



FY2014 Results Briefing for the First Half

November 6, 2014

 *House* House Foods Group Inc.

URL <http://housefoods-group.com>

Contents

- ◇ **FY2014 First-Half Results** pp. 3 - 9
- ◇ **Full-Year Plan for FY2014** pp. 10 - 14
- ◇ **Major Businesses: Strategies and Initiatives** pp. 15 - 19

(Supplementary materials)

◇ *Supplementary Description*

pp. 20 - 27

(History of businesses (Abstract) / Major new products and varieties for the autumn and winter 2014 / Initiatives of the House Foods Group / Trends of cost reductions and capital investment / Breakdowns of non-operating income and expenses and extraordinary income and loss / Targeted performance and management indexes for the final year of the Fourth Medium-Term Business Plan / Content of business segments in the Fourth Medium-Term Business Plan)



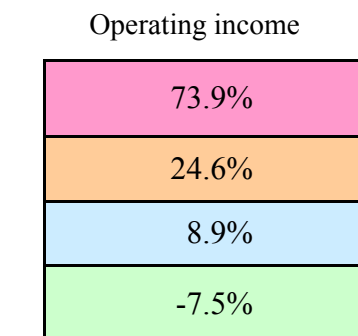
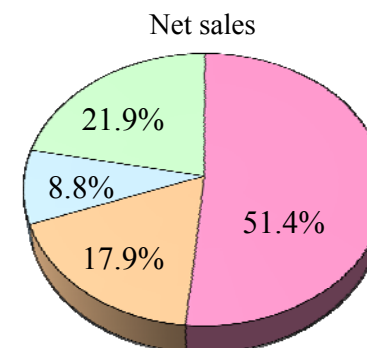
FY2014 First-Half Results

Income increased in the International Business, where operations were expanded, and in the Spice/Seasoning/Processed Food Business, where marketing costs were allocated effectively. However, the increase was more than offset by decreases in the Health Food Business, where costs increased due to launches of new products, and the Other Food-Related Business, whose logistics business faced challenges. Income declined overall.

FY2014 H1 Consolidated Performance

(Billion yen)	FY2013 H1 performance	FY2014 H1 initial target	FY2014 H1 performance	Year on year (%)	Comparison with initial target (%)	ROS (%)
Net sales	114.6	120.0	114.4	-0.2 (99.9)	-5.6 (95.3)	-
<i>Spice / Seasoning / Processed Food Business</i>	60.3	61.2	58.9	-1.4 (97.7)	-2.3 (96.2)	-
<i>Health Food Business</i>	21.4	22.6	20.5	-0.9 (95.7)	-2.1 (90.6)	-
<i>International Business</i>	9.0	11.2	10.1	+1.1 (111.9)	-1.1 (89.8)	-
<i>Other Food Related Business</i>	23.9	25.0	25.0	+1.1 (104.6)	+0.0 (100.1)	-
Operating income	4.7	4.8	4.0	-0.7 (85.4)	-0.8 (82.9)	3.5
<i>Spice / Seasoning / Processed Food Business</i>	2.7	2.4	2.9	+0.2 (108.7)	+0.5 (122.6)	5.0
<i>Health Food Business</i>	1.4	1.6	1.0	-0.4 (68.5)	-0.6 (61.1)	4.8
<i>International Business</i>	0.1	0.3	0.4	+0.2 (281.4)	+0.1 (118.5)	3.5
<i>Other Food Related Business</i>	0.4	0.5	-0.3	-0.7 (-)	-0.8 (-)	-1.2
Non-operating income (expenses)	0.9	0.7	0.7	-0.2 (75.4)	-0.0 (93.1)	-
Ordinary income	5.5	5.5	4.6	-0.9 (83.9)	-0.9 (84.2)	-
Extraordinary income (loss)	-0.1	-0.0	-0.0	+0.1 (-)	+0.0 (-)	-
Net income	3.4	3.6	2.8	-0.6 (81.8)	-0.8 (77.6)	-

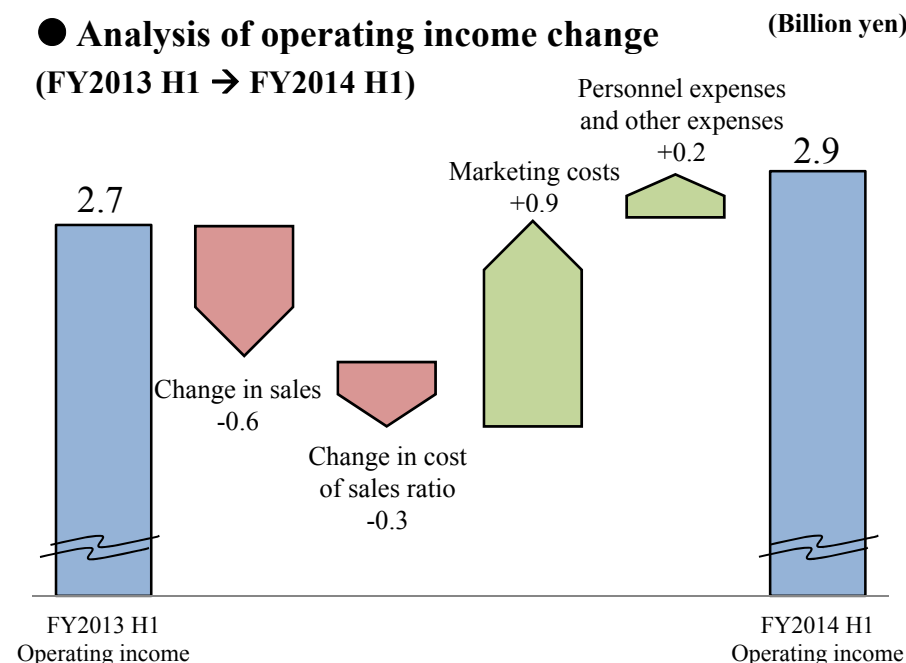
Breakdown by segment



FY2014 H1 Performance by Business Segment (Spice / Seasoning / Processed Food Business)

Spice / Seasoning / Processed Food Business	FY2014 H1 performance	Year on year (%)	Comparison with initial target (%)
Net sales	58.9	-1.4 (97.7)	-2.3 (96.2)
Operating income	2.9	+0.2 (108.7)	+0.5 (122.6)
● Breakdown of sales (main factors)			
Curry roux	18.5	-0.1 (99.5)	+0.6 (103.2)
Stew roux	4.6	-0.0 (99.8)	-0.1 (98.4)
Hashed beef sauce roux	2.2	+0.1 (103.2)	+0.1 (103.7)
Spice	8.3	-0.3 (96.2)	-0.5 (94.1)
Retort pouched curry	6.4	-0.5 (92.7)	-0.7 (90.3)
Packaged noodles	2.8	+0.0 (101.7)	+0.1 (102.2)
Snack	3.3	-0.5 (86.0)	-0.5 (86.3)
Dessert	1.8	-0.0 (97.8)	-0.0 (97.6)
Food service products	8.0	+0.0 (100.1)	-0.2 (97.1)

● Analysis of operating income change (FY2013 H1 → FY2014 H1)



Although earnings were affected significantly by rising costs of raw materials and energy, operating income rose, reflecting the effective use of marketing costs and the strengthening of the revenue base.

Curry roux sales exceeded the initial target, with the effects of promotions for expanding demand through proposals of new ways of eating curry based on continued initiatives to enhance the value of brands minimizing the effect of the consumption tax hike.

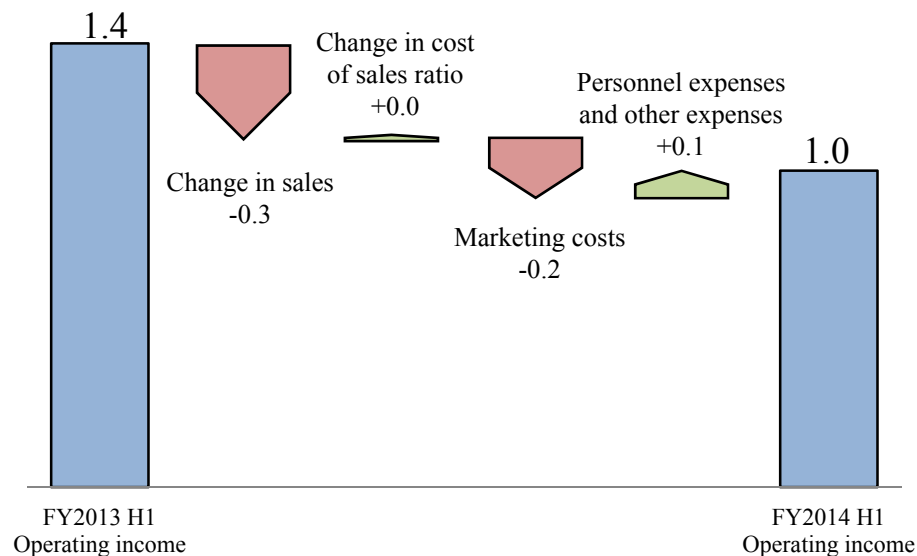
Retort pouched curry sales were adversely affected by the consumption tax hike, and initiatives in response to changes in the market environment were insufficient. The Company sought proper sales of snack products and struggled due to intensifying completion in the category.

The Company launched new products to meet customer needs for faster-cooking, easy-cooking, and high-quality products.

FY2014 H1 Performance by Business Segment (Health Food Business)

<i>Health Food Business</i>	FY2014 H1 performance	Year on year (%)	Comparison with initial target (%)
Net sales	20.5	-0.9 (95.7)	-2.1 (90.6)
Operating income	1.0	-0.4 (68.5)	-0.6 (61.1)
● Breakdown of sales (main factors)			
<i>Ukon No Chikara</i>	6.5	+0.3 (105.0)	-1.0 (86.9)
<i>Mega Shaki</i>	1.3	-0.1 (93.5)	-0.1 (92.9)
<i>C1000</i>	8.0	-1.6 (83.8)	-0.3 (96.4)
<i>SAMURIDE</i>	0.6	+0.6 (-)	-0.6 (50.2)

● Analysis of operating income change (FY2013 H1 → FY2014 H1) (Billion yen)



Ukon No Chikara: *Ukon No Chikara Liver Plus*, a high value-added product, was launched in May. Investments in marketing were made to make the item permeate the market early. Sales started to rise. (The share also recovered.) In September, the existing items were renewed.

C1000: Efforts were made to improve the earnings structure of plastic-bottled products. Sales declined partly due to unseasonable weather in summer.

New fields: In March, the Company launched *SAMURIDE*, entering the energy drink market. The Company invested in marketing and promoted trials, but results fell below the target.



FY2014 H1 Performance by Business Segment (International Business)

<i>International Business</i>	FY2014 H1 performance	Year on year (%)	Comparison with initial target (%)
Net sales	10.1	+1.1 (111.9)	-1.1 (89.8)
Operating income	0.4	+0.2 (281.4)	+0.1 (118.5)
● Breakdown of sales (main factors)			
Businesses in the United States	5.0	+0.5 (111.0)	-0.3 (94.1)
Tofu business	3.8	+0.5 (116.7)	-0.2 (95.7)
Restaurant business (11 restaurants)	0.7	+0.0 (104.6)	-0.1 (91.0)
China curry business	1.3	+0.3 (133.4)	-0.3 (82.6)
Restaurant business in Asia	2.0	+0.1 (107.8)	-0.4 (84.6)
China (43 restaurants)	1.2	+0.0 (103.2)	-0.4 (77.4)
Taiwan (25 restaurants)	0.6	+0.1 (115.6)	+0.0 (100.0)
South Korea (21 restaurants)	0.2	+0.0 (114.5)	-0.0 (92.4)
Businesses in Southeast Asia	0.6	+0.2 (166.4)	-0.0 (97.1)
Thailand	0.6	+0.2 (169.2)	+0.1 (114.4)
Vietnam	0.0	+0.0 (118.1)	-0.1 (20.0)

The fiscal year of the businesses in the United States, the China curry business, and the restaurant business in Asia ends in December.

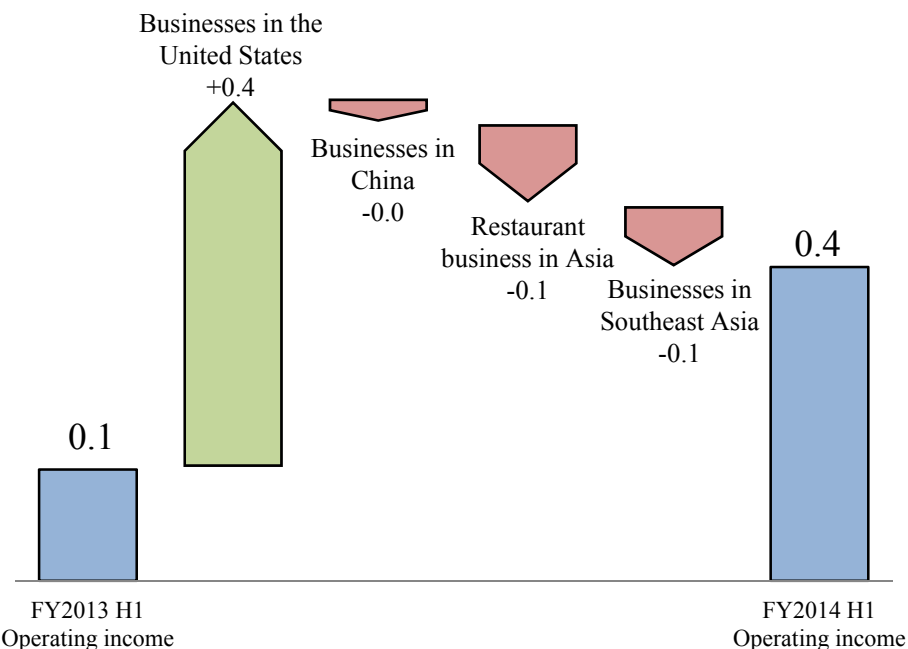
The number of restaurants in each country above is as of September 30, 2014.

(Reference) Exchange rate

<i>International Business (Unit)</i>	FY2013 H1 performance	FY2014 H1 performance	<i>International Business (Unit)</i>	FY2013 H1 performance	FY2014 H1 performance
United States (USD)	98.59	101.36	South Korea (KRW)	0.0862	0.1002
China (CNY)	16.05	16.32	Thailand (THB)	3.11	3.38
Taiwan (TWD)	3.29	3.39	Vietnam (VND)	0.00463	0.00516

● Analysis of operating income change (FY2013 H1 → FY2014 H1)

(Billion yen)



Businesses in the United States

Demand expanded due to growing health consciousness. Last year's price revision and the expansion of soybean products made contributions.

China curry business

The Company worked to gain publicity for Japanese-style curry by investing in marketing and expanding the sales structure before the commencement of operations at a second production base.

Restaurant business in Asia

(China) The Company shifted its focus from Shanghai to a three-company system (Shanghai, Beijing, and Guangzhou) and accelerated new restaurant openings.

(Taiwan) The Company accelerated the development of business categories in order to operate a large number of restaurants.

Businesses in Southeast Asia

(Thailand) *C-Vitt* grew positively, mainly in convenience stores.

FY2014 H1 Performance by Business Segment (Other Food Related Business)

<i>Other Food Related Business</i>	FY2014 H1 performance	Year on year (%)	Comparison with initial target (%)
Net sales	25.0	+1.1 (104.6)	+0.0 (100.1)
Operating income	-0.3	-0.7 (-)	-0.8 (-)
● Breakdown of sales (main factors)			
House Logistics Service (consolidated)	7.0	+0.0 (100.6)	-0.3 (95.4)
Delica Chef	7.4	+0.3 (104.8)	+0.0 (100.3)
Vox Trading Co., Ltd. (consolidated)	9.7	+0.8 (109.2)	+0.5 (105.0)

House Logistics Service (transport and warehousing)

Earnings were significantly affected by costs generated associated with the commencement of newly commissioned operations and rising energy and subcontract costs.

An operating loss was posted in the first half, but the loss was reduced in the second quarter. The Company will continue to strive to improve earnings in the second half.

Reorganization of logistics bases
(14 bases at the end of March 2014
→ 11 bases at the end of March 2015)

As of the end of the first half of the fiscal year ending March 2015: 12 bases



● Analysis of operating income change (FY2013 H1 → FY2014 H1)

(Billion yen)



Delica Chef (convenience store vendor)

Desserts products showed steady performance owing to an increase in demand for home meal replacements.

Earnings were adversely affected by rising energy and shipping costs.

The Company will commence operations at a new plant to tap into growing demand for home meal replacements (A Saitama Kuki plant will commence operations in January 2015.)

Vox Trading Co., Ltd. (import, sales, etc. of foodstuffs)

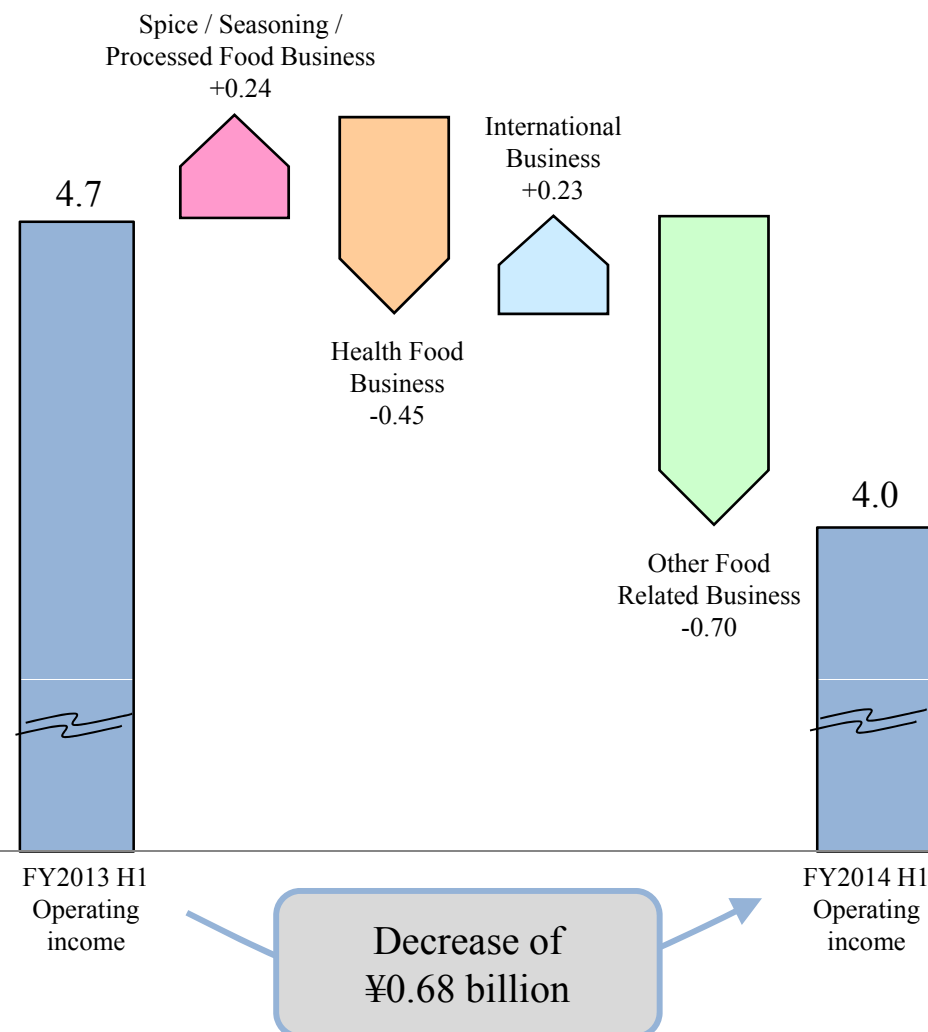
Sales rose, chiefly reflecting new transactions of grain and frozen fruit.

FY2014 H1 Operating Income Change Analysis

● Factors of changes by business segment

(Billion yen)

	FY2014 H1 performance
Spice / Seasoning / Processed Food Business	+0.24
Change in sales	-0.6
Change in cost of sales ratio	-0.3
(Change in and change in the ratio of) marketing costs	+0.9
Change in personnel expenses and other expenses	+0.2
Health Food Business	-0.45
Change in sales	-0.3
(Change in and change in the ratio of) marketing costs	-0.2
Change in personnel expenses and other expenses	+0.1
International Business	+0.23
Businesses in the United States	+0.4
Restaurant business in Asia	-0.1
Businesses in Southeast Asia	-0.1
Other Food Related Business	-0.70
House Logistics Service (consolidated)	-0.6
Delica Chef	-0.1
Vox Trading Co., Ltd. (consolidated)	+0.0
Changes in operating income	-0.68





Full-Year Plan for FY2014

In the Spice/Seasoning/Processed Food Business, the Company will maintain and enhance brand power. In the Health Food Business, the Company will focus on revitalizing the main brands. In the International Business, the Company will strive to increase the top line in priority fields and will seek to make the business a core business.

FY2014 Full-Year Targets for Consolidated Income (Loss)/ Performance by Business Segment

(Billion yen)	FY2013 performance	FY2014 revised target	Year on year (%)	ROS (%)	FY2014 H2 (revised full-year target – H1 performance)	Year on year (%)
Net sales	232.6	234.0	+1.4 (100.6)	–	119.6	+1.6 (101.3)
<i>Spice / Seasoning / Processed Food Business</i>	125.5	125.0	-0.5 (99.6)	–	66.1	+0.9 (101.4)
<i>Health Food Business</i>	39.5	38.2	-1.3 (96.6)	–	17.7	-0.4 (97.7)
<i>International Business</i>	19.7	21.5	+1.8 (109.0)	–	11.4	+0.7 (106.5)
<i>Other Food Related Business</i>	47.8	49.3	+1.5 (103.1)	–	24.3	+0.4 (101.6)
Operating income	9.6	10.0	+0.4 (104.3)	4.3	6.0	+1.1 (122.1)
<i>Spice / Seasoning / Processed Food Business</i>	6.9	7.6	+0.7 (109.6)	6.1	4.7	+0.4 (110.1)
<i>Health Food Business</i>	1.6	1.8	+0.2 (113.6)	4.7	0.8	+0.7 (521.4)
<i>International Business</i>	0.6	1.0	+0.4 (162.1)	4.7	0.6	+0.2 (131.4)
<i>Other Food Related Business</i>	0.5	-0.4	-0.9 (–)	(0.8)	-0.1	-0.2 (–)
Non-operating income (expenses)	1.4	1.4	+0.0 (101.9)	–	0.7	+0.2 (147.0)
Ordinary income	11.0	11.4	+0.4 (104.0)	–	6.8	+1.3 (124.5)
Extraordinary income (loss)	2.5	-0.4	-2.9 (–)	–	-0.4	-3.0 (–)
Net income	8.8	7.1	-1.7 (80.8)	–	4.3	-1.1 (80.1)

FY2014 Full-Year Targets for Consolidated Income (Loss)/ Performance by Business Segment

● Breakdown of sales by Business Segment

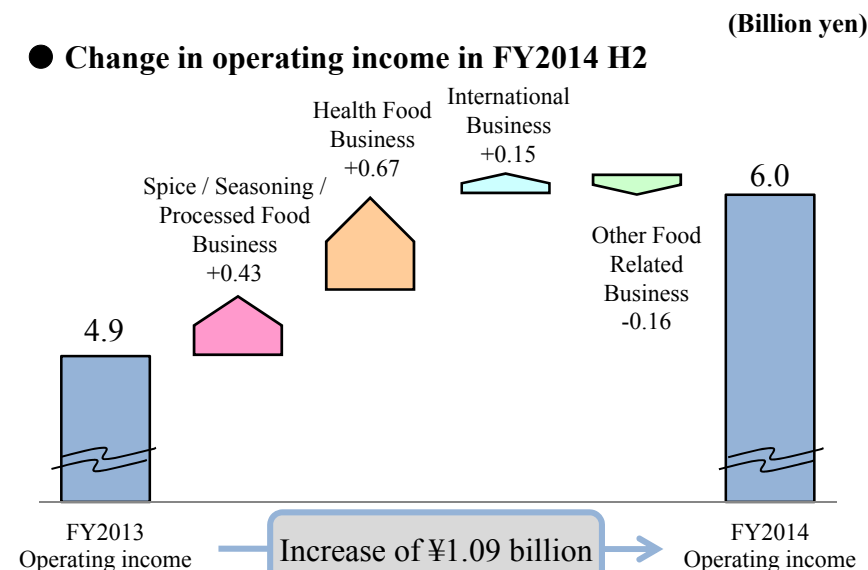
(Billion yen)	FY2013 performance	FY2014 revised target	Year on year (%)	FY2014 H2 (revised full-year target – H1 performance)	Year on year (%)
Spice / Seasoning / Processed Food Business	125.5	125.0	-0.5 (99.6)	66.1	+0.9 (101.4)
Curry roux	37.7	36.6	-1.2 (96.9)	18.0	-1.1 (94.4)
Stew roux	13.6	13.3	-0.3 (97.5)	8.7	-0.3 (96.4)
Hashed beef sauce roux	4.0	4.2	+0.1 (103.1)	2.0	+0.1 (102.9)
Spice	16.9	17.1	+0.2 (101.1)	8.8	+0.5 (106.2)
Retort pouched curry	14.0	13.4	-0.6 (95.4)	6.9	-0.1 (98.0)
Packaged noodles	6.1	6.2	+0.1 (101.2)	3.4	+0.0 (100.8)
Snack	7.6	7.1	-0.4 (94.1)	3.8	+0.1 (102.6)
Dessert	3.5	3.9	+0.4 (110.8)	2.1	+0.4 (125.7)
Food service products	16.0	16.3	+0.3 (101.9)	8.3	+0.3 (103.6)
Health Food Business	39.5	38.2	-1.3 (96.6)	17.7	-0.4 (97.7)
Ukon No Chikara	13.0	14.4	+1.4 (111.0)	7.9	+1.1 (116.5)
Mega Shaki	2.6	2.4	-0.3 (90.5)	1.1	-0.2 (87.2)
C1000	15.9	13.3	-2.6 (83.6)	5.2	-1.1 (83.2)
International Business	19.7	21.5	+1.8 (109.0)	11.4	+0.7 (106.5)
Businesses in the United States	9.7	10.3	+0.5 (105.6)	5.3	+0.0 (100.9)
China curry business	2.2	2.9	+0.7 (131.9)	1.6	+0.4 (130.8)
Restaurant business in Asia	4.2	4.6	+0.3 (108.1)	2.5	+0.2 (108.3)
Businesses in Southeast Asia	0.8	1.2	+0.4 (150.0)	0.6	+0.2 (137.3)
Other Food Related Business	47.8	49.3	+1.5 (103.1)	24.3	+0.4 (101.6)
House Logistics Service (consolidated)	13.7	14.8	+1.1 (107.7)	7.7	+1.0 (115.1)
Delica Chef	14.4	14.9	+0.6 (104.1)	7.6	+0.2 (103.3)
Vox Trading Co., Ltd. (consolidated)	17.2	17.7	+0.5 (103.2)	8.0	-0.3 (96.6)
Consolidated sales	232.6	234.0	+1.4 (100.6)	119.6	+1.6 (101.3)

FY2014 Full-Year Operating Income Change Analysis

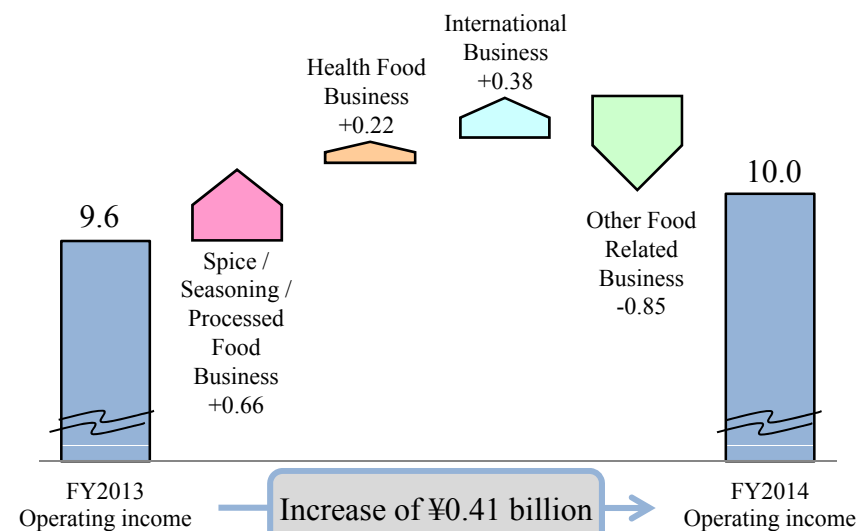
● Factors of changes by business segment

(Billion yen)	FY2014 H1 performance	FY2014 H2 (full-year - H1)	FY2014 revised target
Spice / Seasoning / Processed Food Business	+0.24	+0.43	+0.66
Change in sales	-0.6	+0.5	-0.1
Change in cost of sales ratio	-0.3	-0.5	-0.8
(Change in and change in the ratio of) marketing costs	+0.9	+0.3	+1.2
Change in personnel expenses and other expenses	+0.2	+0.2	+0.4
Health Food Business	-0.45	+0.67	+0.22
Change in sales	-0.3	-0.2	-0.5
Change in cost of sales ratio	0.0	+0.3	+0.3
(Change in and change in the ratio of) marketing costs	-0.2	+0.7	+0.5
Change in personnel expenses and other expenses	+0.1	-0.1	-0.0
International Business	+0.23	+0.15	+0.38
Businesses in the United States	+0.4	+0.2	+0.6
Businesses in China	-0.0	-0.1	-0.1
Restaurant business in Asia	-0.1	+0.0	-0.1
Businesses in Southeast Asia	-0.1	+0.2	+0.1
Other Food Related Business	-0.70	-0.16	-0.85
House Logistics Service (consolidated)	-0.6	-0.1	-0.7
Delica Chef	-0.1	-0.2	-0.3
Vox Trading Co., Ltd. (consolidated)	+0.0	+0.1	+0.1
Changes in operating income	-0.68	+1.09	+0.41

● Change in operating income in FY2014 H2



● Change in operating income in FY2014



FY2014 Revised Full-Year Targets (comparison with initial targets)

(Billion yen)	FY2014 revised target	Comparison with initial target (%)	FY2014 H2 (revised full-year target - H1 performance)	Comparison with initial target (%)
Net sales	234.0	-4.0 (98.3)	119.6	+1.6 (101.4)
<i>Spice / Seasoning / Processed Food Business</i>	125.0	-3.0 (97.7)	66.1	-0.7 (99.0)
<i>Health Food Business</i>	38.2	-2.3 (94.3)	17.7	-0.2 (99.0)
<i>International Business</i>	21.5	-1.5 (93.5)	11.4	-0.4 (97.0)
<i>Other Food Related Business</i>	49.3	+2.8 (106.0)	24.3	+2.8 (112.9)
Operating income	10.0	-1.5 (87.0)	6.0	-0.7 (89.8)
<i>Spice / Seasoning / Processed Food Business</i>	7.6	+0.1 (101.3)	4.7	-0.4 (91.3)
<i>Health Food Business</i>	1.8	-0.4 (81.8)	0.8	+0.2 (137.1)
<i>International Business</i>	1.0	+0.0 (100.0)	0.6	-0.1 (92.1)
<i>Other Food Related Business</i>	-0.4	-1.2 (-)	-0.1	-0.4 (-)
Non-operating income (expenses)	1.4	+0.0 (100.0)	0.7	+0.0 (106.9)
Ordinary income	11.4	-1.5 (88.4)	6.8	-0.6 (91.5)
Extraordinary income (loss)	-0.4	-0.3 (-)	-0.4	-0.3 (-)
Net income	7.1	-1.4 (83.5)	4.3	-0.6 (87.9)



Major Businesses: Strategies and Initiatives

Spice / Seasoning / Processed Food Business	Core business	Achieving growth and improving profitability in the domestic market
Health Food Business		Strengthening the position and improving profitability by focusing on functional drinks
International Business	Growing business	Realizing growth by promoting business in each area

FY2014 Full-Year Performance Targets by Business Segment (Spice / Seasoning / Processed Food Business)

(Billion yen)

Spice / Seasoning / Processed Food Business	FY2013 performance	FY2014 revised target	Year on year (%)
Net sales	125.5	125.0	-0.5 (99.6)
Operating income	6.9	7.6	+0.7 (109.6)
● Breakdown of sales (main factors)			
Curry roux	37.7	36.6	-1.2 (96.9)
Stew roux	13.6	13.3	-0.3 (97.5)
Hashed beef sauce roux	4.0	4.2	+0.1 (103.1)
Spice	16.9	17.1	+0.2 (101.1)
Retort pouched curry	14.0	13.4	-0.6 (95.4)

FY2014 H2 (revised full-year target – H1 performance)	Year on year (%)
66.1	+0.9 (101.4)
4.7	+0.4 (110.1)
18.0	-1.1 (94.4)
8.7	-0.3 (96.4)
2.0	+0.1 (102.9)
8.8	+0.5 (106.2)
6.9	-0.1 (98.0)

● Goals of the initiatives

Achieving growth and improving profitability in the domestic market

Strengthening existing areas (enhancing brands)

- Boosting demand through promotions taking advantage of our strengths
Implementing promotions for a range of meals
(Halloween: curry, stew, *Tongari Corn*)

- Curry roux
Promoting a full-line strategy to enhance brand value

- Retort pouched curry
Expanding mid-priced products
(*The Hotel Curry*)



Halloween promotion

Expanding new areas

- Products that respond to customer needs to permeate the market early and expand the market share

Mazete Magic: Promoting demonstrations and trials at stores

Mitsuboshi Shokkan: Expanding the product lineup

The series that does not use the seven specific raw materials: Creating palatability through a unique process, using new raw materials

(Please refer to “Initiatives of the House Foods Group” below.)

Improving profitability

- Allocating marketing costs more effectively



FY2014 Full-Year Performance Targets by Business Segment (Health Food Business)

(Billion yen)

<i>Health Food Business</i>	FY2013 performance	FY2014 revised target	Year on year (%)
Net sales	39.5	38.2	-1.3 (96.6)
Operating income	1.6	1.8	+0.2 (113.6)
● Breakdown of sales (main factors)			
<i>Ukon No Chikara</i>	13.0	14.4	+1.4 (111.0)
<i>Mega Shaki</i>	2.6	2.4	-0.3 (90.5)
<i>C1000</i>	15.9	13.3	-2.6 (83.6)

FY2014 H2 (revised full-year target – H1 performance)	Year on year (%)
17.7	-0.4 (97.7)
0.8	+0.7 (521.4)
7.9	+1.1 (116.5)
1.1	-0.2 (87.2)
5.2	-1.1 (83.2)

● Goals of the initiatives

Strengthening the position and improving profitability by focusing on functional drinks

Revitalizing the *Ukon No Chikara* brand

- Moving to the next stage ten years after launch
A useful component, bisacurone, has been identified.
⇒ Renewing the existing items in September
- Retaining heavy users and promoting trials
Expanding the visibility and points of contact of the new product
Ukon No Chikara Liver Plus

C1000

- Focusing on the bottled item *Vitamin Lemon*
Promoting the continuous intake of vitamin C
Strengthening initiatives by channel
- Continuing to strive to improve the earnings structure
Allocating marketing costs effectively



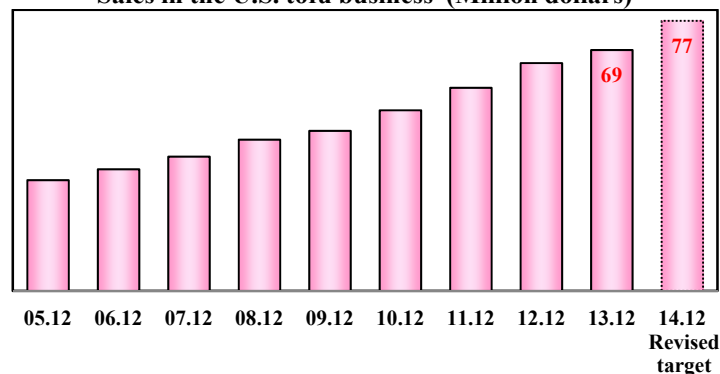
FY2014 Full-Year Performance Targets by Business Segment (International Business)

(Billion yen)

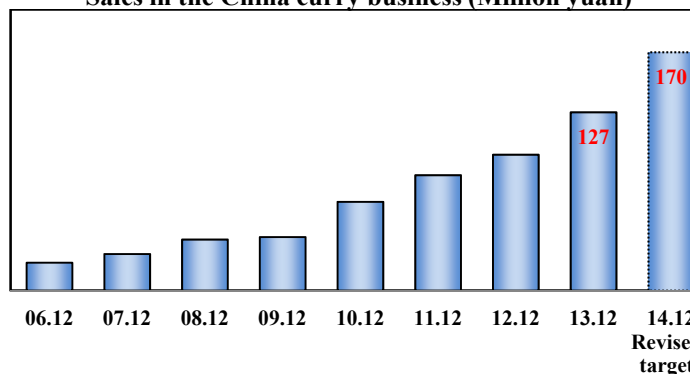
<i>International Business</i>	FY2013 performance	FY2014 revised target	Year on year (%)	FY2014 H2 (revised full-year target – H1 performance)	Year on year (%)
Net sales	19.7	21.5	+1.8 (109.0)	11.4	+0.7 (106.5)
Operating income	0.6	1.0	+0.4 (162.1)	0.6	+0.2 (131.4)
● Breakdown of sales (main factors)					
Businesses in the United States	9.7	10.3	+0.5 (105.6)	5.3	+0.0 (100.9)
Tofu business	7.2	7.8	+0.6 (107.8)	4.0	+0.0 (100.5)
Restaurant business	1.4	1.4	+0.0 (102.7)	0.8	+0.0 (101.0)
China curry business	2.2	2.9	+0.7 (131.9)	1.6	+0.4 (130.8)
Restaurant business in Asia	4.2	4.6	+0.3 (108.1)	2.5	+0.2 (108.3)
China	2.6	2.8	+0.2 (108.3)	1.6	+0.2 (112.6)
Taiwan	1.2	1.3	+0.1 (108.7)	0.7	+0.0 (103.2)
South Korea	0.4	0.4	+0.0 (104.7)	0.2	-0.0 (97.5)
Businesses in Southeast Asia	0.8	1.2	+0.4 (150.0)	0.6	+0.2 (137.3)
Thailand	0.8	1.2	+0.4 (147.8)	0.6	+0.1 (131.4)
Vietnam	0.0	0.1	+0.0 (194.8)	0.1	+0.0 (270.1)

The fiscal year of the businesses in the United States, the China curry business, and the restaurant business in Asia ends in December

Sales in the U.S. tofu business (Million dollars)



Sales in the China curry business (Million yuan)



(Reference) Exchange rate

<i>International Business</i> (Unit)	FY2013 Full-year performance	FY2014 Full-year target
United States (USD)	105.39	105.00
China (CNY)	17.36	17.50

FY2014 Full-Year Performance Targets by Business Segment (International Business)

● Goals of the initiatives Realizing growth by promoting business in each area

Tofu business in the United States

Expanding the business by further promoting the benefits of tofu and soybeans

- Targeting demand in markets that continue to grow steadily
- Expanding the lineup of soybean products and establishing products on the market
- Aim for total sales of 100 million dollars from the business in the United States



Tofu product



tofu Shirataki



BCD SOON TOFU



Wok Me Up

Restaurant business in Asia

Increase the number of restaurants (100 branches) and gain publicity for the appeal of Japanese-style curry

- China** - Focus efforts on the improvement of the relative value of restaurants in a challenging, competitive environment
- Taiwan** - Develop business categories for the operation of a large number of restaurants
- South Korea** - Improve profitability



New Raffles City Branch in China



Taiwan Take-out store



Gangnam Branch in South Korea

China curry business

Making curry and rice a more popular dish in China

- Commence operation of the second production base (Dalian) in September
- Large-scale promotion (Curry Week)
- Expand areas for the business ⇒ Gain publicity
- Focus on commercial-use products ⇒ Accelerate the growth both of commercial-use and household-use products



Second production base (Dalian)
* Operation commenced in September 2014



Large-scale promotion
Curry Week (Aug. 2014; Shanghai)



Vermont Curry



Commercial-use
Java Curry

Businesses in Southeast Asia

Make efforts to establish a foundation for the business

- Thailand** - Aim to make the functional drink business profitable
- Seek to expand the product lineup
- Vietnam** - Establish a position in the market by enhancing the lineup of power desserts



C-Vitt



Purin Mix



Sherbic



Supplementary Description

History of businesses (Abstract)

-1950s

- 1913 | Urakami Shoten, an enterprise dealing in herbal medicines, founded
- Spice
- 1926 | Launch of powder curry start
- 1934 | Hashed beef sauce

1960s-1980s

- 1960 | Solid curry roux
- 1964 | Dessert
- 1966 | Stew
- 1970 | Retort pouched food (Sun House Foods)
- Transport and warehousing (House Logistics Service)
- 1973 | Instant noodles
- 1977 | Snacks
- 1983 | Entry into USA (Restaurants, Tofu)
- Mineral water
- 1985 | Deli products (Delica Chef)

Vermont Curry



Launched in 1963

Stew Mix



Launched in 1966

tofu (USA)



Launched in 1983

Tongari Corn



Launched in 1978

Kukure Curry



Launched in 1971

1990s

- 1995 | Liquid seasoning
- 1997 | Entry into China (Restaurants)
- Health foods

C1000



Launched in 1990

2000s

- 2000 | Entry into Taiwan (Restaurants)
- 2002 | Retort pouched curry (China)
- 2004 | Ukon extract drink
- 2005 | Curry roux (China)
- 2006 | Health foods (House Wellness Foods)
- 2007 | Entry into South Korea (Restaurants)

Ukon No Chikara



Launched in 2004

Vermont Curry (China)



Launched in 2005

2010s

- 2010 | Transfer of the mineral water business
- 2011 | Entry into Thailand (House Osotspa Foods Co., Ltd.)
- 2012 | Entry into Vietnam (House Foods Vietnam Co., Ltd.)
- 2013 | Import/sales of foodstuffs (Vox Trading Co., Ltd.)
- Switch to a holding company system (the company name changed to House Foods Group Inc.)

Major new products and varieties for the autumn and winter 2014



● New product

Tax is not included. Prices in parentheses are for reference.

Category	Product	Suggested retail price (reference price)	On-shelf date
Curry roux	160g Jukusei Koku Demi Curry	Open (¥258)	Aug. 18
Curry roux	Vermont Curry Chu-Kara without Seven Specific Raw Materials	Open (¥320)	Aug. 18
Stew roux	Stew Mix Cream without Seven Specific Raw Materials	Open (¥320)	Aug. 18
Cooking sauce for specific menus	Sauce A La Carte (Nishuno Bouillon Tokekomu Beef Curry Sauce, Komi Spice Kiwadatsu Chicken Curry Sauce)	Open (¥271)	Aug. 18
Cooking sauce for specific menus	Sauce A La Carte (Red Wine Kaoru Hayashi Rice Sauce, Sour Cream Tokekomu Stroganoff Sauce)	Open (¥271)	Aug. 18
Liquid seasoning	190g Mazete Magic	Open (¥276)	Aug. 18
Stir-fry paste	Mitsuboshi Shokkan Chuka Itame Paste (Chicken Flavor, Seafood Salt Flavor)	Open (¥304)	Aug. 18
Retort pouched curry	200g Fukauma Curry (Roasted Onion Jitate, Roasted Spices Jitate)	Open (¥227)	Aug. 18

● Variety

Stew roux	180g Stew Mix Rich Creamy	¥240	Aug. 18
Stew roux	140g Koku No Zeitaku Stew Kinoko	Open (¥170)	Aug. 18
Seasoning for specific menus	Mitsuboshi Shokkan (Koromo Sakusaku Agenai Milan Fu Katsu, Koromo Sakusaku Sake No Panko Yaki, Cabbage Shakishaki Buta No Miso Itame, Koromo Zakuzaku Agenai Tori Tatsuta)	Open (¥180)	Aug. 18
Seasoning	Spice Cooking Bar Menu (German Potato, German Potato Mustard Flavor, Paella, Squid Ink Paella, Bagna Cauda, Anchovy Cabbage, etc.)	Open (¥110)	Aug. 18

● Renewal

Stew roux	Hokkaido Stew Cream (90g, 180g), Corn Cream (180g)	90 g: ¥145 180 g: ¥275	Aug. 18
Drink	Ukon No Chikara (Ukon Extract Drink, Cassis Orange Flavor)	¥190	Sep. 29
Drink	Ukon No Chikara Super	Open (¥286)	Sep. 29
Drink	C1000 Chotto Koime No Yasashii Lemon	¥140	Sep. 22

Initiatives of the House Foods Group

House Foods

**“Delicious meals for the entire family”
Aiming to realize the corporate philosophy**

Items from the series that does not use the seven specific raw materials, Vermont Curry Chu Kara and Stew Mix Cream, have been launched.

House Foods has launched curry and stew products that do not use the seven specific raw materials (wheat, milk, egg, peanut, buckwheat, shrimp, and crab) so that families having trouble with food allergies can share the same delicious meal at the same table.

House Foods has developed palatability without using the seven specific raw materials, through a unique process using new raw materials. House Foods has set up a dedicated line in its own plant and has established a thorough control system to block the seven specific raw materials from being mixing in.



House Wellness Foods

Has identified Bisacurone, a useful component of the turmeric extract.

Adding new power to Ukon No Chikara, which has been on the market for ten years

Its power has been strengthened thanks to Bisacurone, a newly identified component. (A patent has been obtained.)

House Wellness Foods has significantly improved its Ukon No Chikara series (Ukon Extract Drink, Cassis Orange Flavor, Ukon No Chikara Super, and Karyu) by including a stable amount of bisacurone, which has been newly identified as a useful component of turmeric. The renewed items were launched nationwide on September 29.

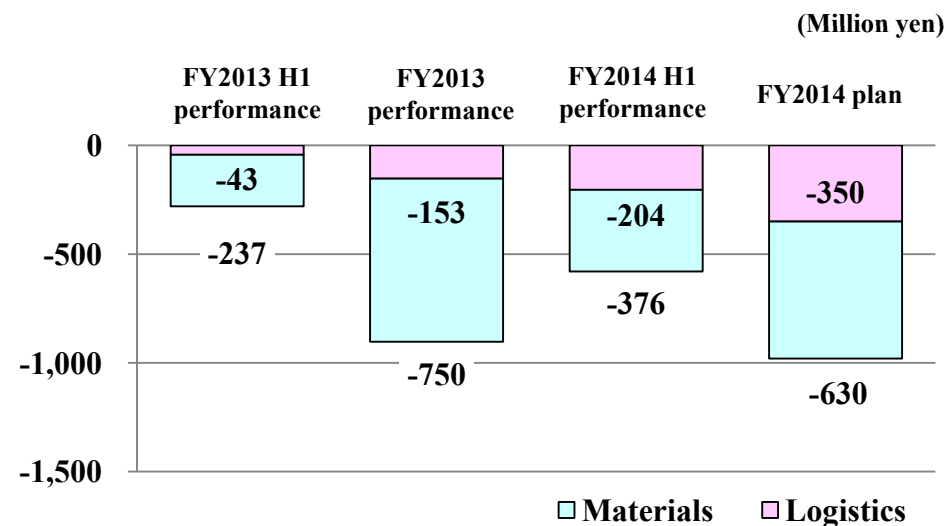


(Contains no fruit juice)

Trends of cost reductions and capital investment

● Trends of cost reductions (from the year-ago level)

	Cost reductions		
	Materials cost	Logistics cost	Total
FY2013 H1	237	43	280
FY2013	750	153	903
FY2014 H1	376	204	580
FY2014 plan	630	350	980



● Trends of capital investment

	Capital investment			Major capital investment	Depreciation and amortization		
	Investment	Leases	Total		Investment	Leases	Total
FY2013 H1	2,973	217	3,190	Construction of new building for the Osaka Head Office Purchase of land for Delica Chef's plant	2,438	175	2,613
FY2013	11,115	395	11,510	Land for Delica Chef's plant and construction of the plant Investment related to the roux production line for House Foods	5,056	333	5,389
FY2014 H1	3,985	162	4,148	Construction of Delica Chef's plant Investment related to the roux production line for Dalian Horie Yamatoya Food Co., Ltd.	2,632	141	2,774
FY2014 plan	13,100	400	13,500	Construction of Delica Chef's plant Investment related to the roux production line for Dalian Horie Yamatoya Food Co., Ltd.	5,800	300	6,100

Breakdowns of non-operating income and expenses and extraordinary income and loss

● Non-operating income and expenses

(Million yen)

	FY2013 H1	FY2014 H1	Year on year
Interest income / Interest on securities	269	250	-19
Dividend income	308	311	+3
Share of profit of entities accounted for using equity method	249	300	+50
Foreign exchange gains	138	202	+64
Other	130	134	+4
Total non-operating income	1,095	1,198	+103
Interest expenses	120	64	-55
Other	110	481	+371
Total non-operating expenses	230	546	+316

● Extraordinary income and loss

(Million yen)

	FY2013 H1	FY2014 H1	Year on year
Gain on sales of non-current assets	8	2	-7
Gain on sales of investment securities	27	-	-27
Gain on sale of invested money	-	18	+18
Compensation income	-	13	+13
Other	1	5	+4
Total extraordinary income	37	38	+1
Loss on sales of non-current assets	1	0	-1
Loss on retirement of non-current assets	100	49	-51
Loss on valuation of investment securities	-	3	+3
Loss on step acquisitions	69	-	-69
Other	6	13	+7
Total extraordinary losses	175	65	-110

Targeted performance and management indexes for the final year of the Fourth Medium-Term Business Plan

Basic concept and initiatives

- 1) Position the two domestic businesses as core businesses and accelerate overseas expansion by positioning the International Business as a growing business
- 2) Establish an optimal organizational structure for consolidated management to continue growth and expansion
- 3) Continue to bolster initiatives to increase development capability, cost competitiveness and CSR initiatives

● Consolidated net sales and operating income targets for FY2014

Net sales: ¥230bn (107.3% of FY2011 level) **FY2011** **FY2014**
Operating income: ¥18bn (128.1% of FY2011 level) * **Operating margin** **6.6%** → **7.8%**

● Breakdown by business segment: Net sales and operating income targets for the final year (FY2014)

Business segment	Position of the business	Net sales target	Comparison with FY2011	Operating income target	Comparison with FY2011	ROS	Difference from FY2011
Spice / Seasoning / Processed Food Business	Core business	¥132.4bn	102.4%	¥10.5bn	105.7%	7.9%	+0.2
Health Food Business		¥50.0bn	108.7%	¥5.5bn	217.2%	11.0%	+5.5
International Business	Growing business	¥20.0bn	170.0%	¥1.0bn	153.6%	5.0%	-0.5
Other Food Related Business		¥27.6bn	101.0%	¥1.0bn	107.0%	3.6%	+0.2

Operating income for the Health Food Business in FY2011 includes goodwill amortization of House Wellness Foods (¥1,345m) (Comparison vs FY2011: 217.2% → Actual comparison: 141.9%)

● Guidelines concerning business investments

Utilize 50 billion yen as business investment funds and aim for growth and expansion of businesses.

Borrow 20 billion yen, which is equivalent to around 10% of shareholders' equity, as necessary, and set 70 billion yen as the upper limit of business investment.

● Guidelines concerning retained earnings

Secure consolidated payout ratio at 30% or higher

Flexibly implement stock buybacks by considering the business environment, capital needs and trends in share prices and the stock market.

Content of business segments (As of September 30, 2014)

Business segment	Group company name
<i>Spice / Seasoning / Processed Food Business</i>	<i>House Foods Corporation Sun House Foods Corporation / Sun Supply Corporation Asaoka Spice K.K. House Ai-Factory Corporation</i>
<i>Health Food Business</i>	<i>House Wellness Foods Corporation</i>
<i>International Business</i>	<p><i>United States House Foods Holding USA, Inc. / House Foods America Corporation / El Burrito Mexican Food Products Corporation</i></p> <p><i>China House Foods China Inc. / Shanghai House Foods Co., Ltd. / Dalian Horie Yamatoya Food Co., Ltd. / Shanghai House Curry Coco Ichibanya Restaurant, Inc. / House Restaurant Management (Beijing) Co., Ltd. / House Restaurant Management (Guangzhou) Co., Ltd.</i></p> <p><i>Taiwan Taiwan Curry House Restaurant, Inc.</i></p> <p><i>South Korea Curry House Korea Corporation</i></p> <p><i>Thailand House Osotspa Foods Co., Ltd.</i></p> <p><i>Vietnam House Foods Vietnam Co., Ltd.</i></p>
<i>Other Food Related Business</i>	<i>House Logistics Service Corporation / High Net Corporation Delica Chef Corporation House Food Analytical Laboratory Inc. Horie Yamatoya Co., Ltd. Vox Trading Co., Ltd. / Tim Food Co., Ltd. / PT. Java Agritech</i>
<i>Support for Inter-Group Indirect Operations</i>	<i>House Business Partners Corporation</i>