retained earnings                                       |   |  |
| Legal retained earnings                                 | 2,487   | 2,487  |
| Other retained earnings                                 |   |  |
| General reserve   | 133,900   | 133,900  |
| Retained earnings brought forward                       | 24,793  | 26,595   |
| Total retained earnings                                 | 161,180   | 162,982  |
| Treasury stock  | (1)   | (3)  |
| <b>Total Shareholders' equity</b>                       | <b>194,943</b>  | <b>196,743</b>   |
| <b>Valuation and translation adjustments</b>            |   |  |
| Valuation difference on available-for-sale securities   | 10,867  | 9,585  |
| <b>Total valuation and translation adjustments</b>      | <b>10,867</b>   | <b>9,585</b>   |
| <b>Total net assets</b>                                 | <b>205,809</b>  | <b>206,329</b>   |
| <b>Total liabilities and net assets</b>                 | <b>251,434</b>  | <b>250,960</b>   |

## (2) Quarterly Statements of Income (Non-Consolidated)

First six-month period

(Million yen)

|   | First six-month period of<br>previous fiscal year<br>(April 1, 2012 -<br>September 30, 2012) | First six-month period of<br>the fiscal year<br>under review<br>(April 1, 2013 -<br>September 30, 2013) | (Reference)<br>Previous fiscal year<br>(April 1, 2012 -<br>March 31, 2013) |
|---|--|---|--|
| <b>Net sales</b>  | 70,025   | 69,497  | 144,748  |
| <b>Cost of sales</b>                                      | 34,241   | 33,553  | 69,599   |
| <b>Gross profit</b>                                       | 35,784   | 35,944  | 75,149   |
| <b>Selling, general and administrative expenses</b>       |  |   |  |
| Advertising expenses                                      | 5,110  | 4,972   | 9,841  |
| Transportation and warehousing expenses                   | 2,027  | 1,997   | 4,087  |
| Sales commissions   | 2,007  | 1,974   | 4,064  |
| Promotion expenses  | 11,021   | 11,414  | 23,125   |
| Directors' compensations                                  | 135  | 128   | 263  |
| Salaries, allowances and bonuses                          | 4,141  | 4,140   | 8,144  |
| Provision for directors' bonuses                          | 30   | 30  | 62   |
| Retirement benefit expenses                               | 765  | 525   | 1,532  |
| Welfare expenses  | 926  | 954   | 1,928  |
| Travel and communication expenses                         | 723  | 713   | 1,345  |
| Depreciation  | 352  | 206   | 685  |
| Rent expenses   | 595  | 652   | 1,209  |
| Experiment and research expenses                          | 1,548  | 1,552   | 3,130  |
| Investigation expenses                                    | 311  | 354   | 644  |
| Other   | 2,533  | 2,724   | 5,160  |
| <b>Total selling, general and administrative expenses</b> | 32,226   | 32,336  | 65,219   |
| <b>Operating income</b>                                   | 3,559  | 3,609   | 9,930  |
| <b>Non-operating income</b>                               |  |   |  |
| Interest income   | 47   | 41  | 94   |
| Interest on securities                                    | 192  | 247   | 421  |
| Dividends income  | 1,744  | 1,194   | 2,035  |
| Rent income   | 103  | 86  | 178  |
| Fiduciary obligation fee                                  | 78   | 71  | 156  |
| Foreign exchange gains                                    | -  | 112   | 361  |
| Other   | 149  | 60  | 253  |
| <b>Total non-operating income</b>                         | 2,313  | 1,811   | 3,498  |
| <b>Non-operating expenses</b>                             |  |   |  |
| Interest expenses   | 17   | 11  | 34   |
| Rent expenses   | 35   | 35  | 67   |
| Fiduciary obligation expenses                             | 78   | 71  | 157  |
| Foreign exchange losses                                   | 117  | -   | -  |
| Other   | 29   | 43  | 29   |
| <b>Total non-operating expenses</b>                       | 276  | 160   | 287  |
| <b>Ordinary income</b>                                    | 5,595  | 5,259   | 13,141   |

(Million yen)

|   | First six-month period of<br>previous fiscal year<br>(April 1, 2012 -<br>September 30, 2012) | First six-month period of<br>the fiscal year<br>under review<br>(April 1, 2013 -<br>September 30, 2013) | (Reference)<br>Previous fiscal year<br>(April 1, 2012 -<br>March 31, 2013) |
|---|--|---|--|
| <b>Extraordinary income</b>                                   |  |   |  |
| Gain on sales of noncurrent assets                            | –  | 1   | 19   |
| Reversal of allowance for doubtful accounts                   | 0  | –   | 0  |
| Gain on sales of investment securities                        | 10   | 10  | 10   |
| <b>Total extraordinary income</b>                             | <b>10</b>  | <b>11</b>   | <b>30</b>  |
| <b>Extraordinary loss</b>                                     |  |   |  |
| Loss on sales of noncurrent assets                            | –  | 0   | 9  |
| Loss on retirement of noncurrent assets                       | 95   | 62  | 135  |
| Loss on valuation of investment securities                    | 255  | –   | –  |
| Loss on valuation of stocks of subsidiaries<br>and affiliates | –  | –   | 866  |
| Loss on valuation of membership                               | 29   | –   | 29   |
| <b>Total extraordinary loss</b>                               | <b>379</b>   | <b>62</b>   | <b>1,040</b>   |
| <b>Income before income taxes</b>                             | <b>5,227</b>   | <b>5,208</b>  | <b>12,131</b>  |
| <b>Income taxes</b>   | <b>1,760</b>   | <b>1,820</b>  | <b>4,037</b>   |
| <b>Net income</b>   | <b>3,467</b>   | <b>3,389</b>  | <b>8,095</b>   |