May 13, 2008

Consolidated Financial Results

for the Fiscal Year Ended March 31, 2008
(April 1, 2007, to March 31, 2008)

Company name:	House Foods Corporation
Stock exchange listing (Section):	Tokyo Stock Exchange (First Section)
	Osaka Securities Exchange (First Section)
Stock code:	2810
URL:	http://housefoods.jp/
Representative:	Akira Oze, President
Contact:	Yoshifumi Takagi, General Manager, Public & Investors Relations Department
	Tel. +81-3-5211-6039

Scheduled date for the ordinary general meeting of shareholders:	June 26, 2008
Scheduled date for dividend payment:	June 27, 2008
Scheduled date for filing of securities report:	June 26, 2008

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007, to March 31, 2008)

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

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 31, 2008	233,826	0.6	8,844	7.1	8,969	1.1
Year ended Mar. 31, 2007	232,478	21.3	8,260	13.5	8,872	10.3

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Year ended Mar. 31, 2008	3,575	(26.0)	32.57	-
Year ended Mar. 31, 2007	4,834	11.2	44.04	-

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended Mar. 31, 2008	2.0	3.8	3.8
Year ended Mar. 31, 2007	2.6	3.8	3.6

(Reference)

Investment profit or loss on equity method:

Year ended Mar. 31, 2008:	(491) million yen
Year ended Mar. 31, 2007:	(452) million yen

(2) Consolidated Financial Position

(Percentages show year-on-year changes.)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Mar. 31, 2008	228,261	180,940	78.8	1,639.23
Year ended Mar. 31, 2007	245,136	191,730	76.0	1,697.70

(Reference)

Shareholders' equity:

Year ended Mar. 31, 2008: 179,949 million yen

Year ended Mar. 31, 2007: 186,376 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 31, 2008	10,963	(11,504)	(4,032)	31,389
Year ended Mar. 31, 2007	13,701	(22,262)	(2,157)	36,057

2. Dividends

	Dividend per share			Total dividend (annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
(base date)	Interim	Term-end	Annual			
	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 31, 2007	-	22.00	22.00	2,415	50.0	1.3
Year ended Mar. 31, 2008	11.00	11.00	22.00	2,415	67.5	1.3
Year ending Mar. 31, 2009 (Forecasts)	11.00	11.00	22.00		46.4	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2009(April 1, 2008, to March 31, 2009)

(Percentage figures for the fiscal year represent the changes from the previous year, while percentage figures for the six months period represent the changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
First six months	119,000	0.2	5,000	1.6	5,500	3.1
Full year	234,000	0.1	9,700	9.7	10,900	21.5

	Net income		Net income per share
	Million yen	%	Yen
First six months	2,800	17.6	25.51
Full year	5,200	45.4	47.37

4. Others

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

(2) Changes in accounting principles, procedures, and the method of presentation associated with preparation of the consolidated financial statements (matters to be included in the section: “Basic Important Matters for Preparation of Consolidated Financial Statements”)

(i) Changes caused by revision of accounting standards: Yes

(ii) Changes other than (i): None

[Note: For details, please refer to “Basic Important Matters for Preparation of Consolidated Financial Statements” on page 24.]

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at fiscal year end (including treasury stock):

Year ended Mar. 31, 2008:	110,878,734 shares
Year ended Mar. 31, 2007:	110,878,734 shares

(ii) Number of treasury stock at fiscal year end:

Year ended Mar. 31, 2008:	1,102,461 shares
Year ended Mar. 31, 2007:	1,097,461 shares

Note: For the number of shares used as a basis for calculating Net Income Per Share (consolidated), please refer to “Per Share Information” on page 40.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007, to March 31, 2008)

(1) Non-Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 31, 2008	169,687	2.2	9,496	27.6	12,416	40.4
Year ended Mar. 31, 2007	165,973	2.2	7,442	20.5	8,841	20.2

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Year ended Mar. 31, 2008	7,451	32.5	67.87	-
Year ended Mar. 31, 2007	5,623	46.7	51.22	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Mar. 31, 2008	209,610	177,891	84.9	1,620.49
Year ended Mar. 31, 2007	217,278	180,193	82.9	1,641.38

(Reference)

Shareholders' equity:

Year ended Mar. 31, 2008: 177,891 million yen

Year ended Mar. 31, 2007: 180,193 million yen

2. Non-Consolidated Forecasts for the Fiscal Year Ending March 31, 2009(April 1, 2008, to March 31, 2009)

(Percentage figures for the fiscal year represent the changes from the previous year, while percentage figures for the six months period represent the changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
First six months	84,000	(0.4)	4,700	11.0	5,900	(11.0)
Full year	168,000	(1.0)	10,600	11.6	12,500	0.7

	Net income		Net income per share
	Million yen	%	Yen
First six months	3,400	(20.3)	30.97
Full year	7,200	(3.4)	65.59

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

- The consolidated and non-consolidated business performance forecasts given in this document are based on assumptions, prospects, and future business plans currently available on the date this document was published. Actual results may differ from these forecasts for a variety of reasons.
- Due to the use of a simplified sales system since April 1, 2008, a part of selling, general, and administrative expenses are included in sales prices. This change will have the effect of reducing consolidated and non-consolidated forecasts for the fiscal year ending March 31, 2009, compared to the old method. There will be little impact on forecasts of operating income, ordinary income, and net income.
- For details of business performance forecasts other than the above, please refer to "1. Results of Operations (1) Analysis of Operating Results" on page 5.

1. Results of Operations

(1) Analysis of Operating Results

(i) Operating Results for the Current Fiscal Year

Although our country's economy continued to enjoy gradual growth while showing a trend toward increasing exports and capital expenditures at companies during the consolidated fiscal year under review, risks of economic slowdown began increasing during the second half of the year, including economic slowdown due to the subprime loan crisis in the United States, fluctuations in stock markets and foreign exchange markets, and increases in the price of crude oil. Also, regarding individual consumption, consumer sentiment is expected to remain weak with a trend toward a conservative buying attitude due to stronger awareness of the need to protect their standard of living. In fields related to daily necessities, a number of companies that reexamined their sales prices continued to grow in all industries. Also, for the first time in 17 years, the Company changed the prices and specifications for some products last November due to difficulty in maintaining sales prices in the face of increasing raw material prices.

In these circumstances, as the Second Medium-Term Business Plan started in April 2006, the House Foods Group ("the Group") made an effort to bring the Group closer to its 10-year goal of becoming a corporation that "creates new value and brings forth health and taste."

With regard to our core business, which includes curry, stew, spices, and retort pouched products, we strived to constantly implement measures to enhance the value of existing brands and increase recognition of new value products that fit well with an increasing awareness of health and health-related issues. Also, we made an effort to expand the business by promoting the development of individual-serving and ready-to-eat products, particularly instant products served in cups.

With regard to the health food, beverage, and tofu businesses in the United States—segments that are being developed into core businesses—we developed infrastructure to position House Wellness Foods Corporation as a core company that handles health foods by acquiring 100% of the company's stock last October. For the tofu business in the United States, the Company sought to increase its market share in the East Coast area.

In overseas operations, we focused on the spread of Japanese-style curry in Asia. Regarding the curry restaurant business, we established a subsidiary in South Korea as an operating base, followed by the United States, China, and Taiwan, and we opened the first store this March.

With regard to new businesses, we added new products specially developed for our mail-order business in order to increase sales, and we focused on stabilizing our operating base by promoting repeat customers.

As a result of the above, the Group posted consolidated net sales of 233,826 million yen, a year-on-year increase of 0.6%. This increase was due to strong sales of the main products in our core businesses, including curry roux and retort pouched curry, and the expansion of the health food business.

Concerning profits, despite the increase in raw material prices and amortization of negative goodwill, cost-cutting efforts and effective use of marketing costs boosted the Group's operating income by 7.1% year-on-year to 8,844 million yen, and ordinary income rose 1.1% year-on-year to 8,969 million. Consolidated net income for the current fiscal year fell 26.0% to 3,575 million yen due to the allocation of impairment loss on fixed assets and generation of gain on the sale of underutilized real estate in the previous fiscal year.

Net Sales by Operating Segment

(Million yen)

	Consolidated net sales	Year-on-year change (%)
Curry and Spices	62,462	102.6
Stew and Packaged Noodles	35,652	101.7
Retort Pouched Foods and Tofu	39,586	98.6
Drinks, Snacks and Other Products	85,057	99.2
Food Products	222,757	100.4
Transport and Warehouse Operations	11,069	104.0
Total	233,826	100.6

Food Products

Curry and Spices

With regard to curry roux products, sales grew relative to the previous term. As a result of aggressive promotion activities such as the “Three-Generation Curry Campaign,” sales of main products including Vermont Curry and Java Curry were strong. We also strove to raise awareness of a new value in the low-calorie curry segment, Prime Curry.

With regard to spice products, sales of the Gaban range of Western spice products grew steadily, and we launched the new Wakaori series of Japanese spice products with packaging that commands attention and exudes quality in order to contribute to the revitalization of the market. However, sales fell relative to the previous term due primarily to weak sales of Reishabu Dressing.

Stew and Packaged Noodles

With regard to stew products, sales increased. Sales of Hokkaido Stew and Stew Mix grew steadily, and a new product, Butaniku-ga Yawarakaku Shiagaru Pork Stew in Bistro Chef series, launched as a new line of Western-style foods cooked by boiling or stewing found favor with customers. Total sales of all ready-to-eat and individual-serve cup-type products also increased by selling products such as Soup De Okoge (ready-to-eat authentic food) and Tonyu Wo Nerikonda Shiratakimen No Soup (healthy noodle), although the sales of Cup Stew were under the level of the previous term.

In terms of packaged noodle products, overall sales fell significantly short of prior-year levels due to the termination of Umaissho sales as part of a concentration of our brands, despite the same level of sales compared to the previous term for our long-selling mainstay product Umakacchan.

Retort Pouched Foods and Tofu

With regard to retort pouched curry products, we achieved an increase in sales. We worked to revitalize the market by selling products with new value such as Delhi Premium Recipe (developed in collaboration with a prestigious restaurant, Delhi) and Curry Nouveau (featuring 60% less oil and fat content compared to existing products thanks to a new low-fat recipe). As for existing products, sales increased thanks to strong numbers to Curry Ya Curry.

In prepared food and baked bread operations, sales of prepared foods increased, and prepared salad products grew steadily. However, weak sales of dessert and bread products resulted in an overall decrease in revenues.

Drinks, Snacks and Other Products

In the heath foods segment, overall sales exceeded prior-year levels. Although we struggled to sell Lemon Water, a functional beverage from House Wellness Foods Corporation, we continued to receive overwhelming support for Ukon No Chikara by cultivating new marketing channels to achieve further brand recognition. In addition, the sales of Uruoi Biritsu were strong thanks to aggressive distribution of samples.

In terms of beverages, we launched Tynant, mineral water from Wales, Britain. We also secured sales of Rokko No Oishii Mizu at the same level as the previous term by making efforts to expand sales channels despite fierce competition with other companies in the same industry.

In terms of snack products, overall sales fell compared to the previous term due to a combination of steady sales of a long-selling product, Tongari Corn, and poor sales of O'zack and Gaban Potato Chips.
In terms of dessert products, overall results held steady compared to the previous term despite strong sales of a convenience product, Fruiche <Handy-Type>.

Food Service Products and Overseas Business

With regard to our food service product business, which covers a number of product groups, sales for the current fiscal year exceeded the level of the previous year due to steady growth in sales of roux and flake products and frozen foods, reflecting the results of our aggressive development of new retail channels.

In overseas operations, in terms of the curry roux business in China, we focused on our efforts in increasing sales in the Beijing area. Further, in terms of our curry restaurant business, an aggressive program of store expansion in Asia (China, Taiwan, and South Korea) and strong sales in the United States drove an increase in revenue. The tofu business in the United States exceeded the results of the previous term by focusing on sales in the Eastern and Western regions and using the New Jersey plant as an operating base.

As a result of the above, net food segment sales were 222,757 million yen, a year-on-year increase of 0.4%, and operating income was 11,101 million yen, a year-on-year increase of 12.7%.

Transport and Warehouse Operations

As for the logistics business, we recorded an increase in revenues thanks to steady growth in transactions within the House Foods Group and continued efforts to develop new transactions with companies outside of the Group.

In the food products analysis business, revenues exceeded prior-year levels as the number of orders of analysis work from non-group companies grew steadily thanks to rising awareness of product safety. As a result of the above, net sales in the transport and warehouse operations segment were 11,069 million yen, a year-on-year increase of 4.0%, and operating income was 792 million yen, a year-on-year increase of 2.3%.

(ii) Outlook for the Next Fiscal Year

Regarding the outlook for the future, there is uncertainty about the economy because high-priced resources and stock market and exchange market trends will affect the performance of companies. Industries supplying daily necessities are facing increasing pressure to strengthen quality assurance systems and compliance frameworks amid rising interest in product safety and reliability.

As the House Foods Group seeks to respond to such changes in the business environment and societal demands in a sincere manner, we will strive to implement a product development program in which we can achieve an ideal balance between health and taste by giving first priority to "management achieving the highest level of customer satisfaction," and to further strengthen the quality assurance system that enables us to provide safe and secure products to our customers. Also, in addition to continuing strategies to enhance the brand value of products in our core business segment, we will work to expand our health food and tofu businesses in the United States in order to facilitate their development into core businesses. Regarding group management, we will strive to enhance corporate value by harnessing the synergic effects of the entire group to improve Group profitability.

Regarding forecast consolidated business performance in the next fiscal year, we estimate net sales of 234,000 million yen (a year-on-year increase of 0.1%), operating income of 9,700 million yen (a year-on-year increase of 9.7%), ordinary income of 10,900 million yen (a year-on-year increase of 21.5%), and net income of 5,200 million yen (a year-on-year increase of 45.4%).

Moreover, due to the use of a simplified sales system since April 1, 2008, a part of selling, general, and administrative expenses are included in sales prices. This change will have the effect of reducing consolidated and non-consolidated net sales for the fiscal year ending March 31, 2009, compared to the old method. There will be little impact on forecasts of operating income, ordinary income, and net income.

Sales Forecasts by Business Sector

Food Products

Curry and Spices

With regard to curry roux products, in addition to pursuing aggressive sales promotion activities including the core “Fight Curry Project” formed this year in January, we will publicize information about “curry and health,” continue to implement proposals designed to increase the frequency with which customers eat curry, and widely promote curry as “Japan’s most popular dish.”

With regard to spice products, we will carry out various plans including introducing recipes that use spices so that customers can feel familiar enough to use spices at home, and we will implement a unique product development program.

Stew and Packaged Noodles

With regard to stew products, we will work to establish stew in the market as a vegetable-based meal by proposing in-season vegetable choices and carrying out sales promotion activities. For cup-type offerings that meet demand for individual-serving and ready-to-eat products, Soup De Okoge and Tonyu Wo Nerikonda Shiratakimen No Soup, we will focus on developing differentiated products compared to other companies, and we aim to secure a position of superiority in the market by maintaining systems that facilitate stable supply in the production department.

Retort Pouched Foods and Tofu

With regard to retort curry products, followed by Torouma Kakuni Curry and Curry Nouveau, we will work to improve the appeal of retort pouched curry and to expand the market by continuing to develop unique value-added products utilizing the Company’s technical capabilities.

In prepared food and baked bread operations, we will reinforce our product development capabilities and offer product choices aggressively.

Drinks, Snacks, and Other Products

With regard to the health food segment, we will strive to acquire more consumers of Ukon No Chikara produced by House Wellness Foods Corporation in order to secure our position in the market.

In terms of beverages, we will enhance consumers’ loyalty to the Rokko No Oishii Mizu brand to secure market share.

In terms of snack products, we will freshen a variety of existing products and undertake planning and sales promotion activities that encourage customers to buy more products.

With regard to new business segments, we will make an effort to strengthen our line of mail-order products to increase profitability.

Food Service Products and Overseas Business

With regard to the food service product business, which spans all product groups, we will propose curry and dessert menus that utilize the power of the House brand in order to acquire new customers.

With regard to the overseas business, we will carry out aggressive marketing activities on curry roux and retort pouched curry products in China, and we will further pursue multi-curry restaurant operation in China, Taiwan, South Korea, and the United States. In the face of concerns about the price movements of soybeans, the main ingredient in tofu products, we aim to improve the profitability of the tofu business in the United States and expand market share by utilizing more of the capacity of the New Jersey plant in the East.

Transport and Warehouse Operations

In physical distribution operations, we aim to increase sales by seeking new customers by offering all-in-one services that cover all distribution functions.

In the food products analysis business, we will establish an operating base in Kansai in April to complement the head office in Chiba prefecture, thereby increasing orders of analysis services from non-group companies.

(2) Analysis of Financial Position

(i) Analysis of Assets, Liabilities, and Net Assets

Total assets at the end of the current consolidated fiscal year were 228,261 million yen, a decrease of 16,875 million yen compared to the previous consolidated fiscal year. Current assets were 90,806 million yen, a year-on-year decrease of 6,247 million yen, and fixed assets were 137,455 million yen, a year-on-year decrease of 10,627 million yen.

The main factors in the decrease in current assets were a decrease of 4,648 million yen for cash and bank deposits due to the acquisition of additional stock in a subsidiary, House Wellness Foods Corporation, and a decrease of 1,963 million yen for notes and accounts receivable-trade.

The main factor in the decrease in fixed assets was a decrease of 15,645 million yen on investment securities due to a decline in stock market prices.

Total liabilities at the end of the current consolidated fiscal year were 47,321 million yen, a decrease of 6,085 million yen compared to the previous consolidated fiscal year. Current liabilities were 41,255 million yen, a year-on-year decrease of 2,076 million yen, and long-term liabilities were 6,066 million yen, a year-on-year decrease of 4,009 million yen.

The main factor in the decrease in current liabilities was a decrease of 2,114 million yen for notes and accounts payable-trade.

The main factor in the decrease in long-term liabilities was a decrease of 3,459 million yen on deferred tax liabilities due to a decrease in valuation differences of securities.

Net assets at the end of the current consolidated fiscal year were 180,940 million yen, a decrease of 10,790 million yen compared to the previous consolidated fiscal year. This was mainly due to a decrease of 6,180 million yen for net unrealized gains on available-for-sale securities and a decrease of 4,363 million yen for minority interests.

As a result, the equity ratio for the current consolidated fiscal year was 78.8% (compared to 76.0% for the previous term), and net assets per share were 1,639.23 yen (compared to 1,697.70 yen for the previous term).

(ii) Analysis of Cash Flows

Regarding cash flows for the current consolidated fiscal year, net cash provided by operating activities amounted to 10,963 million yen, net cash used in investing activities including “payment to minority shareholders for additional acquisition of consolidated subsidiaries’ stock” amounted to 11,504 million yen, and net cash used in financing activities including dividend payments amounted to 4,032 million yen. As a result, cash and cash equivalents at the end of the term were 31,389 million yen, a decrease of 4,668 million yen compared with the balance at beginning of year.

The status and primary contributing factors for each cash flows category were as follows:

(Cash flows from operating activities)

The cash decrease resulting from operating activities during the current consolidated fiscal year was 10,963 million yen, a decrease of 2,738 million yen from the previous consolidated fiscal year. This decrease is mainly attributable to 8,538 million yen of income before income taxes and 5,822 million yen of depreciation and amortization.

The decrease in comparison to the previous consolidated fiscal year is mainly attributable to increases in income taxes paid (a year-on-year increase of 1,197 million yen) and other factors.

(Cash flows from investing activities)

The cash decrease resulting from investing activities during the current consolidated fiscal year was 11,504 million yen, a decrease of 10,758 million yen from the previous consolidated fiscal year. This decrease is mainly attributable to the payment of 10,805 million yen for the acquisition of additional stock in subsidiary House Wellness Foods Corporation.

Also, the primary factor in the increase over the previous consolidated fiscal year was a decrease in expenditures on the acquisition of shares in subsidiary House Wellness Foods Corporation (a year-on-year decrease of 8,995 million yen).

(Cash flows from financing activities)

The cash decrease resulting from financing activities during the current consolidated fiscal year was 4,032 million yen (a year-on-year decrease of 1,875 million yen). This decrease is mainly attributable to dividends of 3,619 million yen and dividends paid to minority shareholders of 896 million yen.

Also, regarding the cash decrease over the previous consolidated fiscal year, the primary factors were dividends paid to minority shareholders (a year-on-year decrease of 893 million yen) and interim dividends payments (a total of 1,204 million yen) to minority shareholders.

(Million yen)

	Year ended Mar. 31, 2007	Year ended Mar. 31, 2008	Year-on-year change
Cash flows from operating activities	13,701	10,963	(2,738)
Cash flows from investing activities	(22,262)	(11,504)	10,758
Cash flows from financing activities	(2,157)	(4,032)	(1,875)
Effect of exchange rate changes on cash and cash equivalents	22	(95)	(117)
Decrease in cash and cash equivalents	(10,696)	(4,668)	6,048
Cash and cash equivalents at beginning of period	46,753	36,057	(10,696)
Cash and cash equivalents at end of period	36,057	31,389	(4,668)

Cash flow indicators for the Group are as follows:

	Year ended Mar. 31, 2004	Year ended Mar. 31, 2005	Year ended Mar. 31, 2006	Year ended Mar. 31, 2007	Year ended Mar. 31, 2008
Equity ratio (%)	79.7	82.6	81.9	76.0	78.8
Equity ratio (market value basis) (%)	70.9	79.2	94.2	90.0	71.3
Cash flow/interest bearing liabilities ratio (years)	0.1	0.1	0.0	0.1	0.1
Interest coverage ratio (times)	700.3	363.6	677.7	1,114.9	295.5

Notes:

Equity ratio: Shareholders' equity / total assets

Equity ratio (market value basis): Market capitalization / total assets

Cash flow / interest bearing liabilities ratio: Interest-bearing debt / operating cash flow

Interest coverage ratio: Operating cash flow / interest payments

1. Each indicator is calculated based on consolidated financial statements.
2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury stock) as of that date.
3. Operating cash flow uses net cash provided by operating activities on the consolidated cash flow statements. Interest-bearing debt covers all liabilities with interest payments under the liabilities section of the consolidated balance sheet. Interest payments equal the amount of interest paid on the consolidated cash flow statements.

(3) Basic Policy on the Payment of Dividends and Dividends for the Current and Next Fiscal Years

The Group considers the return of earnings to shareholders to be a top management priority. Our basic policy is to enhance profitability and strengthen the Group's financial condition while continuing to provide stable dividends in consideration of overall business performance and strategy.

The Group intends to utilize internal reserves to fund investment in manufacturing equipment, R&D, and new businesses development.

Starting in the fiscal year under review, the Group adopted a new interim dividend system and paid interim dividends of 11 yen per share. The Company plans to pay year-end dividends of 22 yen per share (including interim dividends of 11 yen).

Regarding dividends for the next fiscal year (ending March 31, 2009), the Company expects to provide a year-end dividend of 22 yen per share (including interim dividends of 11 yen).

2. Status of the Corporate Group

The Company's corporate group consists of the Company, 16 consolidated subsidiaries, and 4 affiliates. The Group engages primarily in the production and sale of food products, as well as related logistics and other services.

A description of the position of each company within the operations of the Group and an organizational chart are provided on the following page.

(1) Position of Each Company within the Operations of the Group

Foods Products

In the domestic market, in addition to manufacturing and selling products itself, the Company outsources production of some products to a subsidiary, Sun House Foods Corporation, and an affiliate, Sanyo Can Corporation, after which the products are supplied to and sold by the Company. Further, the Company purchases certain food materials from a subsidiary, Sun House Foods Corporation, and an affiliate, Vox Trading Co., Ltd., and then outsources a part of packing process for products to a subsidiary, S Pack Corporation.

A subsidiary, Delica Chef Corporation, is in charge of producing prepared foods, baked bread, desserts, and other products, and a subsidiary, Asaoka Spice K.K., sells spices. A subsidiary, House Wellness Foods Corporation, produces and sells products including health beverages and foods. An affiliate, Ichibanya Co., Ltd., operates restaurants.

Through the sale of stock, the Group has released Japan Milk Vegetable Ltd. as an equity-method affiliate.

In the United States, a subsidiary, House Foods America Corporation, manufactures and sells tofu and other products, operates restaurants, and imports and sells products of the Company. In addition, a subsidiary, House Foods Holding USA Inc., exercises overall supervision over the businesses of the House Foods Group in the United States.

In China, a subsidiary, Shanghai House Foods Co., Ltd., produces and sells curry food products. An affiliate, Shanghai House Ajinomoto Foods Co., Ltd., produces and sells retort pouched foods. Moreover, a subsidiary, Shanghai House Curry Coco Ichibanya Restaurant, Inc., operates restaurants. In Taiwan, a subsidiary, Taiwan Curry House Restaurant, Inc., is engaged in restaurant operation.

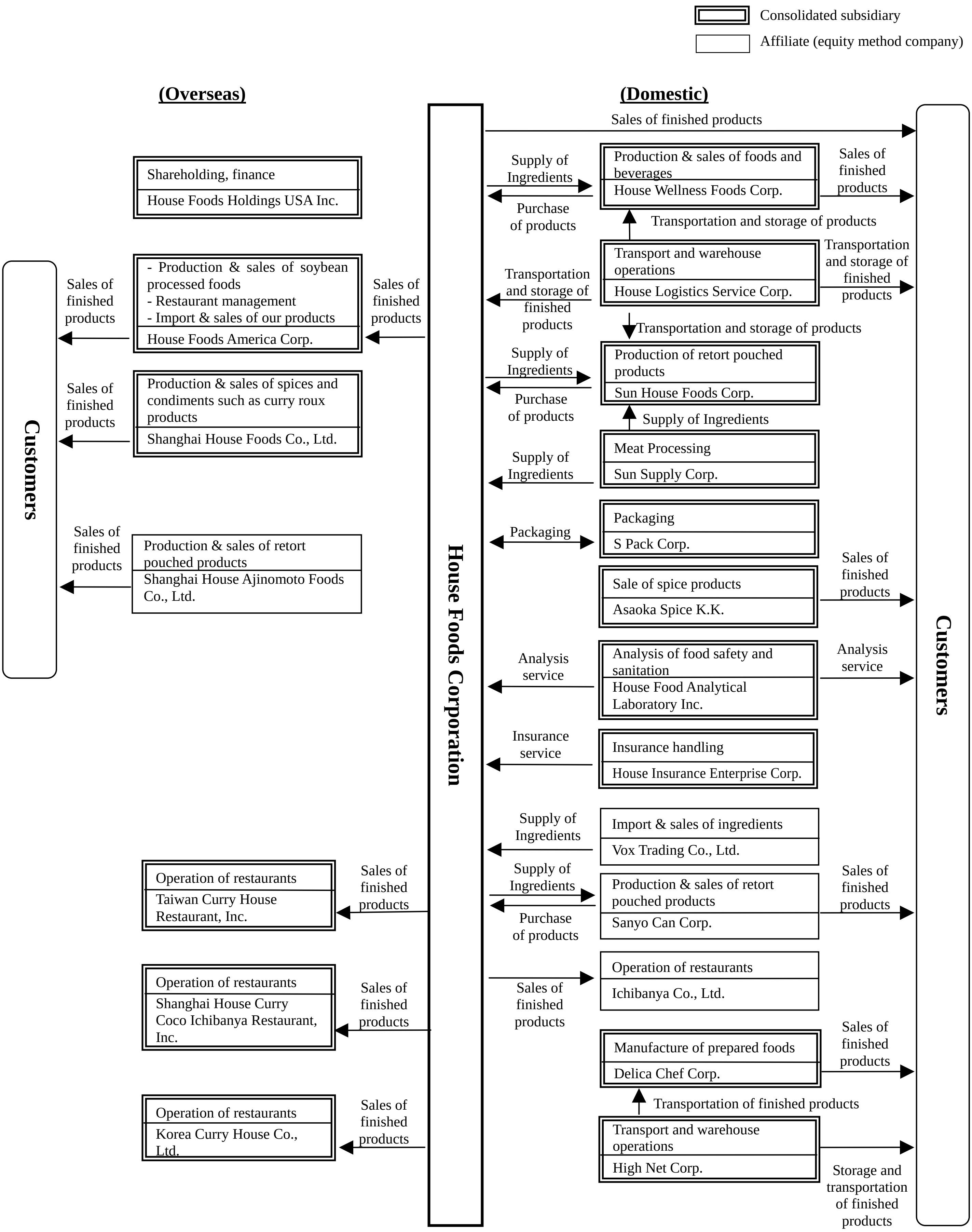
In Korea, we established Korea Curry House Co., Ltd., on September 14, 2007, as a subsidiary to operate restaurants.

Transport and Warehouse Operations

Subsidiaries House Logistics Service Corporation and High Net Corporation are primarily in charge of domestic transportation and storage-related services.

A subsidiary, House Foods Analytical Laboratory Inc., conducts analysis related to food safety and sanitation, and a subsidiary, House Insurance Enterprise Corporation, handles insurance.

(2) Flow Chart of Business Activities



(3) Status of Affiliated Companies

Affiliated companies that changed status during the current fiscal year are as follows:

Company Name	Location	Capitalization	Principal Operations	Ownership of Voting Rights or Ratio of Holding (%)	Nature of Relationship	Remarks
Consolidated subsidiary						
Korea Curry House Co., Ltd.	Anyang city, Republic of Korea	2.5 billion won	Restaurant operation	60.00	Sharing of directors, etc.: No	Note 1

Notes: 1. This company has newly become a consolidated subsidiary.

2. Owing to the sale of stock, Japan Milk Vegetable Ltd. was excluded from the scope of consolidation as an affiliate under the equity method during the current fiscal year.

3. Management policy

(1) Basic Corporate Management Policy

The House Foods Group's basic management policy consists of "Bringing greater joys to families through our foods" by continuously delivering products and services whose "new value" is recognized by customers. To achieve this we employ "Customer Oriented Management" to upgrade product development capabilities so that we can deliver tastier, more convenient, and healthier products and services that are driven by customer demand.

More specifically, we strive to provide products that value both taste and health, to develop ready-to-eat or individual-serve products to create a new style of eating, to strengthen our quality assurance system so that customers can feel safe and trust our products, and to work on corporate governance, compliance, internal controls, environment issues, and other issues as our corporate social responsibility.

Moreover, the Group strives to further enhance its corporate value by making improvements in capital efficiency and profitability through the selection and concentration of management resources and through the strengthening of cost competitiveness. It strives to make the Company more attractive for shareholders, for example by paying stable dividends so that it can receive their long-term support and assistance.

(2) Medium- to Long-term Management Strategies and Target Management Indices

Aiming to be a corporation that "creates new value and brings forth health and taste," the Group launched its three-year Second Medium-Term Business Plan in April 2006, embodied by the three CSs: attaining true Customer Satisfaction, exhibiting a Challenge Spirit, and increasing Change Speed through greater awareness of changes and faster action.

Faced with difficult circumstances such as a declining birthrate and a growing proportion of elderly people, we will continue working to clearly define the Group's business structure, which consists of core businesses, businesses being developed into core businesses, peripheral businesses, new businesses, overseas businesses, and related domestic businesses, as we clarify the orientation of each and build an operational and organizational structure to accommodate changing customer needs. In the Second Medium-Term Business Plan, the Group will secure future earnings by continuing to build on profit growth in core businesses, strengthening the health food business that is being developed into a core business, and aggressively allocating resources for an expansion of our overseas businesses.

Also, we will endeavor to ensure that each Group company raises its own corporate value through its business activities and consistently fulfills its role in the Group. Harnessing the concerted efforts of all Group companies to effect greater synergies, we will augment the corporate value of the Group as a whole.

The Group will actively conduct its businesses more speedily by aiming to accomplish the objectives of the Second Medium-Term Business Plan, which focuses on the themes of "customer oriented management," "selection and concentration of management resources," and "preparation and reform in anticipation of the Third Medium-Term Business Plan."

We will create new demand for our curry, stew, spice, and retort curry products, which are positioned as core businesses, by leveraging the technical capabilities we have cultivated to develop and enhance products that are perennial favorites with value that attracts customers. In addition, we aim to revitalize the market and earn additional customer support through aggressive promotional campaigns designed to effectively convey the value of the Group's products to its customers.

In health foods, which are positioned as a business that is being developed into a core business, we will develop more products such as Ukon No Chikara and Ninniku No Chikara that use the active ingredients of spices. House Wellness Foods Corporation became a wholly owned subsidiary of the Group in October 2007. By capitalizing on House Wellness Foods Corporation's technical expertise and product development capabilities, the Group intends to formulate new product strategies in the health foods business and pursue new synergies in procurement, production, sales, distribution, and other areas as we accelerate efforts to develop the operation into a core business. In the tofu business in the United States, which is steadily growing amid rising interest in health, we aim to capture the top position in U.S. market by expanding sales on both coasts.

With regard to overseas operations, the Group is seeking to bring the "Taste and Health" approach it nurtured in Japan to a worldwide audience by expanding its businesses primarily in the United States and Asia. In the burgeoning Chinese market, where the Group produces and sells retort pouched curry and curry roux products, we will sustain aggressive marketing campaigns to help families to enjoy curry in a convenient manner.

Additionally, the curry restaurant business originating from the merger with Ichibanya Co., Ltd., began operating in Korea in September, building on operations in China and Taiwan. We will use these restaurants as a base from which to further popularize Japanese-style curry in Asia.

In new businesses, we will quickly evaluate and make decisions in the interest of potential and profitability, and we will shift the existing mail-order business to a core-development business.

Regarding management indices, the Company aims to enhance the value of ROS (ratio of operating income to sales) and ROE (Return on equity) by implementing the selection and concentration of management resources.

Through the above approach, the Group's goals for consolidated performance indicators for the fiscal year ending March 31, 2009—the final year of the Second Medium-Term Business Plan—are as follows: net sales of 234,000 million yen and operating income of 9,700 million yen including the result of amortization of goodwill amounting to 4,100 million yen associated with the acquisition of stock in House Wellness Foods Corporation.

(3) Issues Facing the Group

Based on the Second Medium-Term Business Plan that started in April 2006, the Group is delineating the position of each of its core businesses, businesses being developed into core businesses, and other businesses as it continues to review the distribution of management resources through selection and concentration of management resources, taking on the following specific action items.

(Quality Assurance System)

In order to further strengthen the quality assurance systems which the Group has been continuously exercising, we separated the Quality Verification Department of Somatech Center, the design and development section of the Group, and set up a new Quality Verification Department in April 2007. We will continue to strive to further strengthen and fully implement practices including food traceability systems, quality evaluations at the product development stage, quality assurance in production departments, and compliance with food-related laws by positioning this system as a key driving force in the assurance of product safety in order to ensure our customers' ability to use our products with peace of mind.

(Cost Competitiveness)

Since we believe that corporate efforts to develop satisfactory products for customers at lower costs is absolutely essential for the competitiveness of the Company, we will strive to reinforce cost competitiveness by reexamining systems and functions at all departments related to development, procurement, production, sales, and logistics, and by harnessing the resources of the entire Group to pursue the centralization and rationalization of indirect operations in order to fully realize synergic effects.

(Corporate Social Responsibility)

Since we are aware that taking a sincere stand toward corporate social responsibility is a necessary condition to being loved and trusted by customers, we will strive to achieve deeper penetration of legal compliance and corporate ethics.

In addition, as environmental activities, we have adopted the ISO14001 environmental management system to constantly promote environmental conservation activities based on a declaration of environmental responsibility and environmental policies. We completed our companywide certification including previously certified business offices with the ISO certification of sales and other departments last year in August. We will work to adapt to a recycling-oriented society by effectively utilizing this system to unify our pursuit of environmental activities throughout the company.

(Internal Controls)

The Company has been building and adjusting a system of internal controls related to financial reporting based on Japan’s Financial Instruments and Exchange Law. In addition, we established an Office of Internal Controls this year in April, and we will utilize and constantly improve the internal control system in the future.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

Item	Previous fiscal year as of Mar. 31, 2007		Current fiscal year as of Mar. 31, 2008		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Assets						
Current assets	97,053	39.6	90,806	39.8	(6,247)	(6.4)
Cash and bank deposits	36,057		31,409		(4,648)	(12.9)
Notes and accounts receivable-trade	41,781		39,817		(1,963)	(4.7)
Marketable securities	3,021		4,371		1,350	44.7
Inventories	10,766		10,486		(280)	(2.6)
Deferred tax assets	3,270		3,041		(229)	(7.0)
Other current assets	2,166		1,690		(476)	(22.0)
Allowance for doubtful accounts	(7)		(8)		(1)	20.4
Fixed assets	148,083	60.4	137,455	60.2	(10,627)	(7.2)
Property, plant and equipment	63,347	25.8	62,667	27.5	(680)	(1.1)
Buildings and structures	21,120		21,395		275	1.3
Machinery, equipment and vehicles	13,635		12,628		(1,008)	(7.4)
Land	27,145		27,113		(32)	(0.1)
Construction in progress	223		274		51	22.7
Other tangible fixed assets	1,224		1,257		33	2.7
Intangible fixed assets	13,554	5.5	17,739	7.8	4,185	30.9
Goodwill	11,220		14,503		3,283	29.3
Software	950		1,879		929	97.8
Software in progress	1,216		1,166		(50)	(4.1)
Other intangible fixed assets	168		191		23	13.5
Investments and other assets	71,182	29.0	57,049	25.0	(14,132)	(19.9)
Investment securities	64,577		48,932		(15,645)	(24.2)
Long-term loans receivable	40		34		(6)	(14.7)
Deferred tax assets	233		208		(24)	(10.5)
Long-term time deposits	2,600		2,100		(500)	(19.2)
Prepaid pension cost	1,253		3,191		1,938	154.7
Other investments	2,686		2,779		93	3.5
Allowance for doubtful accounts	(206)		(195)		11	(5.4)
Total assets	245,136	100.0	228,261	100.0	(16,875)	(6.9)

(Million yen)

Item	Previous fiscal year as of Mar. 31, 2007		Current fiscal year as of Mar. 31, 2008		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Liabilities						
Current liabilities	43,330	17.7	41,255	18.1	(2,076)	(4.8)
Notes and accounts payable-trade	22,270		20,156		(2,114)	(9.5)
Short-term loans payable	230		603		372	161.9
Accounts payable-other	14,144		14,719		575	4.1
Accrued income taxes	2,122		1,748		(374)	(17.6)
Reserve for bonuses to directors and corporate auditors	81		76		(5)	(6.4)
Other current liabilities	4,484		3,954		(530)	(11.8)
Long-term liabilities	10,075	4.1	6,066	2.7	(4,009)	(39.8)
Long-term accounts payable-other	840		846		6	0.7
Deferred tax liabilities	5,329		1,871		(3,459)	(64.9)
Reserve for retirement benefits	3,219		2,731		(488)	(15.2)
Reserve for retirement benefits for directors and corporate auditors	32		20		(12)	(37.2)
Other long-term liabilities	654		598		(56)	(8.6)
Total liabilities	53,406	21.8	47,321	20.7	(6,085)	(11.4)
Net assets						
Shareholders' equity	176,540	72.0	176,483	77.3	(57)	(0.0)
Common stock	9,948	4.1	9,948	4.4	-	-
Capital surplus	23,868	9.7	23,868	10.5	-	-
Retained earnings	144,025	58.8	143,977	63.1	(48)	(0.0)
Treasury stock	(1,301)	(0.5)	(1,311)	(0.6)	(9)	0.7
Valuation and translation adjustments	9,836	4.0	3,465	1.5	(6,371)	(64.8)
Net unrealized gain on available-for-sale securities	9,935	4.1	3,755	1.6	(6,180)	(62.2)
Foreign currency translation adjustments	(98)	(0.0)	(289)	(0.1)	(191)	193.6
Minority interests	5,354	2.2	992	0.4	(4,363)	(81.5)
Total net assets	191,730	78.2	180,940	79.3	(10,790)	(5.6)
Total liabilities and net assets	245,136	100.0	228,261	100.0	(16,875)	(6.9)

(2) Consolidated Statements of Income

(Million yen)

Item	Previous fiscal year Apr. 1, 2006 – Mar. 31, 2007		Current fiscal year Apr. 1, 2007 – Mar. 31, 2008		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Net sales	232,478	100.0	233,826	100.0	1,348	0.6
Cost of sales	122,282	52.6	123,060	52.6	778	0.6
Gross profit	110,196	47.4	110,766	47.4	570	0.5
Selling, general, and administrative expenses	101,936	43.8	101,922	43.6	(14)	(0.0)
Operating income	8,260	3.6	8,844	3.8	584	7.1
Non-operating income	1,307	0.6	1,273	0.5	(35)	(2.7)
Interest and dividends received	822		838		16	1.9
Foreign exchange gain	31		-		(31)	-
Other	454		435		(19)	(4.2)
Non-operating expenses	695	0.3	1,148	0.5	453	65.1
Interest expenses	15		38		23	149.6
Loss on disposal of raw materials	152		238		85	56.0
Loss on equity of affiliated companies	452		491		39	8.6
Foreign exchange loss	-		242		242	-
Other	76		139		64	84.0
Ordinary income	8,872	3.8	8,969	3.8	97	1.1
Extraordinary gains	1,282	0.6	562	0.2	(720)	(56.2)
Gain on sale of fixed assets	1,000		13		(987)	(98.7)
Reversal of allowance for doubtful accounts	29		0		(28)	(99.3)
Gain on sale of investment securities	245		318		72	29.5
Gain on sale of affiliated companies' stock	-		220		220	-
Other	8		10		2	30.0
Extraordinary losses	815	0.4	992	0.4	177	21.7
Loss on disposal of fixed assets	331		203		(128)	(38.7)
Loss on write-down of investment securities	386		373		(13)	(3.4)
Loss on write-down of golf club memberships	20		23		3	12.8
Impairment loss on fixed assets	-		361		361	-
Other	78		32		(45)	(58.5)
Income before income taxes and minority interests	9,338	4.0	8,538	3.7	(800)	(8.6)
Income inhabitant tax and enterprise taxes	3,046	1.3	3,493	1.5	447	14.7
Income taxes-deferred	265	0.1	986	0.4	722	272.7
Minority interests	1,193	0.5	484	0.2	(709)	(59.4)
Net income	4,834	2.1	3,575	1.5	(1,259)	(26.0)

(3) Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2006 - March 31, 2007)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	9,948	23,868	141,687	(1,291)	174,213
Changes during the fiscal year					
Dividends as profit appropriation			(2,415)		(2,415)
Bonuses to directors and corporate auditors by appropriation of net income			(81)		(81)
Net income			4,834		4,834
Acquisition of treasury stock				(10)	(10)
Net change during the fiscal year other than shareholders' equity					
Total change during the fiscal year	-	-	2,338	(10)	2,327
Balance as of March 31, 2007	9,948	23,868	144,025	(1,301)	176,540

(Million yen)

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	10,172	(181)	9,991	1,014	185,218
Changes during the fiscal year					
Dividends as profit appropriation					(2,415)
Bonuses to directors and corporate auditors by appropriation of net income					(81)
Net income					4,834
Acquisition of treasury stock					(10)
Net change during the fiscal year other than shareholders' equity	(237)	82	(155)	4,340	4,185
Total change during the fiscal year	(237)	82	(155)	4,340	6,512
Balance as of March 31, 2007	9,935	(98)	9,836	5,354	191,730

Current consolidated fiscal year (April 1, 2007 - March 31, 2008)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	9,948	23,868	144,025	(1,301)	176,540
Changes during the fiscal year					
Dividends of surplus			(2,415)		(2,415)
Dividends of surplus (interim dividends)			(1,208)		(1,208)
Net income			3,575		3,575
Acquisition of treasury stock				(9)	(9)
Net change during the fiscal year other than shareholders' equity					
Total change during the fiscal year	-	-	(48)	(9)	(57)
Balance as of March 31, 2008	9,948	23,868	143,977	(1,311)	176,483

(Million yen)

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	9,935	(98)	9,836	5,354	191,730
Changes during the fiscal year					
Dividends of surplus					(2,415)
Dividends of surplus (interim dividends)					(1,208)
Net income					3,575
Acquisition of treasury stock					(9)
Net change during the fiscal year other than shareholders' equity	(6,180)	(191)	(6,371)	(4,363)	(10,733)
Total change during the fiscal year	(6,180)	(191)	(6,371)	(4,363)	(10,790)
Balance as of March 31, 2008	3,755	(289)	3,465	992	180,940

(4) Consolidated Statements of Cash Flows

(Million yen)

Item	Previous fiscal year Apr. 1, 2006 - Mar. 31, 2007	Current fiscal year Apr. 1, 2007 - Mar. 31, 2008
	Amount	Amount
I Cash flows from operating activities		
Income before income taxes and minority interests	9,338	8,538
Depreciation and amortization	5,370	5,822
Amortization of negative goodwill	2,764	3,436
Impairment loss	-	361
Loss on equity-method investment	452	491
Loss on write-down of investment securities and golf club memberships	404	373
Decrease in allowance for doubtful accounts	(2)	(10)
Increase (decrease) in reserve for bonuses for directors and corporate auditors	81	(5)
Decrease in reserve for retirement benefits for directors and corporate auditors	(974)	(12)
Decrease in reserve for retirement benefits	(850)	(488)
Interest and dividend income	(822)	(838)
Interest expenses	15	38
Foreign exchange loss (gain)	(3)	40
Loss (gain) on sale of marketable and investment securities	(245)	(318)
Gain on sale of affiliated companies' stock	-	(220)
Gain on sale of fixed assets	(992)	(13)
Loss on disposal of fixed assets	331	203
Decrease (increase) in trade receivables	(1,630)	1,939
Decrease in inventories	527	273
Increase (decrease) in trade payables	1,284	(2,278)
Decrease in accrued bonuses	(6)	(40)
Increase in other assets	(1,318)	(1,664)
Increase (decrease) in other liabilities	1,789	(1,716)
Bonuses paid to directors and corporate auditors	(81)	-
Subtotal	15,430	13,914
Interest and dividends received	952	951
Interest paid	(12)	(37)
Income taxes paid	(2,668)	(3,865)
Net cash provided by operating activities	13,701	10,963
II Cash flows from investing activities		
Proceeds from withdrawal of time deposit account	-	500
Payment for deposit in time deposit account	-	(20)
Payment for acquisition of marketable securities	(25)	(2,421)
Proceeds from sale of marketable securities	2,175	4,125
Payment for acquisition of property, plant and equipment	(4,790)	(3,508)
Proceeds from sale of property, plant and equipment	1,459	28
Payment for acquisition of intangible fixed assets	(1,266)	(1,284)
Payment for acquisition of investment securities	(441)	(1,096)
Proceeds from sale of investment securities	418	3,042
Payment for acquisition of affiliated companies' stock accompanying changes in scope of consolidation	(19,800)	-
Proceeds from sale of affiliated companies' stock accompanying changes in scope of consolidation	-	500
Payment to minority shareholders for additional acquisition of consolidated subsidiaries' stock	-	(10,805)
Additional investment in affiliated companies	(164)	(600)
Proceeds from liquidation of subsidiary	3	-
Proceeds from collection of loans receivable	170	35
Net cash used in investing activities	(22,262)	(11,504)
III Cash flows from financing activities		
Proceeds from short-term borrowing	230	1,084
Repayment of short-term borrowing	-	(716)
Payment for acquisition of treasury stock	(10)	(9)
Dividends paid	(2,415)	(3,619)
Proceeds from issuance of stock to minority shareholders	41	124
Dividends paid to minority shareholders	(3)	(896)
Net cash used in financing activities	(2,157)	(4,032)
IV Effect of exchange rate changes on cash and cash equivalents	22	(95)
V Decrease in cash and cash equivalents	(10,696)	(4,668)
VI Cash and cash equivalents at beginning of period	46,753	36,057
VII Cash and cash equivalents at end of period	36,057	31,389

Basic Important Matters for Preparation of Consolidated Financial Statements

1. Scope of Consolidation

The following 16 companies are consolidated subsidiaries:

Delica Chef Corporation, Sun House Foods Corporation, House Wellness Foods Corporation, House Logistics Service Corporation, House Food Analytical Laboratory Inc., Sun Supply Corporation, S Pack Corporation, High Net Corporation, Asaoka Spice K.K., House Insurance Enterprise Corporation, House Foods Holding USA Inc., House Foods America Corporation, Shanghai House Foods Co., Ltd., Taiwan Curry House Restaurant, Inc., Shanghai House Curry Coco Ichibanya Restaurant, Inc., Korea Curry House Co., Ltd.

Korea Curry House Co., Ltd., established in Korea on September 14, 2007, with capital stock of 2,500 million won and a voting rights ratio of 60%, has been newly included within the scope of consolidation starting with the current fiscal year.

2. Application of Equity Method

The following four affiliates are subject to equity method accounting:

Ichibanya Co., Ltd., Sanyo Can Corporation, Shanghai House Ajinomoto Foods Co., Ltd., Vox Trading Co., Ltd.

Because all shares of Japan Milk Vegetable Ltd. were sold, the company has been excluded from the above affiliated companies accounted for under the equity method starting with the current consolidated fiscal year.

3. Account Settlement Dates for Consolidated Subsidiaries

Among consolidated subsidiaries, the book-closing date for House Foods Holding USA Inc., House Foods America Corporation, Shanghai House Foods Co. Ltd., Taiwan Curry House Restaurant Inc., Shanghai House Curry Coco Ichibanya Restaurant, Inc., Korea Curry House Co., Ltd. is the last day of December. The book-closing date for Asaoka Spice K.K. is the last day of February. The book-closing date for other subsidiaries is the same as the consolidated book-closing date.

4. Accounting Standards

(i) Valuation standard and method for significant assets

a. Securities

Bonds held to maturity:	Amortized cost method
Other marketable securities	
Securities with fair market value:	Market value method based on the quoted market value as of the fiscal year-end (Valuation differences are directly charged or credited to shareholders' equity, and the cost of securities sold is calculated using the moving-average method.)
Securities without fair market value:	Cost accounting method using the gross average method
b. Inventories:	Primarily cost accounting method using the gross average method

(ii) Depreciation method for significant depreciable assets

a. Property, plant, and equipment: At the Company, property, plant, and equipment are depreciated using the declining balance method. However, buildings acquired on or after April 1998 are depreciated using the straight-line method, except for building attachments. At overseas consolidated companies, the straight line method is used.

The useful lives for such main buildings, machinery, and equipment range as follows:

Buildings:	3 to 50 years
Machinery, equipment, and vehicles:	2 to 15 years

(Changes in accounting policies)

Beginning with the period under review, the Company and its domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007, in accordance with the revised Corporate Income Tax Law. As a result of this change, operating income, ordinary income, and income before income taxes were stated at 93 million yen less, respectively, compared to the former method.

Impact of the change on segment information is listed in the relevant sections.

(Additional Information)

Regarding tangible fixed assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries adopted a depreciation method that conforms to the revised Corporate Income Tax Law. Specifically, when the depreciated value of a tangible fixed asset reaches the limit on the depreciation amount in a certain consolidated fiscal year by the depreciation method applicable before revision, the difference between the value equivalent to the limit on the depreciation amount and the memorandum value of such asset is depreciated by an equal amount over five years from the following consolidated fiscal year and reported as amortization and depreciation expenses.

As a result of this change, operating income was stated at 377 million yen lower, and ordinary income and income before income taxes were stated at 380 million yen lower, respectively, than figures calculated using the former method.

b. Intangible fixed assets: Straight-line method

However, software is amortized on a straight-line basis over the expected available period, up to five years.

(iii) Accounting standards for significant allowances

a. Allowance for doubtful accounts

To reserve for a loss on doubtful accounts such as trade receivables and loans, general allowances are provided using a rate determined by past experience with bad debts. Specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing the individual collectibility of certain doubtful accounts.

b. Reserve for retirement benefits

To prepare for the payment of employee retirement benefits, the Company and its domestic consolidated subsidiaries provide accrued retirement benefits based on projected benefits obligations and the fair value of pension assets at the current consolidated fiscal year-end.

Additionally, the pension assets of the Company exceeded retirement allowance liabilities at the end of the current consolidated fiscal year, and this excess amount is recorded as the prepaid pension cost in investment and other assets.

Actuarial differences are charged to expenses from the next fiscal year using a straight-line method based on determined years (principally ten years) within the average remaining years of service of employees when incurred.

c. Reserve for directors' and corporate auditors' bonuses

In preparation for the payment of director's and corporate auditors' bonuses, the Company provides accrued bonuses for directors and corporate auditors based on the projected amount for the current consolidated fiscal year.

d. Reserve for directors' and corporate auditors' retirement benefits

Certain of the Company's consolidated subsidiaries recorded an allowance for retirement benefits for directors and corporate auditors equivalent to the amount payable at the end of the current fiscal year in accordance with the established bylaws at each subsidiary.

(iv)Translation standard for important foreign currency denominated assets and liabilities into Japanese yen

Foreign currency amounts are translated into yen on the basis of the spot exchange rate in effect on the balance sheet date for monetary assets and liabilities. The resulting gains and losses are included in net profit or loss for the period. The assets and liabilities of overseas subsidiaries and affiliates have been converted to yen at the spot exchange rate on the settlement date for those subsidiaries and affiliates. Income and expenses of overseas subsidiaries and affiliates have been translated into yen at the spot exchange rate for the fiscal year. Translation differences are shown as foreign currency translation adjustment and minority interests of shareholders' equity.

(v) Accounting for significant lease transactions

Finance leases other than those which are deemed to transfer the ownership of leased assets to lessees are accounted for in the same manner as normal lease transactions.

(vi) Accounting method for consumption taxes

The tax-exclusion method is used for the calculation of consumption tax and local consumption tax.

5. Matters Relating to Valuation Method for Assets and Liabilities of Consolidated Subsidiaries

All assets and liabilities of consolidated subsidiaries are valued using the full fair value method.

6. Amortization of Goodwill

Amortization of goodwill is computed by using the straight-line method over five years.

7. Range of Funds in Cash Flow Statements

Cash and cash equivalents in cash flow statements consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments with maturities of three months or less that are readily convertible into cash.

Notes:

(Notes to Consolidated Balance Sheets)

1. Assets supplied to collateral and corresponding debts

A pledge is created on time deposits of 20 million yen to guarantee the monetary debt of trading partners.

2. Accumulated depreciation of property, plant, and equipment

Previous consolidated fiscal year 104,715 million yen
Current consolidated fiscal year 107,526 million yen

3. Contingent liabilities

Balance of debt guarantees (housing loans for employees)
Previous consolidated fiscal year 35 million yen
Current consolidated fiscal year 27 million yen
Balance of debt guarantees (monetary debt of trading partners)
Previous consolidated fiscal year - million yen
Current consolidated fiscal year 8 million yen

(Notes to Consolidated Statement of Income)

1. Impairment loss

The House Foods Group recognized impairment loss (361 million yen) for the following group of assets in the current consolidated fiscal year.

Location	Use	Item	Impairment Loss (Million yen)
Kanto Factory, others	Idle properties	Machinery and equipment, others	297
Kanto Factory, others	Food production facility	Machinery and equipment, others	64

The House Foods Group accounts for underperforming property on an individual basis and business assets using group-based managerial accounting business classifications in accordance with the minimum unit that generates cash flow. Operating assets such as head offices are grouped as common assets. In the current fiscal year, operating assets the productivity of which declined and idle assets were written down to their recoverable value. Although recoverable value is determined by value in use, discount accounting is not applied as their future cash flows are negative.

(Notes to Consolidated Statements of Changes in Net Assets)

Previous consolidated fiscal year (April 1, 2006 - March 31, 2007)

1. Matters relating to outstanding shares

Types of shares	At end of previous consolidated fiscal year	Increase	Decrease	At end of current consolidated fiscal year
Common stock (Thousands of shares)	110,879	-	-	110,879

2. Matters relating to treasury stock

Types of shares	At end of previous consolidated fiscal year	Increase	Decrease	At end of current consolidated fiscal year
Common stock (Thousands of shares)	1,092	5	-	1,097

3. Matters relating to warrant, etc.

Not applicable.

4. Matters relating to dividends

1) Dividends paid

The following resolution was made at the ordinary general meeting of shareholders held on June 28, 2006.

Matters relating to cash dividends per share of common stock

(i) Total dividends paid: 2,415 million yen
(ii) Dividends per share: 22 yen
(iii) Relevant date: March 31, 2006
(iv) Effective date: June 29, 2006

2) Dividends with a shareholders' relevant date that falls during the current fiscal year but an effective date that falls later than the current fiscal year.

The following resolution was made at the ordinary general meeting of shareholders held on June 27, 2007.

Matters relating to cash dividends per share of common stock

(i) Total dividends paid: 2,415 million yen
(ii) Dividends per share: 22 yen
(iii) Relevant date: March 31, 2007
(iv) Effective date: June 28, 2007

Current consolidated fiscal year (April 1, 2007 - March 31, 2008)

1. Matters relating to outstanding shares

Types of shares	At end of previous consolidated fiscal year	Increase	Decrease	At end of current consolidated fiscal year
Common stock (Thousands of shares)	110,879	-	-	110,879

2. Matters relating to treasury stock

Types of shares	At end of previous consolidated fiscal year	Increase	Decrease	At end of current consolidated fiscal year
Common stock (Thousands of shares)	1,097	5	-	1,102

3. Matters relating to warrant, etc.

Not applicable.

4. Matters relating to dividends

1) Dividends paid

The following resolution was made at the ordinary general meeting of shareholders held on June 27, 2007.

Matters relating to cash dividends per share of common stock

(i) Total dividends paid: 2,415 million yen
(ii) Dividends per share: 22 yen
(iii) Relevant date: March 31, 2007
(iv) Effective date: June 28, 2007

The following resolution was made at the board meeting held on November 13, 2007.

Matters relating to cash dividends per share of common stock

(i) Total dividends paid: 1,208 million yen
(ii) Dividends per share: 11 yen
(iii) Relevant date: September 30, 2007
(iv) Effective date: December 7, 2007

2) Dividends with shareholders' relevant date during the current fiscal year but effective date subsequent to the current fiscal year.

The resolution is scheduled to be made at the board meeting to be held on May 23, 2008 resolving the followings as the agenda items to be discussed and resolved at the ordinary general meeting of shareholders to be held on June 26, 2008.

Matters relating to cash dividends per share of common stock

(i) Total dividends paid: 1,208 million yen
(ii) Dividends per share: 11 yen
(iii) Relevant date: March 31, 2008
(iv) Effective date: June 27, 2008

(Notes to Consolidated Statements of Cash Flows)

1. Relationship between closing cash and cash equivalents and the amount posted on the balance sheet

(Million yen)

Cash and time deposits	31,409
Cash and time deposits with maturity over three months	(20)
Cash and cash equivalents	31,389

(Lease Transactions)

Finance lease transactions other than those that are deemed to transfer the ownership of leased assets to lessees

1. Equivalent to acquisition costs, accumulated depreciation, accumulated impairment, and ending net book value of finance lease transactions

(Million yen)

Equivalent to acquisition costs	Previous consolidated fiscal year	Current consolidated fiscal year
Machinery and equipment	1,141	1,288
Tools, furniture, and fixtures	1,487	1,492
Total	2,628	2,780

(Million yen)

Equivalent to accumulated depreciation	Previous consolidated fiscal year	Current consolidated fiscal year
Machinery and equipment	600	682
Tools, furniture, and fixtures	674	702
Total	1,274	1,385

(Million yen)

Equivalent to accumulated impairment	Previous consolidated fiscal year	Current consolidated fiscal year
Machinery and equipment	3	-
Total	3	-

(Million yen)

Equivalent to ending net book value	Previous consolidated fiscal year	Current consolidated fiscal year
Machinery and equipment	538	606
Tools, furniture, and fixtures	813	790
Total	1,351	1,395

2. Equivalent to future lease payment for capital lease

(Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Due within one year	483	528
Due after one year	868	868
Total	1,351	1,395

Balance of lease asset impairment loss assessment	0	-

3. Lease payment, reversal of accumulated impairment loss on leased assets, equivalent to accumulated depreciation and impairment loss

(Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Lease charges paid	544	540
Reversal of accumulated impairment loss on leased assets	1	0
Equivalent to accumulated depreciation	544	540
Impairment loss	-	-

4. With respect to the method of providing for calculation of depreciation, the depreciation equivalent is computed using the straight-line method over the lease terms, assuming no residual value.

5. In the above notes, the differences between total lease payments and acquisition cost equivalents are regarded as amounts representing interest payable equivalents and are allocated to each period using the interest method.

(Securities)

Current consolidated fiscal year (as of March 31, 2008)

1. Bonds with Market Value to Be Held to Maturity

(Million yen)

	Type	Consolidated balance sheet value	Market value	Difference
Securities with market value exceeding Consolidated balance sheet value	Government, municipal bonds, etc.	-	-	-
	Corporate bonds	1,014	1,016	2
	Others	3,000	3,079	79
	Subtotal	4,014	4,095	81
Securities with market value not exceeding Consolidated balance sheet value	Government, municipal bonds, etc.	-	-	-
	Corporate bonds	407	407	(0)
	Others	11,500	11,110	(390)
	Subtotal	11,907	11,516	(390)
Total		15,920	15,611	(309)

2. Other Marketable Securities with Fair Market Value

(Million yen)

	Type	Acquisition cost	Consolidated balance sheet value	Difference
Securities with market value exceeding Consolidated balance sheet value	(i) Stocks	15,271	23,042	7,771
	(ii) Bonds	2,332	2,346	15
	Government, municipal bonds, etc.	1,432	1,433	1
	Corporate bonds	900	913	13
	Other	-	-	-
	(iii) Others	-	-	-
	Subtotal	17,602	25,388	7,786
Securities with market value not exceeding Consolidated balance sheet value	(i) Stocks	5,840	4,398	(1,442)
	(ii) Bonds	3,739	3,715	(23)
	Government, municipal bonds, etc.	1,799	1,788	(12)
	Corporate bonds	1,339	1,330	(10)
	Other	600	598	(2)
	(iii) Others	-	-	-
	Subtotal	9,578	8,113	(1,465)
Total		27,181	33,501	6,320

3. Information Regarding Other Marketable Securities Sold During Current Fiscal Year Is as Follows:

(Million yen)

Proceeds from sale	Total gain from sale	Total loss from sale
1,043	318	0

4. Marketable Securities Whose Fair Values Are Not Readily Determinable

(1) Other marketable securities

Unlisted shares 336 million yen

5. Planned Redemption Amount from Other Marketable Securities with a Maturity Date or Those to Be Held to Maturity

(Million yen)

		Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
(i)	Bonds	4,371	13,012	4,500	99
	Government, municipal bonds, etc.	2,232	988	-	-
	Corporate bonds	639	3,024	-	-
	Other	1,499	9,000	4,500	99
(ii)	Others	-	-	-	-
Total		4,371	13,012	4,500	99

(Pension and Severance Cost)

1. Outline of retirement and severance benefits plans adopted by the companies

The retirement benefits systems of the Company and some domestic consolidated subsidiaries consist of defined benefit corporate pension plans (fund-type and contract-type), a qualified pension system, and a retirement lump-sum grants system.

At the end of the current consolidated fiscal year, defined benefit corporate pension plans (fund-type and contract-type) and retirement lump-sum grants system had been adopted by the Company and a consolidated subsidiary, and a qualified pension system had been adopted by three companies.

2. Matters relating to projected benefit obligations

(Million yen)

		Previous consolidated fiscal year	Current consolidated fiscal year
(i)	Projected benefit obligations	(41,956)	(42,774)
(ii)	Fair value of pension assets	38,507	38,838
(iii)	Unfunded obligations for retirement and severance benefits ((i) + (ii))	(3,449)	(3,937)
(iv)	Unrecognized actuarial gain or loss	2,212	4,980
(v)	Unrecognized prior service cost	(729)	(583)
(vi)	Net accrued retirement benefits reflected in consolidated balance sheets ((iii) + (iv) + (v))	(1,966)	460
(vii)	Prepaid pension cost	1,253	3,191
(viii)	Allowance for retirement benefits ((vi) - (vii))	(3,219)	(2,731)

Note: Some consolidated subsidiaries with retirement benefits systems use the simplified method to calculate projected benefit obligations.

3. Matters relating to retirement benefit costs

(Million yen)

		Previous consolidated fiscal year	Current consolidated fiscal year
(i)	Service cost	1,578	1,524
(ii)	Interest cost	969	984
(iii)	Expected return on pension assets	(657)	(747)
(iv)	Recognized actuarial loss	943	805
(v)	Amortization of prior service cost	(146)	(146)
(vi)	Net retirement benefit costs ((i) + (ii) + (iii) + (iv) + (v))	2,687	2,420

Note: Net retirement benefit costs of consolidated subsidiaries using the simplified method are accounted for as (i) “Service cost.”

4. Matters relating to the basis of calculation for projected benefit obligations

		Previous consolidated fiscal year	Current consolidated fiscal year
(i)	Periodic allocation method for projected benefits	Straight-line base	Same as the left
(ii)	Discount rates	Primarily 2.5%	Same as the left
(iii)	Expected return on assets	2.0%	Primarily 2.0%
(iv)	Years over which prior service cost is amortized	Primarily 1 year	Same as the left
(v)	Years and method over which actuarial gain or loss is amortized (The actuarial gain or loss is charged to expenses from the following consolidation fiscal year using primarily a straight-line method based on determined years within the average remaining years of service of employees when incurred.)	Primarily 10 years	Same as the left

(Accounting for Deferred Income Taxes)

1. Breakdown of principal causes of deferred tax assets and deferred tax liabilities

(Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Deferred tax assets		
Amortization of goodwill	7,026	5,270
Loss carry forward	160	1,977
Accounts payable - other	1,347	1,191
Retirement and severance benefits	1,355	1,159
Impairment loss on fixed assets	1,049	1,007
Accrued bonuses	856	807
Loss on write-down of investment securities	556	699
Long-term accounts payable	342	342
Enterprise tax payable	188	192
Loss on valuation of inventories	156	146
Others	463	444
Subtotal	13,499	13,234
Valuation allowance	(7,934)	(7,869)
Total deferred tax assets	5,564	5,365
Deferred tax liabilities		
Unrealized valuation gain on other securities-net	(6,795)	(2,599)
Reserve for retirement benefits	(510)	(1,298)
Others	(86)	(89)
Total deferred tax liabilities	(7,391)	(3,986)
Net total deferred tax assets (liabilities)	(1,826)	1,379

Note: Net total deferred tax assets of the current consolidated fiscal year and those of the previous consolidated fiscal year are included in the following items of the consolidated balance sheets.

(Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Current assets - Deferred tax assets	3,270	3,041
Fixed assets - Deferred tax assets	233	208
Current liabilities - Deferred tax liabilities	0	-
Long-term liabilities - Deferred tax liabilities	5,329	1,871

2. Breakdown of major items causing differences between the statutory effective tax rate and the rate for corporate and other taxes applicable after tax benefit accounting is used:

(%)

Statutory effective tax rate	40.69
(Reconciliation)	
Non-deductible items such as entertainment expenses	4.44
Non-taxable items such as dividends received	(1.53)
Per capita inhabitant tax	0.78
Tax credit for research expenses	(2.98)
Valuation allowance for deferred tax assets	(9.77)
Amortization of goodwill	16.38
Consolidation adjustments such as equity in earnings of affiliates	3.47
Others	0.98
Actual effective tax rate	52.46

(Segment Information)

1. Segment information by operating segment

Previous consolidated fiscal year (April 1, 2006 - March 31, 2007)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
I. Net sales and operating income or loss					
Net sales					
(1) Sales - outside customers	221,832	10,645	232,478	-	232,478
(2) Sales and transfer - inter-segment	3	10,920	10,924	(10,924)	-
Total	221,836	21,566	243,401	(10,924)	232,478
Operating expenses	211,989	20,791	232,780	(8,562)	224,218
Operating income	9,846	774	10,621	(2,361)	8,260
II. Assets, depreciation cost, and capital expenditures					
Assets	253,722	7,201	260,923	(15,787)	245,136
Depreciation cost	5,182	188	5,370	-	5,370
Capital expenditures	5,033	345	5,378	-	5,378

Current consolidated fiscal year (April 1, 2007 - March 31, 2008)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
I. Net sales and operating income or loss					
Net sales					
(1) Sales - outside customers	222,757	11,069	233,826	-	233,826
(2) Sales and transfer - inter-segment	1	13,044	13,045	(13,045)	-
Total	222,757	24,113	246,871	(13,045)	233,826
Operating expenses	211,656	23,321	234,977	(9,996)	224,982
Operating income	11,101	792	11,893	(3,049)	8,844
II. Assets, depreciation cost, and capital expenditures					
Assets	244,629	7,818	252,447	(24,186)	228,261
Depreciation cost	5,584	238	5,822	-	5,822
Impairment losses on fixed assets	361	-	361	-	361
Capital expenditures	6,368	231	6,599	-	6,599

Notes:

1. Operating segments are classified by product category and product similarity.
2. Major products by operating segment
   (1) Foods: Food, beverages and restaurants
   (2) Transport and Warehouse Operations: Transport and warehousing
3. Because all operating expenses are allocated to each operating segment, there are no undistributed operating expenses.
4. The insurance agency business that was previously recognized in the “Other business” segment is included in the “Transport and warehouse operations” operating segment due to its minor significance.
5. As described in “Basic important matters for preparation of consolidated financial statements,” the method of computing depreciation expenses has been changed to conform with the revised Corporate Income Tax Law starting with the current consolidated fiscal year. As a result of this change, operating expenses of the “Foods” operating segment increased 78 million yen, and operating income decreased by the same amount. Additionally, operating expenses of the “Transport and Warehouse Operations” operating segment increased 15 million yen, and operating income decreased by the same amount.

2. Segment information by geographic area

Current consolidated fiscal year (April 1, 2007, to March 31, 2008) and previous consolidated fiscal year (April 1, 2006, to March 31, 2007)

The domestic share of ordinary income exceeds 90%. Therefore, segment information by geographic area is omitted.

3. Overseas sales

Current consolidated fiscal year (April 1, 2007, to March 31, 2008) and previous consolidated fiscal year (April 1, 2006, to March 31, 2007)

Overseas sales are omitted since they were less than 10% of consolidated net sales and not material.

(Breakdown by Segment of Production, Orders, and Sales)

1. Production results

The breakdown of production results by product are as follows:

(Million yen)

Product	Previous consolidated fiscal year	(%)	Current consolidated fiscal year	(%)
Curry and Spices	58,171	31.6	60,647	33.7
Stew and Packaged Noodles	30,383	16.5	30,876	17.2
Retort Pouched Foods and Tofu	35,121	19.1	35,425	19.7
Drinks, Snacks and Other Products	60,221	32.8	52,941	29.4
Total	183,896	100.0	179,890	100.0

Note: The above amounts do not include consumption tax, etc.

2. Orders

The Company does not adopt build-to-order manufacturing at its main products.

3. Sales results

The breakdown of sales results by product is as follows:

(Million yen)

Product	Previous consolidated fiscal year	(%)	Current consolidated fiscal year	(%)
Curry and Spices	60,862	26.2	62,462	26.7
Stew and Packaged Noodles	35,067	15.1	35,652	15.3
Retort Pouched Foods and Tofu	40,168	17.2	39,586	16.9
Drinks, Snacks and Other Products	85,735	36.9	85,057	36.4
Food products	221,832	95.4	222,757	95.3
Transport and Warehouse Operations	10,645	4.6	11,069	4.7
Total	232,478	100.0	233,826	100.0

Note: The above amounts do not include consumption tax, etc.

(Per Share Information)

(Yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Net assets per share	1,697.70	1,639.23
Net income per share	44.04	32.57

Note: The basis for calculating net income per share is as follows:

Since no convertible bonds or warrants were issued and outstanding, there was no dilutive effect on net income per share during these periods.

	Previous consolidated fiscal year	Current consolidated fiscal year
	Million yen	Million yen
Net income	4,834	3,575
Amount not allocable to common shareholders	-	-
Net income available for common stock shareholders	4,834	3,575
	Thousand shares	Thousand shares
Weighted average number of shares of common stock outstanding during each period	109,784	109,778

(Important Subsequent Events)

Not applicable.

(Omissions of Disclosure)

Disclosure of information for related party transactions has been omitted because it does not have a significant impact on the consolidated financial statements.

5. Non-Consolidated Financial Statements
(1) Non-Consolidated Balance Sheets

(Million yen)

Item	Previous fiscal year as of Mar. 31, 2007		Current fiscal year as of Mar. 31, 2008		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Assets						
Current assets	72,103	33.2	67,869	32.4	(4,233)	(5.9)
Cash and bank deposits	25,209		22,935		(2,274)	(9.0)
Notes receivable	28		19		(10)	(33.8)
Accounts receivable-trade	31,415		30,651		(764)	(2.4)
Marketable securities	2,996		2,502		(494)	(16.5)
Manufactured articles	5,601		5,414		(187)	(3.3)
Raw materials	1,631		1,494		(137)	(8.4)
Work in process	539		733		193	35.8
Supplies	636		614		(22)	(3.4)
Deferred tax assets	1,965		1,859		(107)	(5.4)
Other current assets	2,088		1,658		(430)	(20.6)
Allowance for doubtful accounts	(7)		(8)		(1)	20.4
Fixed assets	145,176	66.8	141,740	67.6	(3,435)	(2.4)
Property, plant, and equipment	43,763	20.1	41,838	20.0	(1,925)	(4.4)
Buildings	14,577		14,231		(346)	(2.4)
Structures	921		803		(118)	(12.8)
Machinery and equipment	9,592		8,142		(1,449)	(15.1)
Vehicles and transportation equipment	95		78		(17)	(18.3)
Tools, furniture, and fixtures	736		740		4	0.5
Land	17,788		17,788		-	-
Construction in progress	55		56		1	2.6
Intangible fixed assets	2,043	0.9	2,869	1.4	825	40.4
Telephone subscription rights	45		45		(0)	(0.1)
Software	765		1,642		877	114.6
Software in progress	1,216		1,166		(50)	(4.1)
Other intangible fixed assets	17		15		(2)	(9.9)
Investments and other assets	99,369	45.7	97,034	46.3	(2,335)	(2.3)
Investment securities	59,348		44,490		(14,857)	(25.0)
Affiliated companies' stock	30,446		41,538		11,091	36.4
Investments in capital	29		29		-	-
Investments in capital of affiliates	1,102		1,102		-	-
Long-term loans receivable	3,579		3,561		(19)	(0.5)
Guarantee money deposits	1,200		1,200		(0)	(0.0)
Long-term prepaid expenses	17		17		(0)	(1.4)
Long-term time deposits	2,500		2,000		(500)	(20.0)
Prepaid pension cost	1,253		3,191		1,938	154.7
Other investments	69		69		-	-
Allowance for doubtful accounts	(173)		(162)		12	(6.7)
Total assets	217,278	100.0	209,610	100.0	(7,669)	(3.5)

(Million yen)

Item	Previous fiscal year as of Mar. 31, 2007		Current fiscal year as of Mar. 31, 2008		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Liabilities						
Current liabilities	30,660	14.1	28,746	13.7	(1,914)	(6.2)
Notes payable	2,189		2,363		174	8.0
Accounts payable-trade	12,140		10,945		(1,196)	(9.8)
Accounts payable-other	11, 632		11,337		(295)	(2.5)
Accrued income taxes	1,906		1,515		(391)	(20.5)
Accrued expenses	2,057		1,931		(126)	(6.1)
Deposits received	141		122		(19)	(13.4)
Reserve for bonuses to directors	73		67		(7)	(9.0)
Other current liabilities	523		467		(56)	10.6
Long-term liabilities	6,425	3.0	2,972	1.4	(3,453)	(53.7)
Long-term accounts payable-other	840		840		-	-
Guarantee deposits received	263		268		5	1.9
Deferred tax liabilities	5,321		1,864		(3,458)	(65.0)
Total liabilities	37,086	17.1	31,718	15.1	(5,367)	(14.5)
Net assets						
Shareholders' equity	170,285	78.4	174,104	83.1	3,819	2.2
Common stock	9,948	4.6	9,948	4.7	-	-
Capital surplus	23,815	11.0	23,815	11.4	-	-
Capital reserve	23,815		23,815		-	-
Retained earnings	137,823	63.4	141,651	67.6	3,828	2.8
Earned reserve	2,487		2,487		-	-
Other retained earnings	135,335		139,163		3,828	2.8
Contingent reserve	127,900		129,900		2,000	1.6
Earned surplus carried forward	7,435		9,263		1,828	24.6
Treasury stock	(1,301)	(0.6)	(1,311)	(0.6)	(9)	0.7
Valuation and translation adjustments	9,908	4.6	3,788	1.8	(6,120)	(61.8)
Net unrealized gain on available-for-sale securities	9,908	4.6	3,788	1.8	(6,120)	(61.8)
Total net assets	180,193	82.9	177,891	84.9	(2,301)	(1.3)
Total liabilities and net assets	217,278	100.0	209,610	100.0	(7,669)	(3.5)

(2) Non-Consolidated Statements of Income

(Million yen)

Item	Previous fiscal year Apr. 1, 2006 – Mar. 31, 2007		Current fiscal year Apr. 1, 2007 – Mar. 31, 2008		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Net sales	165,973	100.0	169,687	100.0	3,713	2.2
Cost of sales	76,321	46.0	77,180	45.5	859	1.1
Gross profit	89,652	54.0	92,506	54.5	2,854	3.2
Selling, general, and administrative expenses	82,211	49.5	83,011	48.9	800	1.0
Operating income	7,442	4.5	9,496	5.6	2,054	27.6
Non-operating income	1,688	1.0	3,443	2.0	1,755	104.0
Interest and dividends received	1,018		2,752		1,734	170.3
Income from real-estate leasing	413		416		2	0.5
Other	257		276		19	7.6
Non-operating expenses	289	0.2	522	0.3	233	80.7
Interest expenses	8		8		0	5.6
Real-estate leasing expenses	114		101		(13)	(11.4)
Loss on disposal of raw materials	140		229		89	63.8
Foreign exchange loss	8		100		91	1,082.3
Other	19		84		65	353.2
Ordinary income	8,841	5.3	12,416	7.3	3,576	40.4
Extraordinary gains	1,266	0.8	329	0.2	(937)	(74.0)
Gain on sale of fixed assets	995		11		(984)	(98.9)
Reversal of allowance for doubtful accounts	26		0		(26)	(99.2)
Gain on sale of investment securities	244		318		73	30.0
Extraordinary losses	627	0.4	1,355	0.8	728	116.2
Loss on disposal of fixed assets	214		127		(86)	(40.4)
Loss on write-down of investment securities	360		373		13	3.6
Loss on write-down of golf club memberships	20		23		3	12.8
Impairment losses on fixed assets	-		361		361	-
Support to subsidiaries	-		465		465	-
Other	33		6		(27)	(81.6)
Income before income taxes	9,480	5.7	11,390	6.7	1,910	20.2
Income inhabitant tax and enterprise taxes	2,678	1.6	3,092	1.8	414	15.5
Income taxes-deferred	1,179	0.7	848	0.5	(332)	(28.1)
Net income	5,623	3.4	7,451	4.4	1,828	32.5

(3) Non-Consolidated Statement of Changes in Net Assets

Previous fiscal year (April 1, 2006 - March 31, 2007)

(Million yen)

	Shareholders' equity							Valuation and translation adjustments	
	Common stock	Capital surplus	Retained earnings			Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Total net assets
		Capital reserve	Earned reserve	Other retained earnings					
				Contingent reserve	Earned surplus carried forward				
Balance as of March 31, 2006	9,948	23,815	2,487	126,900	5,304	(1,291)	167,164	10,135	177,299
Changes during the fiscal year									
Dividends as profit appropriation					(2,415)		(2,415)		(2,415)
Bonuses to directors and corporate auditors by appropriation of net income					(76)		(76)		(76)
Reserving of contingent reserves due to appropriation of earnings				1,000	(1,000)		-		-
Net income					5,623		5,623		5,623
Acquisition of treasury stock						(10)	(10)		(10)
Net change during the fiscal year other than shareholders' equity								(227)	(227)
Total change during the fiscal year	-	-	-	1,000	2,131	(10)	3,121	(227)	2,893
Balance as of March 31, 2007	9,948	23,815	2,487	127,900	7,435	(1,301)	170,285	9,908	180,193

Current fiscal year (April 1, 2007 - March 31, 2008)

(Million yen)

	Shareholders' equity							Valuation and translation adjustments	
	Common stock	Capital surplus	Retained earnings			Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Total net assets
		Capital reserve	Earned reserve	Other retained earnings					
				Contingent reserve	Earned surplus carried forward				
Balance as of March 31, 2007	9,948	23,815	2,487	127,900	7,435	(1,301)	170,285	9,908	180,193
Changes during the fiscal year									
Dividends of surplus					(2,415)		(2,415)		(2,415)
Dividends of surplus (interim dividends)					(1,208)		(1,208)		(1,208)
Reserving of contingent reserves				2,000	(2,000)		-		-
Net income					7,451		7,451		7,451
Acquisition of treasury stock						(9)	(9)		(9)
Net change during the fiscal year other than shareholders' equity								(6,120)	(6,120)
Total change during the fiscal year	-	-	-	2,000	1,828	(9)	3,819	(6,120)	(2,301)
Balance as of March 31, 2008	9,948	23,815	2,487	129,900	9,263	(1,311)	174,104	3,788	177,891

Significant Accounting Policies

1. Valuation Standard and Method for Securities

Bonds held to maturity:	Amortized cost method
Shares of subsidiaries and affiliated companies:	Cost accounting method using the gross average method
Other marketable securities:	
Securities with fair market value:	Market value method based on the quoted market value as of the fiscal year-end (Valuation differences are directly charged or credited to the shareholders' equity, and the cost of securities sold is calculated using the moving-average method.)
Securities without fair market value:	Cost accounting method using the gross average method

2. Valuation Standard and Method for Inventories

(i)	Finished goods, raw materials, and work-in-process:	Cost accounting method using the gross average method
(ii)	Inventory goods:	Cost accounting method using the FIFO (first-in, first-out) method

3. Depreciation Method of Fixed Assets

(i) Property, plant, and equipment: At the Company, buildings are depreciated using the straight-line method except for building attachments. Other plant and equipment are depreciated using the declining balance method.

The useful lives for such main buildings, machinery, and equipment range as follows:

Buildings:	3 to 50 years
Machinery, equipment, and vehicles:	7 to 15 years

(Changes in accounting policies)

Beginning with the period under review, the Company has changed the depreciation method for tangible fixed assets acquired on and after April 1, 2007, in accordance with the revised Corporate Income Tax Law. As a result of this change, operating income, ordinary income, and income before income taxes were stated at 45 million yen less, respectively, compared to the former method.

(Additional Information)

Regarding tangible fixed assets acquired on or before March 31, 2007, the Company adopted a depreciation method that conforms to the revised Corporate Income Tax Law. Specifically, when the depreciated value of a tangible fixed asset reaches the limit on the depreciation amount in a certain fiscal year by the depreciation method applicable before revision, the difference between the value equivalent to the limit on the depreciation amount and the memorandum value of such asset is depreciated by an equal amount over five years from the following fiscal year and reported as amortization and depreciation expenses.

As a result, operating income was stated at 315 million yen lower, and ordinary income and income before income taxes were stated at 318 million yen lower, respectively, than figures calculated using the former method.

(ii) Intangible fixed assets: Straight-line Method

However, software is amortized on a straight-line basis over the expected available period within five years.

4. Accounting Standards for Allowances

(i) Allowance for doubtful accounts

To reserve for a loss on doubtful accounts such as trade receivables and loans, general allowances are provided using a rate determined by past experience with bad debts. Specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibility of certain doubtful accounts.

(ii) Reserve for retirement benefits

To prepare for the payment of employee retirement benefits, the Company provides accrued retirement benefits based on projected benefits obligations and the fair value of pension assets at the end of the fiscal year.

Additionally, the pension assets of the Company exceeded retirement allowance liabilities at the end of the current fiscal year, and this excess amount is recorded as the prepaid pension cost in investment and other assets.

Actuarial differences are charged to expenses from the next fiscal year using a straight-line method based on determined years (ten years) within the average remaining years of service of employees when incurred.

(iii) Reserve for bonuses to directors and corporate auditors

In preparation for the payment of directors' and corporate auditors' bonuses, the Company provides accrued bonuses for directors and corporate auditors based on the projected amount for the current fiscal year.

5. Translation Standard for Foreign Currency Denominated Assets and Liabilities into Japanese Yen

Foreign currency amounts are translated into yen on the basis of the spot exchange rate in effect on the balance sheet date for monetary assets and liabilities. The resulting gains and losses are included in net profit or loss for the period.

6. Accounting for Lease Transactions

Finance leases other than those that are deemed to transfer the ownership of leased assets to lessees are accounted for in the same manner as normal lease transactions.

7. Accounting for Consumption Taxes

Consumption taxes are recorded in separate accounts.

Notes:

(Notes to Non-Consolidated Balance Sheets)

1. Assets supplied to collateral and corresponding debts

A pledge is created on time deposits of 20 million yen to guarantee the monetary debt of trading partners.

2. Accumulated depreciation of property, plant, and equipment

Previous fiscal year	86,520 million yen
Current fiscal year	88,173 million yen

3. Short-term loans to affiliates

Previous fiscal year	782 million yen
Current fiscal year	783 million yen

Long-term loans to affiliates

Previous fiscal year	3,568 million yen
Current fiscal year	3,550 million yen

Short-term borrowing from affiliates

Previous fiscal year	1,653 million yen
Current fiscal year	1,785 million yen

4. Contingent liabilities

Balance of debt guarantees (housing loans for employees)

Previous fiscal year	35 million yen
Current fiscal year	27 million yen

Balance of debt guarantees (monetary debt of trading partners)

Previous fiscal year	- million yen
Current fiscal year	8 million yen

(Notes to Non-Consolidated Statements of Income)

1. Impairment loss

The Company recognized impairment loss (361 million yen) for the following group of assets in the current fiscal year.

Location	Use	Item	Impairment Loss (Million yen)
Kanto Factory, others	Idle properties	Machinery and equipment, others	297
Kanto Factory, others	Food production facility	Machinery and equipment, others	64

The Company accounts for underperforming property on an individual basis and business assets using group-based managerial accounting business classifications in accordance with the minimum unit that generates cash flow. Operating assets such as head offices are grouped as common assets. In the current fiscal year, operating assets the productivity of which declined and idle assets were written down to their recoverable value. Although recoverable value is determined by value in use, discount accounting is not applied as their future cash flows are negative.

(Important Subsequent Events)

Not applicable.