May 10, 2010

Consolidated Financial Results
for the FY2009 (Ended March 31, 2010)

Company name: House Foods Corporation
Stock exchange listing: Tokyo Stock Exchange
Osaka Securities Exchange
Stock code: 2810
URL: http://housefoods.jp/
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Scheduled date of ordinary shareholders' meeting: June 25, 2010
Scheduled date of commencement of dividend payment: June 28, 2010
Scheduled date for filing of annual securities report: June 25, 2010

(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, 2010 (April 1, 2009 - March 31, 2010)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2010	220,622	(0.9)	10,964	7.5	12,187	10.9	4,820	2.0
Year ended March 31, 2009	222,549	(4.8)	10,201	15.3	10,993	22.6	4,726	32.2

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2010	43.91	–	2.7	5.3	5.0
Year ended March 31, 2009	43.05	–	2.6	4.8	4.6

(Reference) Equity in net income of affiliates: 294 million yen for the fiscal year ended March 31, 2010
289 million yen for the fiscal year ended March 31, 2009

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2010	231,927	182,628	78.6	1,660.57
Year ended March 31, 2009	228,226	178,522	78.1	1,623.36

(Reference) Shareholders' equity: As of March 31, 2010: 182,275 million yen
As of March 31, 2009: 178,195 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 fiscal year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2010	15,813	(10,129)	(2,771)	44,570
Year ended March 31, 2009	16,525	(3,343)	(2,432)	41,680

2. Dividends

(Base date)	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2009	–	11.00	–	11.00	22.00	2,415	51.1	1.3
Year ended March 31, 2010	–	11.00	–	11.00	22.00	2,415	50.1	1.3
Year ending March 31, 2011 (forecasts)	–	11.00	–	11.00	22.00		39.0	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2011 (April 1, 2010 - March 31, 2011)

(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		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2010	113,000	0.2	6,600	0.8	7,100	(0.4)	3,900	1.9	35.53
Year ending March 31, 2011	223,000	1.1	11,100	1.2	12,200	0.1	6,200	28.6	56.48

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 the preparation of the consolidated financial statements (matters to be included in the section: "Changes in Basic Important Matters for the 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 the Preparation of Consolidated Financial Statements" on page 25.

(3) Number of shares outstanding (common stock):

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

As of March 31, 2010: 110,878,734 shares

As of March 31, 2009: 110,878,734 shares

(ii) Number of treasury stock at end of period:

As of March 31, 2010: 1,112,105 shares

As of March 31, 2009: 1,109,297 shares

Note: For the number of shares for calculating net income per share (consolidated), please refer to "Per Share Information" on page 42.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(1) Non-Consolidated Financial Results (Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2010	161,680	(0.1)	12,532	4.9	14,186	2.3	7,626	2.6
Year ended March 31, 2009	161,882	(4.6)	11,952	25.9	13,867	11.7	7,429	(0.3)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Year ended March 31, 2010	69.47	–
Year ended March 31, 2009	67.68	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2010	226,072	186,968	82.7	1,703.33
Year ended March 31, 2009	211,573	180,115	85.1	1,640.85

(Reference) Shareholders' equity: As of March 31, 2010: 186,968 million yen
As of March 31, 2009: 180,115 million yen

2. Non-Consolidated Forecasts for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(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		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2010	81,000	0.2	6,700	0.9	8,000	4.9	5,000	8.7	45.55
Year ending March 31, 2011	162,000	0.2	12,700	1.3	14,500	2.2	9,000	18.0	81.99

*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.
- For other matters relating to the forecasts, please refer to "1. Results of Operations, (1) Analysis of Operating Results" on page 4.

1. Results of Operations

(1) Analysis of Operating Results

(i) Operating Results for the Fiscal Year under Review

During the consolidated fiscal year under review, the Japanese economy appeared to bottom out, although the income situation continued to worsen, reflecting weak employment conditions. Overall, the economic environment remained challenging. In markets related to daily living, deflation persisted, and price competition at retailers intensified.

In this environment, the House Foods Group began to execute the Third Medium-term Business Plan, which covers the three years from the fiscal year under review. Under this plan, the Group is identifying businesses that are driving growth, distinguishing them from businesses where the Group is maintaining and expanding revenues using its strengths, and distributed its management resources appropriately. The Group restructured its scenario for growth and took steps to improve its corporate value.

Sales of our mainstay curry roux and retort pouched curry products rose, thanks to promotions and advertisements, including the "Arashi Premium Night Invitation Campaign." Sales of spices were also strong, reflecting increases in the frequency of cooking at home. Health foods, especially *Ukon No Chikara*, continued to enjoy customer support through new channel development for expanding points of contact with customers and the launch of new products in anticipation of market expansion. In contrast, *Rokko No Oishii Mizu* and beverages of the subsidiary House Wellness Foods Corporation faced a serious challenge given the difficult market environment and the effects of the unusually cool summer. Sales of stew products were down from the previous fiscal year, primarily reflecting falls in sales of instant products served in cups due to intensifying competition. As a consequence, consolidated sales for the fiscal year under review declined 0.9% year on year, to 220,622 million yen.

In terms of income, with rising sales of mainstays, stable prices of materials, and continued efforts to cut costs, the Group's consolidated operating income rose 7.5% year on year, to 10,964 million yen. Consolidated ordinary income was up 10.9%, to 12,187 million yen, and consolidated net income stood at 4,820 million yen, a 2.0% increase from the previous fiscal year.

Net Sales by Operating Segment (Million yen)

	Consolidated net sales	Year-on-year change (%)
Curry and Spices	62,171	102.3
Stew and Packaged Noodles	33,275	96.2
Retort Pouched Foods	38,883	101.2
Drinks, Snacks and Other Products	74,439	95.8
Food Products	208,768	98.7
Transport and Warehouse Operations	11,854	107.4
Total	220,622	99.1

Food Products

Among curry roux products, *Vermont Curry* and *Java Curry* sold well in a shift towards home dining over eating out that has taken place in this difficult economy, reflecting effective promotions and advertising, as well as a new heat concentration process to reduce calories that was well received. Among retort pouched curry products, *Curry Ya Curry* was popular with its reasonable price. *Mezameru Karada Asa Curry*, associated with our proposals of new eating habits, enjoyed great support.

Sales of spice products rose as *Neri Spice* did well, and *Gaban Mini-Pack*, a new single use pack, also contributed.

Sales of stew products declined from the previous fiscal year. Although sales of the mainstay *Hokkaido Stew* remained mostly level, demand for *Cup Stew* were weak due to intensifying completion, and sales of *Hokkaido Chowder* were down, partly attributable to strong sales in the previous fiscal year. In contrast, sales of the *Soup De Okoge* series were strong, partly because of varieties.

Among packaged noodle products, sales of *Umakacchan*, a long-selling product especially popular in Kyushu area, rose thanks to a 30th year anniversary campaign.

Sales in the health foods segment moved higher as the Group bolstered its product lineup, launching *Ukon No Chikara Super* – which includes an increased amount of curcumin, a healthy ingredient of turmeric – toward the end of the year, the peak demand season, and *SASSO*, a beverage intended to help women walk with vigor. Our subsidiary House Wellness Foods Corporation overall faced a challenging situation in the competitive beverage market, partly because of the effect of the unusually cool summer.

Sales of snack food products moved higher from the previous fiscal year as sales of our mainstay *Tongari Corn* were stable, and *Kongari Potato*, which is manufactured in a unique two-stage process, sold well.

In our food service product business, sales were below the year-ago level as demand for mainstay products was sluggish, part of the overall challenges facing the eating-out industry, although the Group introduced products in the nursing-care food market and deli and bakery products in the home-meal replacement market.

Overseas, sales of the tofu business in the United States rose despite economic stagnation and intensifying competition, as the business was introduced to the East and Midwest regions. Sales in the curry roux business in China rose, particularly reflecting the expansion of sales of products for business use, which in turn was attributable to sales promotions following the relocation of the plant in July last year.

Sales in the curry restaurant business increased from the previous fiscal year, reflecting the opening of new restaurants in Taiwan and South Korea.

As a result of the above, net food segment sales stood at 208,768 million yen, a year-on-year fall of 1.3%. Operating income increased 4.3% year on year, to 14,375 million yen.

Transport and Warehouse Operations

House Logistics Service Corporation, a subsidiary of the Company, offered more logistics services to companies outside the Group, although the services it offered within the Group declined in response to trends in the sales of the Company's products. As a result, sales exceeded the year-ago level.

Consequently, sales in the transport and warehouse operations segment rose 7.4% year on year, to 11,854 million yen, while operating income was up 75.6%, to 569 million yen.

(ii) Outlook for the Next Fiscal Year

Looking to the future, although there are signs of a recovery in foreign demand against a backdrop of vigorous economies in Asia, we do not think that trends in the domestic economy allow for optimism, given concern over rises in the prices of raw materials and high unemployment rates. In industries related to daily necessities, market circumstances are likely to remain challenging, with conservative buying prompted by a growing interest in reducing costs to respond to the uncertain economic outlook and falling commodity prices.

In these circumstances, the Group will aim to achieve its management goals, taking steps to address problems promptly and focusing on developing products featuring new value to create new demand that will be driving force of growth.

In the curry roux business, the Company will undertake marketing activities to invigorate the market as a leading manufacturer. In the health foods business, the Company's subsidiary House Wellness Foods Corporation and other members of the Group will step up their focus on health foods. We will also expand our direct business, for which we have been conducting pilot marketing in the Tokyo area, across the nation this spring and develop our operations in earnest. Overseas, we will integrate the retort pouched curry business in China that our equity-method affiliate Shanghai House Ajinomoto Foods Co., Ltd. has developed with our subsidiary Shanghai House Foods Co., Ltd. Generating synergies with the curry roux business, we will increase our efforts to promote consumption of Japanese-style curry. In the United States, we will strive to create new markets by developing new tofu brands and proposing a new tofu menu.

To further concentrate its management resources in the priority fields specified in the Third Medium-term Business Plan, the Company has decided to transfer the *Rokko No Oishii Mizu* brand, which has enjoyed widespread support since 1983 as one of the first mineral water brands in Japan, and the mineral water business to Asahi Soft Drinks Co., Ltd. on May 31 this year.

Looking ahead to forecast the consolidated business performance for the next fiscal year, we expect consolidated net sales of 223,000 million yen (a year-on-year increase of 1.1%), consolidated operating income of 11,100 million yen (a year-on-year increase of 1.2%), consolidated ordinary income of 12,200 million yen (a year-on-year increase of 0.1%), and consolidated net income of 6,200 million yen (a year-on-year increase of 28.6%).

(2) Analysis of Financial Position

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

Total assets at the end of the consolidated fiscal year under review rose 3,701 million yen from a year earlier, to 231,927 million yen. Current assets stood at 102,507 million yen, a year-on-year increase of 2,591 million yen compared to the previous consolidated fiscal year. Noncurrent assets were 129,420 million yen a year-on-year

increase of 1,110 million yen.
The main factors in the increase in current assets include a 3,554 million yen increase in short-term investment securities due to the acquisition of negotiable certificates of deposit, among other factors.
The main factor for the rise in noncurrent assets was an increase of 6,549 million yen on investment securities associated with a rise in stock market prices from the end of the previous consolidated fiscal year and the acquisitions of bonds and shares.

Total liabilities at the end of the consolidated fiscal year under review were 49,299 million yen, a decrease of 405 million yen compared to the previous consolidated fiscal year. Current liabilities were down 1,082 million yen from a year earlier to 39,276 million yen, and noncurrent liabilities were 10,023 million yen, a year-on-year increase of 677 million yen.
The main factor in the decrease in current liabilities was a decrease of 850 million yen in notes and accounts payable-trade.
The principal component in the increase in noncurrent liabilities was a rise of 1,634 million yen in deferred tax liabilities associated with an increase in the variance in the estimate for actual values of investment securities.
Net assets at the end of the consolidated fiscal year under review stood at 182,628 million, an increase of 4,106 million yen compared to the previous consolidated fiscal year. This was primarily attributable to an increase of 1,641 million yen in the valuation difference on available-for-sale securities.
As a result, the equity ratio at the end of the consolidated fiscal year under review stood at 78.6%, compared with 78.1% for the previous term, and net assets per share were 1,660.57 yen, compared with 1,623.36 yen for the previous term.

(ii) Analysis of Cash Flows
With respect to cash flows for the consolidated fiscal year under review, net cash provided by operating activities amounted to 15,813 million yen, net cash used in investing activities, including the purchase of property, plant and equipment amounted to 10,129 million yen, and net cash used in financing activities including cash dividends paid was 2,771 million yen. As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 44,570 million yen, an increase of 2,891 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)
Cash generated by operating activities during the consolidated fiscal year under review was 15,813 million yen, a decrease of 712 million yen from the previous consolidated fiscal year. Key factors included 10,640 million yen in income before income taxes and minority interests and 6,102 million yen in depreciation.
The decrease in comparison to the previous consolidated fiscal year is mainly attributable to a decrease in notes and accounts payable-trade (a year-on-year decrease of 1,175 million yen), among other factors.

(Cash flows from investing activities)
Cash used in investing activities during the consolidated fiscal year under review was 10,129 million yen, which

was 6,786 million yen higher than cash used in the previous consolidated fiscal year. Key factors included the purchase of investment securities of 11,447 million yen and the purchase of property, plant and equipment of 3,328 million yen.

The primary factor for the increase in the outflow over the previous consolidated fiscal year was an increase in the purchase of investment securities including bonds and shares (a year-on-year rise of 11,412 million yen).

(Cash flows from financing activities)

Cash used in financing activities during the consolidated fiscal year under review was 2,771 million yen, which was 338 million yen higher than cash used in the previous consolidated fiscal year. This figure is mainly attributable to cash dividends paid of 2,411 million yen.

The primary factor for the increase in the outflow over the previous consolidated fiscal year is an increase in repayments of lease obligations (a year-on-year rise of 187 million yen).

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Year-on-year change
Net cash provided by (used in) operating activities	16,525	15,813	(712)
Net cash provided by (used in) investing activities	(3,343)	(10,129)	(6,786)
Net cash provided by (used in) financing activities	(2,432)	(2,771)	(338)
Effect of exchange rate changes on cash and cash equivalents	(459)	(23)	437
Net increase (decrease) in cash and cash equivalents	10,291	2,891	(7,400)
Cash and cash equivalents at beginning of period	31,389	41,680	10,291
Cash and cash equivalents at end of period	41,680	44,570	2,891

Cash flow indicators for the Group are as follows:

	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010
Equity ratio (%)	81.9	76.0	78.8	78.1	78.6
Equity ratio (market value basis) (%)	94.2	90.0	71.3	65.8	64.3
Cash flow/interest bearing liabilities ratio (%)	2.2	5.5	10.0	37.0	37.6
Interest coverage ratio (times)	677.7	1,114.9	295.5	397.1	383.2

(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 figures.
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.
4. Interest-bearing debt includes all liabilities requiring the payment of interest 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 Fiscal Year under Review and Next Fiscal Years

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

With respect to dividends, the Group intends to pay stable dividends under this policy with a standard dividend payout ratio of at least 30% on a consolidated basis.

In terms of internal reserves, the Group seeks to use such reserves to fund investment in manufacturing equipment, research and development, and new businesses development, to prepare for future business.

For the consolidated fiscal year under review, the Company plans to pay a year-end dividend of 11 yen per share. Together with the interim dividend of 11 yen, the dividend for the consolidated fiscal year under review will be 22 yen per share.

For next fiscal year (ending March 31, 2011), the Company again expects to pay a dividend of 22 yen per share (including an interim dividend of 11 yen).

(4) Business and Other Risks

(i) Food Safety Issues

Consumer demand for quality has increased in the food industry. In response, the Company is taking steps to strengthen its quality assurance system, centered on the Product Quality Assurance Division, which is dedicated exclusively to product quality assurance. In particular, the Company has constructed a traceability mechanism. Nevertheless, should an incident occur that exceeds the scope of our actions—for instance, a quality issue that encompasses the entire community—there are risks that could influence the Group's performance and financial standing.

(ii) Weather and Natural Disasters

Weather-related factors, such as relatively cold summers and heat waves, have the potential to become risks for the Group's food businesses. In addition, the occurrence of natural disasters, such as earthquakes and the typhoons, could damage our manufacturing facilities and hinder the Group's production and other business activities.

(iii) Procurement of Raw Materials and Price Fluctuations

The main ingredients of the Group's products are agricultural products such as wheat and spices, as well as petroleum products used in packaging, among others. Stable procurement of these ingredients could become difficult in the event of crop failure associated with extraordinary weather in their places of origin or because of occurrence of conflicts and incidents. Also, those factors could in turn induce soaring prices, which then could produce higher manufacturing costs, and this could influence the Group's performance and financial standing.

(iv) Changes in the Value of Held Assets

The Group holds a range of assets, including land and securities. Should the asset values of land and securities fall, the price declines could influence the Group's performance and financial standing.

(v) Effects of Laws and Regulations

The Group is subject to a number of laws and regulations, including the Food Sanitation Act, the Product Liability Act, the Act against Unjustifiable Premiums and Misleading Representations, and laws and regulations concerning the environment and recycling, and local laws and regulations overseas. Each division in the Group collaborates with the legal division to take all possible measures to comply with relevant laws and regulations. However, our business activities could be restricted should regulations be tightened and new regulations imposed, and this could influence the Group's performance and financial standing.

(vi) Risks in Data and System Management

The Group manages data about development, production, logistics, sales, and other aspects in computers. The Group prepares for unlikely events such as system failures by taking all possible maintenance and security measures, while operating a comprehensive data management system. Nonetheless, the potential for system failures and unauthorized disclosure of data does exist, for instance from unauthorized access involving new technologies and the infection of computers with unknown viruses, and this could influence the Group's performance, financial standing, and social trust.

(vii) Risks in Overseas Businesses

The Group operates a tofu business, manufacturing and selling curry roux and retort pouched curry products, as well as chain operations of curry restaurants in the United States, China, Taiwan, and South Korea. Economic slowdowns and political issues in these countries have the potential to become risks that influence the Group's performance and financial standing.

2. Corporate Group

The Company's corporate group consists of the Company, 16 consolidated subsidiaries, and 5 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 as follows.

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

Food Products:

In the domestic market, in addition to manufacturing and selling products itself, the Company outsources the production of certain 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. Moreover, the Company purchases certain food materials from a subsidiary, Sun Supply Corporation, and an affiliate, Vox Trading Co., Ltd., and then outsources part of the production and packing process to another subsidiary, House Ai-Factory Corporation.

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

In the United States, a subsidiary called House Foods America Corporation manufactures and sells tofu and other products, operates restaurants, and imports and sells products of the Company. Another subsidiary, House Foods Holding USA Inc. exercises overall supervision over the businesses of the House Foods Group in the United States. An affiliate, Ichibanya USA Inc., shares in which the Company acquired during the consolidated fiscal year under review, plans to start to operate restaurants in the next fiscal year.

In China, a subsidiary called Shanghai House Foods Co., Ltd. produces and sells spices and condiments such as curry roux products. Another subsidiary, Shanghai House Curry Coco Ichibanya Restaurant, Inc. operates restaurants.

In Taiwan, a subsidiary, Taiwan Curry House Restaurant, Inc. operates restaurants.

Korea Curry House Co., Ltd., also a subsidiary, operates restaurants in South Korea.

In Indonesia, an affiliate, PT. Java Agritech, produces and sells vegetables.

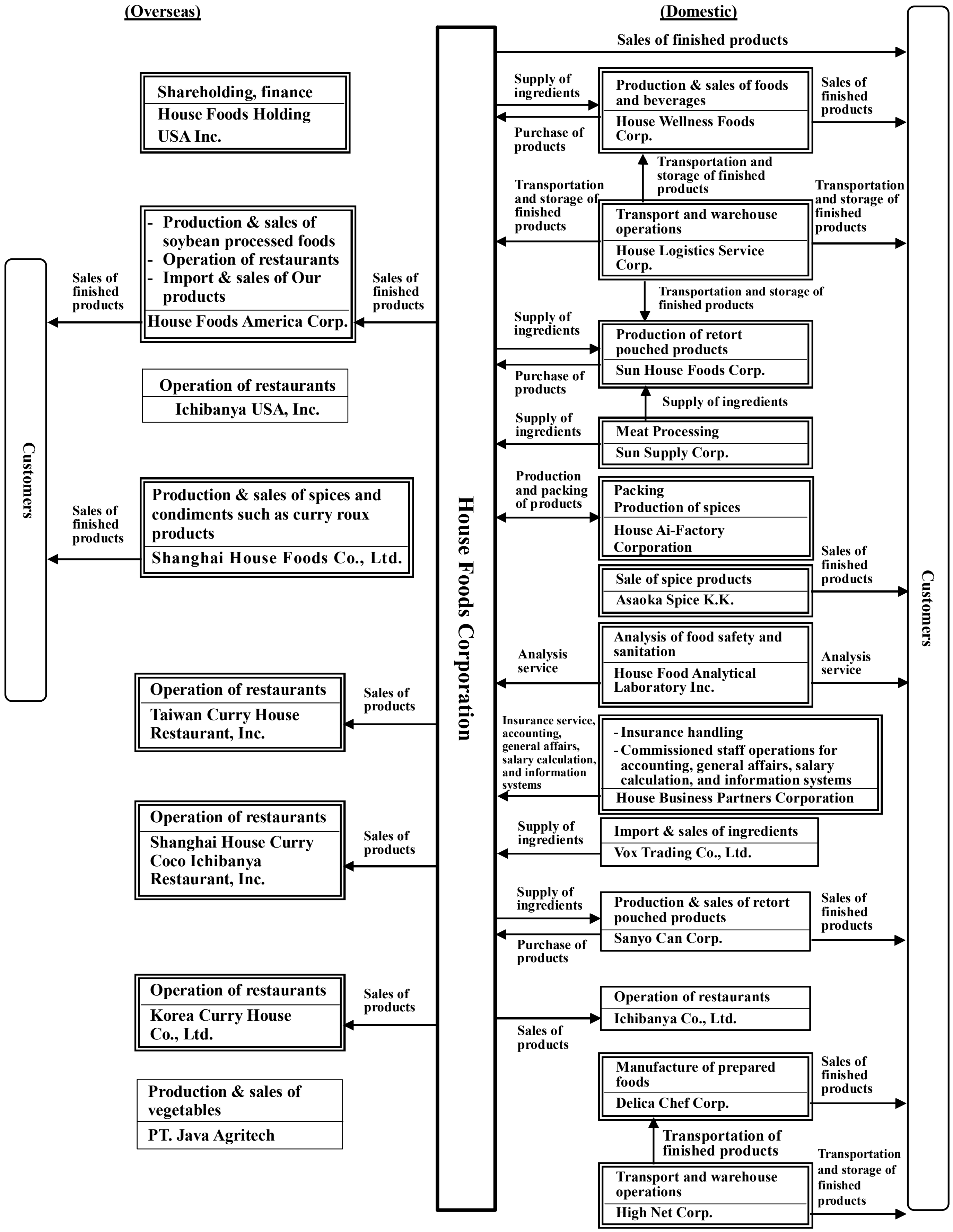
Transport and Warehouse Operations:

With respect to domestic transportation and storage-related services for the Group's products and other items, subsidiaries House Logistics Service Corporation and High Net Corporation are primarily responsible. A subsidiary, House Food Analytical Laboratory Inc. conducts analysis on food safety and sanitation, while another subsidiary. The subsidiary House Business Partners Corporation handles insurance and is commissioned by the Company to handle staff operations for accounting, general affairs, salary calculation, and information systems, among other tasks.

(2) Flow Chart of Business Activities

Consolidated subsidiaries

Affiliates (equity method companies)



(3) Status of Affiliated Companies

The table below shows changes in affiliated companies in the fiscal year under review:

Company name	Location	Capital	Main business	Ownership of voting rights (%)	Relationship	Remarks
(Equity method affiliate)						
PT. Java Agritech	Semarang, Indonesia	US$ 1.394 million	Production and sale of vegetables	34.00	Interlocking directors: Yes	*1
Ichibanya USA Inc.	Los Angeles, California, USA	US$ 5 million	Operation of restaurants	20.00	Interlocking directors: No	*1

(Notes) 1. *1: The Company acquired shares in those companies and made them equity-method affiliates in the fiscal year under review.

2. Shanghai House Ajinomoto Foods Co., Ltd. was excluded from the scope of equity method affiliates at the end of the fiscal year under review in association with the beginning of liquidation proceedings but was accounted for by the equity method during the period when it was still an equity method affiliate.

3. House Insurance Enterprise Corporation changed its name to House Business Partners Corporation on April 1, 2009. The Company has since outsourced to House Business Partners Corporation staff operations for its accounting, general affairs, salary calculation, and information systems, among other tasks.

4. S Pack Corporation changed its name to House Ai-Factory Corporation on December 1, 2009 and has since been commissioned to produce products for the Company.

3. Management Policy

(1) Basic Corporate Management Policy

The House Foods Group's corporate philosophy consists of "Bringing greater joy to families through our foods" by contributing to healthy dietary lifestyles by continuously offering products and services whose value is recognized by customers. To achieve this goal, we employ "Customer Oriented Management" to upgrade product development capabilities and marketing ability 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 offer both taste and health, to develop products to create a new style of eating, to launch campaign activities and advertising development that promote consumer recognition of our products and stimulate demand for the Group's products, to strengthen our quality assurance system so that customers can feel safe and trust our products, and to address environmental and other issues as part of our corporate social responsibility.

In addition, we aim to enhance corporate value by improving capital efficiency and profitability by refining the focus of its resource allocation and improving cost competitiveness. The Company also seeks to be more attractive for shareholders, for example by paying stable dividends so that it can earn their long-term support and assistance.

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

Aiming to "create new value with health and taste," the Group launched its three-year Medium-term Business Plan by clarifying the directions for each of our businesses and the distribution of our management resources. Since then, it has been executing specific action plans so that it can achieve its targets.

The Group introduced its Third Medium-term Business Plan in April 2009. In this latest plan, we summarized important factors for achieving our goal into three points: (i) Reconstructing and achieving the Group's scenario for growth in its business strategies; (ii) Strengthening the corporate culture both in human resources and organizations; and, (iii) Clarifying resource distribution for business and internal resources. We intend to pursue specific action plans using these points as our guiding principles.

(i) Reconstructing and achieving the Group's scenario for growth in its business strategies

In our business strategies, we have identified growth businesses in areas where market expansion is anticipated as "growth drivers," and the specialty businesses that will be operated to maintain and increase the Group's profitability as "profitability drivers." The Group has clarified the role and function of each business area and has developed a new scenario for growth. Specifically, the Group has identified the health food business, the direct retail (mail order) business, and the overseas business as its growth drivers, and it aims to expand these businesses through concentrated investment. On the other hand, the Group has identified the spice/seasoning/prepared food business and the commercial product business as profitability drivers, helping these businesses evolve.

In addition, the Group plans to improve its cost competitiveness and upgrade its capabilities in product development and business development to create new value. This is designed to enable the Group to respond effectively to potential raw material procurement risks and soaring raw material prices, both of which will potentially add pressure to profitability.

(ii) Strengthening the corporate culture both in human resources and organizations

The Company aims to enhance its Group management by classifying the organization's functions required for the Group management into four, clarifying the roles of each function, and the strengthening them individually. The four functions are as follows: 1) business performance function, 2) Group business support function, 3) Group governance function, and 4) Group management strategy function.

(iii) Clarifying resource distribution for business and internal resources

The Group intends to focus the cash flows and other resources generated during the period of the Third Medium-term Business Plan on investing in areas that can serve as business growth drivers, so that it can expand sales and profits.

With respect to management indices, the Company aims to improve the ratio of operating income to sales (ROS) and return on equity (ROE) by refining the focus of its management resource allocation.

(3) Issues Facing the Group

In addition to our approach to the Third Medium-term Business Plan, we are addressing the following specific action items to enhance synergies in the Group and to improve corporate value and profitability:

(i) Quality Assurance System

To constantly provide secure and safe products as a food manufacturer, we review our standards and policies on quality as needed and hold product quality assurance meetings to share information about food quality and to discuss issues. In this way we seek to further upgrade our quality assurance system.

(ii) Cost Competitiveness

Considering that our customers incur all costs, we will reinforce our cost competitiveness by reexamining systems and functions at all departments related to development, procurement, production, logistics, and sales, and by harnessing the resources of the Group to centralize and streamline indirect operations and fully benefit from any synergies.

(iii) Corporate Social Responsibility

We recognize that a sincere approach to corporate social responsibility is a necessary condition for earning the trust and goodwill of customers, we are redoubling our commitment to legal compliance and corporate ethics.

In our environmental activities, we have adopted the ISO14001 environmental management system to constantly undertaking activities designed to protect the environment, based on a declaration of environmental responsibility and environmental policies. We have also completed certification throughout the Company. In doing so, we aim to encourage all sections of the Company to share a commitment to activities that are compatible with the environment. In addition, we seek to contribute to our community, for instance through our work in dietary education, which helps promote healthy eating. We aim to step up our activities to interact with and benefit our community.

(iv) Corporate Governance

The Company believes that a system of internal controls is a mechanism for strengthening its corporate governance system, embodying its corporate philosophy and achieving its management goals. We plan to construct and operate governance systems for risk management, compliance, and other areas, to improve our corporate value and achieve sustainable development.

Five corporate auditors, including three outside auditors, inspect the directors' performance of their duties. With the introduction of an executive officer system, the Company makes clear the separation of its management strategy function and business performance function and aims to speed up decision making associated with the transfer of authority and operate its organization vigorously. The Company appointed an outside director in June 2008 to bolster its function of supervising the executive body.

We plan to make ongoing improvements to our system of internal controls so that it functions effectively for the entire Group.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	Previous fiscal year (As of March 31, 2009)	Fiscal year under review (As of March 31, 2010)
Assets		
Current assets		
Cash and deposits	16,920	17,914
Notes and accounts receivable-trade	38,511	38,039
Short-term investment securities	28,249	31,803
Merchandise and finished goods	7,019	6,477
Work in process	1,047	966
Raw materials and supplies	3,258	2,939
Deferred tax assets	3,050	2,769
Other	1,871	1,604
Allowance for doubtful accounts	(10)	(3)
Total current assets	99,916	102,507
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	21,330	20,387
Machinery, equipment and vehicles, net	9,877	9,000
Land	26,975	27,007
Lease assets, net	5,052	4,876
Construction in progress	373	624
Other, net	1,027	913
Total property, plant and equipment	64,634	62,808
Intangible assets		
Goodwill	10,307	6,190
Software	3,152	2,694
Software in progress	162	298
Other	163	229
Total intangible assets	13,784	9,411
Investments and other assets		
Investment securities	39,844	46,394
Long-term loans receivable	267	280
Deferred tax assets	379	365
Long-term time deposits	2,100	2,100
Prepaid pension cost	4,568	5,581
Other	2,926	2,723
Allowance for doubtful accounts	(192)	(242)
Total investments and other assets	49,892	57,201
Total noncurrent assets	128,310	129,420
Total assets	228,226	231,927

(Million yen)

	Previous fiscal year (As of March 31, 2009)	Fiscal year under review (As of March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,839	18,989
Short-term loans payable	579	592
Lease obligations	335	353
Accounts payable-other	12,064	12,505
Income taxes payable	3,128	2,592
Provision for directors’ bonuses	79	77
Provision for loss on guarantees	–	92
Other	4,333	4,075
Total current liabilities	40,357	39,276
Noncurrent liabilities		
Lease obligations	4,699	4,506
Long-term accounts payable-other	1,053	663
Deferred tax liabilities	625	2,258
Provision for retirement benefits	2,404	2,028
Provision for directors’ retirement benefits	38	26
Other	529	542
Total noncurrent liabilities	9,347	10,023
Total liabilities	49,704	49,299
Net assets		
Shareholders’ equity		
Capital stock	9,948	9,948
Capital surplus	23,868	23,868
Retained earnings	146,107	148,494
Treasury stock	(1,322)	(1,326)
Total shareholders’ equity	178,602	180,985
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	941	2,582
Foreign currency translation adjustments	(1,347)	(1,292)
Total valuation and translation adjustments	(406)	1,290
Minority interests	326	353
Total net assets	178,522	182,628
Total liabilities and net assets	228,226	231,927

(2) Consolidated Statements of Income

(Million yen)

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
Net sales	222,549	220,622
Cost of sales	122,587	118,622
Gross profit	99,962	102,000
Selling, general and administrative expenses		
Advertising expenses	12,414	12,324
Transportation and warehousing expenses	6,754	6,367
Sales commission	5,045	4,876
Promotion expenses	30,203	31,010
Salaries, allowances and bonuses	12,103	12,191
Provision for directors’ bonuses	79	77
Provision for directors' retirement benefits	18	16
Depreciation	1,139	1,216
Amortization of goodwill	4,114	4,121
Rent expenses	1,284	1,372
Experiment and research expenses	3,645	3,897
Other	12,962	13,568
Total selling, general and administrative expenses	89,761	91,036
Operating income	10,201	10,964
Non-operating income		
Interest income	393	326
Dividends income	415	431
Equity in earnings of affiliates	289	294
Other	310	270
Total non-operating income	1,407	1,321
Non-operating expenses		
Interest expenses	41	44
Foreign exchange losses	521	12
Other	53	41
Total non-operating expenses	615	97
Ordinary income	10,993	12,187

(Million yen)

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
Extraordinary income		
Gain on sales of noncurrent assets	21	55
Gain on sales of investment securities	2	–
Gain on compensation for transfer	–	210
Other	12	13
Total extraordinary income	35	278
Extraordinary loss		
Loss on sales of noncurrent assets	–	20
Loss on retirement of noncurrent assets	285	332
Loss on sales of investment securities	46	–
Loss on valuation of investment securities	52	799
Loss on valuation of membership	2	60
Impairment loss	606	349
Loss on revision of retirement benefit plan	129	–
Provision for loss on guarantees	–	92
Other	46	172
Total extraordinary loss	1,166	1,825
Income before income taxes	9,862	10,640
Income taxes-current	4,729	4,919
Income taxes-deferred	473	878
Total income taxes	5,203	5,796
Minority interests in income	(67)	24
Net income	4,726	4,820

(3) Consolidated Statements of Changes in Net Assets

(Million yen)

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
Shareholders' equity		
Capital stock		
Balance as of March 31, 2009	9,948	9,948
Changes of items during the period		
Total changes of items during the period	–	–
Balance as of March 31, 2010	9,948	9,948
Capital surplus		
Balance as of March 31, 2009	23,868	23,868
Changes of items during the period		
Total changes of items during the period	–	–
Balance as of March 31, 2010	23,868	23,868
Retained earnings		
Balance as of March 31, 2009	143,977	146,107
Changes of items during the period		
Dividends from surplus	(2,415)	(2,415)
Net income	4,726	4,820
Other	(181)	(17)
Total changes of items during the period	2,130	2,387
Balance as of March 31, 2010	146,107	148,494
Treasury stock		
Balance as of March 31, 2009	(1,311)	(1,322)
Changes of items during the period		
Purchase of treasury stock	(11)	(4)
Total changes of items during the period	(11)	(4)
Balance as of March 31, 2010	(1,322)	(1,326)
Total shareholders' equity		
Balance as of March 31, 2009	176,483	178,602
Changes of items during the period		
Dividends from surplus	(2,415)	(2,415)
Net income	4,726	4,820
Purchase of treasury stock	(11)	(4)
Other	(181)	(17)
Total changes of items during the period	2,119	2,383
Balance as of March 31, 2010	178,602	180,985

(Million yen)

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance as of March 31, 2009	3,755	941
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,814)	1,641
Total changes of items during the period	(2,814)	1,641
Balance as of March 31, 2010	941	2,582
Foreign currency translation adjustment		
Balance as of March 31, 2009	(289)	(1,347)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,058)	56
Total changes of items during the period	(1,058)	56
Balance as of March 31, 2010	(1,347)	(1,292)
Total valuation and translation adjustments		
Balance as of March 31, 2009	3,465	(406)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,872)	1,697
Total changes of items during the period	(3,872)	1,697
Balance as of March 31, 2010	(406)	1,290
Minority interests		
Balance as of March 31, 2009	992	326
Changes of items during the period		
Net changes of items other than shareholders' equity	(665)	26
Total changes of items during the period	(665)	26
Balance as of March 31, 2010	326	353
Total net assets		
Balance as of March 31, 2009	180,940	178,522
Changes of items during the period		
Dividends from surplus	(2,415)	(2,415)
Net income	4,726	4,820
Purchase of treasury stock	(11)	(4)
Other	(181)	(17)
Net changes of items other than shareholders' equity	(4,537)	1,723
Total changes of items during the period	(2,418)	4,106
Balance as of March 31, 2010	178,522	182,628

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	9,862	10,640
Depreciation and amortization	6,118	6,102
Amortization of goodwill	4,114	4,121
Impairment loss	606	349
Bad debts expenses	–	3
Equity in (earnings) losses of affiliates	(289)	(294)
Loss (gain) on valuation of investment securities	52	799
Loss on valuation of membership	–	60
Increase (decrease) in allowance for doubtful accounts	(2)	43
Increase (decrease) in provision for directors' bonuses	4	(2)
Increase (decrease) in provision for directors' retirement benefits	18	(12)
Increase (decrease) in provision for retirement benefits	(327)	(376)
Interest and dividends income	(809)	(757)
Interest expenses	41	44
Foreign exchange losses (gains)	10	53
Loss (gain) on sales of investment securities	44	–
Loss (gain) on sales of membership	–	4
Loss (gain) on sales of noncurrent assets	(21)	(35)
Loss on retirement of noncurrent assets	285	332
Decrease (increase) in notes and accounts receivable-trade	1,182	479
Decrease (increase) in inventories	(883)	947
Increase (decrease) in notes and accounts payable-trade	3	(1,173)
Increase (decrease) in accounts payable-bonuses	37	(47)
Decrease (increase) in other assets	(1,673)	(349)
Increase (decrease) in other liabilities	611	(470)
Subtotal	18,982	20,464
Interest and dividends income received	944	840
Interest expenses paid	(42)	(41)
Income taxes paid	(3,360)	(5,449)
Net cash provided by (used in) operating activities	16,525	15,813

(Million yen)

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	20	60
Payments into time deposits	(91)	(512)
Purchase of short-term investment securities	(1,896)	(1,899)
Proceeds from sales of short-term investment securities	5,868	4,200
Purchase of property, plant and equipment	(6,690)	(3,328)
Proceeds from sales of property, plant and equipment	34	100
Purchase of intangible assets	(1,146)	(724)
Purchase of investment securities	(35)	(11,447)
Proceeds from sales of investment securities	1,511	3,600
Proceeds from sales of membership	–	13
Purchase of stocks of subsidiaries and affiliates	–	(156)
Purchase of treasury stock of subsidiaries in consolidation	(668)	–
Payments of loans receivable	(240)	(35)
Other payments	(10)	–
Other proceeds	0	–
Net cash provided by (used in) investing activities	(3,343)	(10,129)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,437	2,704
Decrease in short-term loans payable	(1,372)	(2,704)
Repayments of lease obligations	(170)	(356)
Purchase of treasury stock	(11)	(4)
Cash dividends paid	(2,415)	(2,411)
Proceeds from stock issuance to minority shareholders	115	–
Cash dividends paid to minority shareholders	(17)	(0)
Net cash provided by (used in) financing activities	(2,432)	(2,771)
Effect of exchange rate change on cash and cash equivalents	(459)	(23)
Net increase (decrease) in cash and cash equivalents	10,291	2,891
Cash and cash equivalents at beginning of period	31,389	41,680
Cash and cash equivalents at end of period	41,680	44,570

(5) Notes relating to Assumptions for the Going Concern

Not applicable.

(6) Basic Important Matters for the 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, House Ai-Factory Corporation, High Net Corporation, Asaoka Spice K.K., House Business Partners 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.

It should be noted that House Insurance Enterprise Corporation changed its corporate name to House Business Partners Corporation on April 1, 2009. S Pack Corporation changed its corporate name to House Ai-Factory Corporation on December 1, 2009.

2. Matters Concerning Application of Equity Method

The following five affiliates are subject to equity method accounting:

Ichibanya Co., Ltd., Sanyo Can Corporation, Vox Trading Co., Ltd, PT. Java Agritech, Ichibanya USA, Inc.

Shanghai House Ajinomoto Foods Co., Ltd. was excluded from the scope of equity method affiliates at the end of the fiscal year under review in association with the beginning of liquidation proceedings but was accounted for by the equity method during the period when it was still an equity method affiliate. PT. Java Agritech and Ichibanya USA Inc. were made equity method affiliates in the fiscal year under review when the Company acquired shares in those companies.

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. Matters Concerning 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 (The values in the consolidated balance sheet were calculated using the book-value write-down method based on the decline in profitability.).

(ii) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding lease assets):

At the Company, buildings (excluding building attachments) are depreciated using the straight-line method, and property, plant and equipment other than buildings are depreciated using the declining balance method. For domestic consolidated subsidiaries, the declining balance method is applied (buildings acquired on or after April 1, 1998 are depreciated using the straight-line method), and at overseas consolidated companies, the straight-line method is used. The service lives for these major categories are as follows:

Buildings:	3 to 50 years
Machinery, equipment and vehicles:	mostly 10 years

b. Intangible assets: Straight-line method

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

c. Lease assets:

Depreciation for lease assets concerning finance lease transactions that do not involve a transfer of ownership is computed using the straight-line method over the lease terms as service life, assuming no residual value.

(iii) Accounting standards for significant allowances

a. Allowance for doubtful accounts

To provide 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 consolidated fiscal year-end under review.

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

Past liabilities are accounted for according to the straight-line method as they are incurred for a certain number of years (eight years for consolidated subsidiaries in Japan) within the average life of employees at the time of incurring.

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

(Changes in Accounting Policies)

Starting the fiscal year under review, the Company and its domestic consolidated subsidiaries are applying the Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) (Accounting Standards Board of Japan Statement No. 19 issued on July 31, 2008).

The effect of the change on earnings for the fiscal year under review is minor.

c. Reserve for bonuses for directors and corporate auditors

To provide for the payment of bonuses for directors and corporate auditors, the Company provides accrued bonuses for directors and corporate auditors based on the projected amount for the consolidated fiscal year under review.

d. Reserve for retirement benefits for directors and corporate auditors

Certain of the Company's consolidated subsidiaries in Japan recorded an allowance for retirement benefits for directors and corporate auditors equivalent to the amount payable at the end of the consolidated fiscal year under review, in accordance with the rules for retirement benefits for directors and corporate auditors.

e. Provision for loss on guarantees

To prepare for losses associated with fulfillment of guarantee obligations, the Company provides expected shares in losses, considering the financial position of the parties for which the Company has provided guarantees.

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

Foreign currency amounts are translated into the Japanese yen on the basis of the spot exchange rate in effect on the consolidated 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, liabilities, income, and expenses of overseas subsidiaries and affiliates have been converted into Japanese currency at the spot exchange rate on the consolidated settlement date. Translation differences are shown as foreign currency translation adjustments and minority interests in the net assets section.

(v) 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. Matters Concerning Amortization of Goodwill

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

7. Scope of Funds in Consolidated Cash Flow Statements

Cash and cash equivalents in consolidated cash flow statements consist of cash on hand, deposits that can be withdrawn at any time, and certificates of deposit with the maturity within three months.

(7) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheet)

1. Assets supplied to collateral and corresponding debts

A pledge is created on certificates of deposit of 12 million yen to guarantee the monetary debt of trading partners.

2. Accumulated depreciation of property, plant and equipment

Previous consolidated fiscal year	108,742 million yen
Consolidated fiscal year under review	111,901 million yen

3. Contingent liabilities

Guarantee obligation to the housing loans of the Company employees

Previous consolidated fiscal year	21 million yen
Consolidated fiscal year under review	14 million yen

Guarantee obligation to the monetary debt of trading partners

Previous consolidated fiscal year	4 million yen
Consolidated fiscal year under review	4 million yen

(Notes to Consolidated Statement of Income)

1. Impairment loss

The House Foods Group recognized impairment loss (349 million yen) for the following group of assets in the consolidated fiscal year under review.

Location	Use	Category	Impairment loss (million yen)
House Foods Corporation Rokko Factory	Beverage manufacturing facilities	Buildings and structures, land, and machinery and equipment, others	338
House Foods Corporation Kanto Factory	Idle properties	Machinery and equipment	7
House Wellness Foods Corp.	Idle properties	Machinery and equipment, others	4

The House Foods Group accounts for idle property on an individual basis and business assets using group-based management accounting classifications in accordance with the minimum unit that generates cash flow. Business assets such as head offices are grouped as common assets.

In association with a resolution for the transfer of the mineral water business adopted on April 8, 2010, assets related to the business were written down to recoverable amounts in the fiscal year under review. The recoverable amounts were measured based on net sale values, which in turn were calculated based on estimated transfer prices.

Idle assets were written down to recoverable amounts, which were measured by their use value. Future cash flows being negative, no discounts were calculated.

(Notes to Consolidated Statements of Changes in Net Assets)

Previous consolidated fiscal year (April 1, 2008 - March 31, 2009)

1. Matters relating to outstanding shares

Types of shares	At end of fiscal year ended March 31, 2008 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	At end of fiscal year ended March 31, 2009 (thousand shares)
Common stock	110,879	–	–	110,879

2. Matters relating to treasury stock

Types of shares	At end of fiscal year ended March 31, 2008 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	At end of fiscal year ended March 31, 2009 (thousand shares)
Common stock	1,102	7	–	1,109

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase due to purchases of fractional shares: 7 thousand shares

3. Matters relating to equity warrants, etc.

Not applicable.

4. Matters relating to dividends

(i) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 26, 2008	Common stock	1,208	11	March 31, 2008	June 27, 2008
Meeting of the Board, November 13, 2008	Common stock	1,207	11	September 30, 2008	December 8, 2008

(ii) Dividends with a record date that falls during the fiscal year ended March 31, 2008 but an effective date that falls fiscal year ended March 31, 2009.

Resolution	Type of shares	Source of dividends	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 25, 2009	Common stock	Retained earnings	1,207	11	March 31, 2009	June 26, 2009

Consolidated fiscal year under review (April 1, 2009 - March 31, 2010)

1. Matters relating to outstanding shares

Types of shares	At end of previous consolidated fiscal year (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	At end of consolidated fiscal year under review (thousand shares)
Common stock	110,879	–	–	110,879

2. Matters relating to treasury stock

Types of shares	At end of previous consolidated fiscal year (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	At end of consolidated fiscal year under review (thousand shares)
Common stock	1,109	3	–	1,112

(Reason for the change)

Breakdown of Increase/Decrease is as follows.

Increase due to purchases of fractional shares: 3 thousand shares

3. Matters relating to equity warrants, etc.

Not applicable.

4. Matters relating to dividends

(i) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 25, 2009	Common stock	1,207	11	March 31, 2009	June 26, 2009
Meeting of the Board , October 30, 2009	Common stock	1,207	11	September 30, 2009	December 10, 2009

(ii) Dividends with a record date that falls during the fiscal year under review but an effective date that falls in the next fiscal year.

Resolution	Type of shares	Source of dividends	Total dividends paid (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting, June 25, 2010	Common stock	Retained earnings	1,207	11	March 31, 2010	June 28, 2010

(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 deposits	17,914
Short-term investments whose maturity is set within three months from the date of acquisition (securities)	27,200
Time deposit account with maturity over three months	(544)
Cash and cash equivalents	44,570

(Lease Transactions)

Previous consolidated fiscal year (April 1, 2008 - March 31, 2009)

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

(i) Equivalent to acquisition costs, accumulated depreciation and ending net book value of leased properties

(Million yen)

	Equivalent to acquisition costs	Equivalent to accumulated depreciation	Equivalent to ending net book value
Buildings	517	179	338
Machinery, equipment and vehicles	1,053	655	398
Tools, furniture and fixtures	1,171	734	437
Total	2,741	1,568	1,173

(ii) Equivalent to future lease payments at end of period

(Million yen)

Due within one year	396
Due after one year	777
Total	1,173

(iii) Lease payment and equivalent to accumulated depreciation

(Million yen)

Lease payment	555
Equivalent to accumulated depreciation	555

(iv) 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 as the service life, assuming no residual value.

(v) Since the percentage of the amount of items in the above notes in the ending balance of property, plant and equipment is low, the inclusive-of-interest method is used for accounting.

2. Finance lease transactions

Finance lease transactions without a transfer of ownership

(i) Details of lease assets

Leased assets are primarily warehouses that are used in the transportation and warehouse business, as well as production facilities and research equipment for the food business.

(ii) Depreciation method for lease assets

The depreciation equivalent is computed using the straight-line method over the lease terms as service life, assuming no residual value.

3. Operating lease transactions

Among operating lease transactions, future lease payments that cannot be cancelled

(Million yen)

Due within one year	9
Due after one year	53
Total	62

Consolidated fiscal year under review (April 1, 2009 - March 31, 2010)

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

(i) Equivalent to acquisition costs, accumulated depreciation and ending net book value of leased properties

(Million yen)

	Equivalent to acquisition costs	Equivalent to accumulated depreciation	Equivalent to ending net book value
Buildings	517	209	308
Machinery, equipment and vehicles	654	393	261
Tools, furniture and fixtures	399	283	115
Total	1,570	886	685

(ii) Equivalent to future lease payments at end of period

(Million yen)

Due within one year	199
Due after one year	485
Total	685

(iii) Lease payment and equivalent to accumulated depreciation

(Million yen)

Lease payment	330
Equivalent to accumulated depreciation	330

(iv) 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 as the service life, assuming no residual value.

(v) Since the percentage of the amount of items in the above notes in the ending balance of property, plant and equipment is low, the inclusive-of-interest method is used for accounting.

2. Finance lease transactions

Finance lease transactions without a transfer of ownership

(i) Details of lease assets

Leased assets are primarily warehouses that are used in the transportation and warehouse business, as well as production facilities and research equipment for the food business.

(ii) Depreciation method for lease assets

The depreciation equivalent is computed using the straight-line method over the lease terms as service life, assuming no residual value.

3. Operating lease transactions

Among operating lease transactions, future lease payments that cannot be cancelled

(Million yen)

Due within one year	124
Due after one year	1,003
Total	1,127

(Tax Effect Accounting)

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

(Million yen)

	Previous consolidated fiscal year	Consolidated fiscal year under review
Deferred tax assets		
Loss carried forward	3,082	4,438
Amortization of goodwill	3,513	1,757
Undefined amount of sales commission	1,204	1,211
Impairment loss on noncurrent assets	1,172	1,128
Provision for retirement benefits	1,014	857
Accrued bonuses	811	775
Loss on valuation of investment securities	762	700
Long-term accounts payable-other	272	264
Enterprise tax payable	253	242
Loss on valuation of inventories	144	175
Others	895	985
Subtotal	13,122	12,531
Valuation allowance	(7,662)	(7,565)
Total deferred tax assets	5,461	4,967
Deferred tax liabilities		
Provision for retirement benefits	(1,859)	(2,271)
Valuation difference on available-for-sale securities	(671)	(1,726)
Others	(127)	(94)
Total deferred tax liabilities	(2,657)	(4,091)
Net total deferred tax assets (liabilities)	2,804	875

Note: Net total deferred tax assets of the consolidated fiscal year under review 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	Consolidated fiscal year under review
Current assets	- Deferred tax assets	3,050	2,769
Noncurrent assets	- Deferred tax assets	379	365
Current liabilities	- Deferred tax liabilities	0	0
Noncurrent liabilities	- Deferred tax liabilities	625	2,258

2. Breakdown of principal items causing difference between 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%
(Adjustment)	
Non-deductible items such as entertainment expenses	2.44%
Non-taxable items such as dividends received	(0.54%)
Per capita inhabitant tax, etc.	0.76%
Tax credit for testing and research expenses	(2.48%)
Valuation allowance for deferred tax assets	(1.19%)
Amortization of goodwill	15.76%
Consolidation adjustments such as equity in earnings of affiliates	(1.16%)
Others	0.20%
Actual effective tax rate	54.48%

(Matters Relating to Securities)

Consolidated fiscal year under review (as of March 31, 2010)

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 and municipal bonds, etc.	–	–	–
	Corporate bonds	1,404	1,409	5
	Others	3,238	3,273	34
	Subtotal	4,642	4,682	40
Securities with market value not exceeding consolidated balance sheet value	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	–	–	–
	Others	7,530	7,378	(152)
	Subtotal	7,530	7,378	(152)
Total		12,172	12,060	(112)

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	12,527	18,853	6,326
	(ii) Bonds	4,900	4,944	44
	Government and municipal bonds, etc.	1,000	1,010	10
	Corporate bonds	2,898	2,914	16
	Others	1,002	1,020	18
	(iii) Others	–	–	–
	Subtotal	17,427	23,798	6,371
Securities with market value not exceeding consolidated balance sheet value	(i) Stocks	9,617	7,592	(2,025)
	(ii) Bonds	2,738	2,730	(8)
	Government and municipal bonds, etc.	–	–	–
	Corporate bonds	1,638	1,632	(6)
	Others	1,100	1,098	(2)
	(iii) Others	–	–	–
	Subtotal	12,354	10,322	(2,033)
Total		29,781	34,119	4,338

3. Matters concerning other marketable securities sold during the fiscal year under review

(Million yen)

Value of proceeds from sale	Total gain from sale	Total loss from sale
13	–	4

4. Marketable securities whose fair values are not readily determinable

(1) Other marketable securities
(on the consolidated balance sheet)
Unlisted shares 654 million yen
Negotiable certificates of deposit 27,200 million yen

5. Marketable securities impaired

The acquisition cost of "2. Other marketable securities with fair market value" and the consolidated balance sheet amount of "4. Marketable securities whose fair values are not readily determinable" are book values after impairment charges. As a result of impairment charges, a loss on valuation of investment securities of 799 million yen and a loss on valuation of membership of 6 million yen were posted in the fiscal year under review.

6. Planned redemption amount from other marketable securities with a maturity date or bonds to be held to maturity

(Million yen)

	Within 1 year	1 to 5 years	5 to 10 years
(i) Bonds	4,603	10,283	4,960
Government and municipal bonds, etc.	–	1,010	–
Corporate bonds	2,505	3,445	–
Others	2,098	5,828	4,960
(ii) Others	27,200	–	–
Total	31,803	10,283	4,960

(Pension and Severance Cost)

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

The retirement benefits systems of the Company and certain 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 consolidated fiscal year under review, defined benefit corporate pension plans (fund-type and contract-type) and retirement lump-sum grants system had been adopted by three companies, and a qualified pension system had been adopted by two companies.

2. Matters relating to projected benefit obligations

(Million yen)

	Previous consolidated fiscal year	Consolidated fiscal year under review
a. Projected benefit obligations	(42,971)	(44,161)
b. Pension assets	35,957	43,103
c. Unfunded obligations for retirement and severance benefits ((a) + (b))	(7,014)	(1,058)
d. Unrecognized actuarial gain or loss	9,615	4,903
e. Unrecognized prior service cost	(438)	(292)
f. Net accrued retirement benefits reflected in consolidated balance sheets ((c) + (d) + (e))	2,164	3,553
g. Prepaid pension cost	4,568	5,581
h. Allowance for retirement benefits ((f) - (g))	(2,404)	(2,028)

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	Consolidated fiscal year under review
a. Service cost	1,654	1,568
b. Interest cost	1,008	1,010
c. Expected return on pension assets	(737)	(682)
d. Recognized actuarial gain or loss	1,199	1,818
e. Amortization of prior service cost	(146)	(146)
f. Net retirement benefit costs ((a) + (b) + (c) + (d) + (e))	2,978	3,569

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

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

	Previous consolidated fiscal year	Consolidated fiscal year under review
a. Periodic allocation method for projected benefits	Periodic straight-line base	Same as the left
b. Discount rates	Primarily 2.5%	Same as the left
c. Expected return on assets	Primarily 2.0%	Same as the left
d. Years over which prior service cost is amortized	Primarily 1 year	Same as the left
e. Years over which actuarial gain or loss is amortized	Primarily 10 years	Same as the left

(The actuarial gain or loss is charged to expenses from the following consolidated fiscal year using primarily a straight-line method based on determined years within the average remaining years of service of employees when incurred.)

(Segment Information)

1. Segment information by operating segment

Previous consolidated fiscal year (April 1, 2008 – March 31, 2009)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
I. Net sales and operating income (loss)					
Net sales					
(1) Sales - outside customers	211,512	11,036	222,549	–	222,549
(2) Sales and transfer - inter-segment	9	12,508	12,517	(12,517)	–
Total	211,521	23,545	235,066	(12,517)	222,549
Operating expenses	197,734	23,220	220,955	(8,607)	212,348
Operating income	13,787	324	14,111	(3,910)	10,201
II. Assets, depreciation cost, impairment loss and capital expenditures					
Assets	244,701	11,798	256,498	(28,272)	228,226
Depreciation cost	5,706	412	6,118	–	6,118
Impairment loss	606	–	606	–	606
Capital expenditures	3,958	1,371	5,329	–	5,329

(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, etc.
3. Because all operating expenses are allocated to each operating segment, there are no undistributed operating expenses.
4. The food analysis business and insurance agency business, which were previously recognized in the "Other business" segment are 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 Company is applying the Accounting Standard for Measurement of Inventories from the consolidated fiscal year. As a result, in comparison with the results computed using the previous method, "Foods" in operating income of the consolidated fiscal year decreased 320 million yen.
6. As described in "Basic important matters for preparation of consolidated financial statements," responding to the amendments to the Corporation Tax Act in 2008 concerning the service life of depreciable assets, the Company and its consolidated subsidiaries in Japan reviewed the service life of machinery and equipment and made adjustments corresponding to the amended Corporation Tax Act from the consolidated fiscal year. As a result, in comparison with the business performance based on the existing service life, "Foods" in the operating income for the consolidated fiscal year increased 167 million yen.

Consolidated fiscal year under review (April 1, 2009 – March 31, 2010)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
I. Net sales and operating income (loss)					
Net sales					
(1) Sales - outside customers	208,768	11,854	220,622	–	220,622
(2) Sales and transfer - inter-segment	2	13,118	13,119	(13,119)	–
Total	208,769	24,972	233,741	(13,119)	220,622
Operating expenses	194,394	24,402	218,797	(9,139)	209,658
Operating income	14,375	569	14,944	(3,981)	10,964
II. Assets, depreciation cost, impairment loss and capital expenditures					
Assets	258,934	12,268	271,202	(39,276)	231,927
Depreciation cost	5,431	671	6,102	–	6,102
Impairment loss	349	–	349	–	349
Capital expenditures	4,097	637	4,734	–	4,734

(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, etc.
3. Because all operating expenses are allocated to each operating segment, there are no undistributed operating expenses.
4. The food analysis business and insurance agency business, which were previously recognized in the "Other business" segment are included in the "Transport and Warehouse Operations" operating segment due to its minor significance.

2. Segment information by geographic area

Previous consolidated fiscal year (April 1, 2008, to March 31, 2009) and consolidated fiscal year under review (April 1, 2009, to March 31, 2010)

Since the domestic share of sales and assets both exceeds 90% in total sales and total assets, segment information by geographic area is omitted.

3. Overseas sales

Previous consolidated fiscal year (April 1, 2008, to March 31, 2009) and consolidated fiscal year under review (April 1, 2009, to March 31, 2010)

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

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

1. Production results

The breakdown of production results by product are as follows:

Segment	Previous consolidated fiscal year		Consolidated fiscal year under review	
	Million yen	%	Million yen	%
Curry and Spices	58,470	32.9	60,311	34.6
Stew and Packaged Noodles	30,550	17.2	29,090	16.7
Retort Pouched Foods	34,499	19.4	35,080	20.1
Drinks, snacks and Other Products	54,355	30.5	49,766	28.6
Total	177,874	100.0	174,247	100.0

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

2. Orders

The Company does not adopt built-to-order manufacturing for its principal products.

3. Sales results

The breakdown of sales results by product is as follows:

Segment	Previous consolidated fiscal year		Consolidated fiscal year under review	
	Million yen	%	Million yen	%
Food Products	211,512	95.0	208,768	94.6
Curry and Spices	60,793	27.3	62,171	28.2
Stew and Packaged Noodles	34,601	15.5	33,275	15.1
Retort Pouched Foods	38,429	17.3	38,883	17.6
Drinks, snacks and Other Products	77,689	34.9	74,439	33.7
Transport and Warehouse Operations	11,036	5.0	11,854	5.4
Total	222,549	100.0	220,622	100.0

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

(Per Share Information)

(Yen)

	Previous consolidated fiscal year (April 1, 2008 – March 31, 2009)	Consolidated fiscal year under review (April 1, 2009 – March 31, 2010)
Net assets per share	1,623.36	1,660.57
Net income per share	43.05	43.91

Note: The basis for calculating net income per share is as follows. Since no residual securities exist, per-share net income after residual securities adjustments is omitted.

	Previous consolidated fiscal year (April 1, 2008 – March 31, 2009)	Consolidated fiscal year under review (April 1, 2009 – March 31, 2010)
	Million yen	Million yen
Net income	4,726	4,820
Amount not allocable to common shareholders	–	–
Net income available for common stock	4,726	4,820
	Thousand shares	Thousand shares
Weighted average number of shares of common stock outstanding during each period	109,773	109,768

(Important Subsequent Events)

Transfer of the mineral water business

The Company decided at a meeting of its Board of Directors held on April 8, 2010 to transfer its mineral water business to Asahi Soft Drinks Co., Ltd. on May 31, 2010.

1. Reason of the transfer

   To focus its management resources on the growth drivers – the health food business, direct retail business, and overseas business – specified in the Medium-term Business Plan, the Company has decided to withdraw from the mineral water business and to transfer the business to a company that will be able to take over and develop the *Rokko No Oishii Mizu* brand.

2. Details of the business transfer

   (i) Details of the mineral water business

   The manufacturing plant and facilities for obtaining water (land, buildings, structures, and equipment) for the mineral water that the Company produces and sells as *Rokko No Oishii Mizu* and the trademark

   (ii) Operating results of the mineral water business (fiscal year ended March 31, 2010)

	Mineral water business (a)	Consolidated businesses (b)	Ratio (a/b)
Net sales	9,840 million yen	220,622 million yen	4.5%

   (iii) Classification of assets and liabilities to be transferred and the amount of each classification (as of March 31, 2010)

Assets		Liabilities	
Classification	Book value	Classification	Book value
Inventories	—	—	—
Noncurrent assets	5,589 million yen	—	—
Total	5,589 million yen	Total	—

   (iv) Transfer price 5,300 million yen

3. Profile of the acquirer (as of December 31, 2009)

(1) Name	Asahi Soft Drinks Co., Ltd.	
(2) Address	1-23-1 Azumabashi, Sumida-ku, Tokyo	
(3) Name and title of representative	Shiro Kikuchi, President (as of May 10, 2010)	
(4) Business	Manufacture and sale of soft drinks, operation of vending machines, and other related businesses	
(5) Capital	11,081 million yen	
(6) Established	March 30, 1982	
(7) Net assets	41,278 million yen	
(8) Total assets	124,350 million yen	
(9) Major shareholder and shareholding	Asahi Breweries, Ltd.; 100.0%	
(10) Relationship between the acquirer and the Company	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	Not applicable
	Related party or not	Not applicable

4. Schedule

Resolution at meeting of the Board: April 8, 2010

Conclusion of business transfer agreement: April 8, 2010

Business transfer: May 31, 2010

(Omissions of Disclosure)

Disclosure of related party transactions and financial instruments 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)

	Previous fiscal year (As of March 31, 2009)	Fiscal year under review (As of March 31, 2010)
Assets		
Current assets		
Cash and deposits	10,023	15,488
Notes receivable-trade	23	24
Accounts receivable-trade	30,215	30,043
Short-term investment securities	27,000	31,102
Merchandise and finished goods	5,748	4,991
Work in process	956	867
Raw materials and supplies	2,112	1,984
Deferred tax assets	1,972	1,982
Other	2,027	1,702
Allowance for doubtful accounts	(10)	(3)
Total current assets	80,066	88,182
Noncurrent assets		
Property, plant and equipment		
Buildings, net	13,659	13,040
Structures, net	726	633
Machinery and equipment, net	6,374	5,983
Vehicles, net	63	44
Tools, furniture, and fixtures, net	606	518
Land	17,799	17,556
Lease assets, net	23	32
Construction in progress	111	311
Total property, plant and equipment	39,361	38,116
Intangible assets		
Leasehold right	6	6
Right of trademark	8	7
Telephone subscription right	45	45
Right of using facilities	0	0
Software	2,613	2,221
Software in progress	162	270
Total intangible assets	2,834	2,549
Investments and other assets		
Investment securities	35,245	42,148
Stocks of subsidiaries and affiliates	41,436	41,628
Investments in capital	39	39
Investments in capital of subsidiaries and affiliates	1,140	1,155
Long-term loans receivable from employees	8	7
Long-term loans receivable from subsidiaries and affiliates	3,600	3,450
Long-term prepaid expenses	219	216
Guarantee deposits	1,148	1,147
Long-term time deposits	2,000	2,000
Prepaid pension cost	4,568	5,581
Other	67	62
Allowance for doubtful accounts	(158)	(207)
Total investments and other assets	89,312	97,225
Total noncurrent assets	131,507	137,890
Total assets	211,573	226,072

(Million yen)

	Previous fiscal year (As of March 31, 2009)	Fiscal year under review (As of March 31, 2010)
Liabilities		
Current liabilities		
Notes payable-trade	1,891	2,158
Accounts payable-trade	11,706	10,803
Short-term loans payable	–	7,311
Lease obligations	5	9
Accounts payable-other	10,636	10,881
Accrued expenses	1,943	1,896
Income taxes payable	3,003	2,189
Deposits received	159	116
Provision for directors' bonuses	67	58
Provision for loss on guarantees	–	92
Other	516	394
Total current liabilities	29,927	35,908
Noncurrent liabilities		
Lease obligations	18	23
Long-term guarantee deposited	268	268
Long-term accounts payable-other	670	650
Deferred tax liabilities	575	2,254
Total noncurrent liabilities	1,531	3,196
Total liabilities	31,458	39,103
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus		
Legal capital surplus	23,815	23,815
Total capital surplus	23,815	23,815
Retained earnings		
Legal retained earnings	2,487	2,487
Other retained earnings		
General reserve	133,900	133,900
Retained earnings brought forward	10,278	15,489
Total retained earnings	146,665	151,876
Treasury stock	(1,322)	(1,326)
Total Shareholders' equity	179,107	184,314
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,008	2,655
Total valuation and translation adjustments	1,008	2,655
Total net assets	180,115	186,968
Total liabilities and net assets	211,573	226,072

(2) Non-Consolidated Statements of Income

(Million yen)

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
Net sales	161,882	161,680
Cost of sales		
Beginning merchandise and finished goods	5,414	5,748
Cost of purchased goods	21,282	22,254
Cost of products manufactured	59,451	55,406
Total	86,147	83,408
Transfer to other account	714	887
Ending merchandise and finished goods	5,748	4,991
Total cost of sales	79,685	77,530
Gross profit	82,196	84,150
Selling, general and administrative expenses		
Advertising expenses	10,702	10,919
Transportation and warehousing expenses	5,575	5,428
Sales commissions	5,045	4,876
Promotion expenses	24,520	25,440
Directors' compensation	263	239
Salaries, allowances and bonuses	8,906	8,251
Provision for directors’ bonuses	67	58
Retirement benefit expenses	1,653	1,985
Welfare expenses	1,826	1,802
Travel and communication expenses	1,419	1,371
Depreciation	822	817
Rent expenses	1,092	1,144
Experiment and research expenses	3,026	3,312
Investigation expenses	822	857
Other	4,504	5,119
Total selling, general and administrative expenses	70,244	71,618
Operating income	11,952	12,532
Non-operating income		
Interest income	144	94
Interest on securities	268	274
Dividends income	1,103	1,020
Rent income	263	223
Other	268	210
Total non-operating income	2,045	1,822
Non-operating expenses		
Interest expenses	8	13
Rent expenses	92	77
Foreign exchange losses	5	64
Other	26	14
Total non-operating expenses	130	168
Ordinary income	13,867	14,186

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
		(Million yen)
Extraordinary income		
Gain on sales of noncurrent assets	10	15
Reversal of allowance for doubtful accounts	–	2
Gain on sales of investment securities	2	–
Total extraordinary income	13	17
Extraordinary loss		
Loss on sales of noncurrent assets	–	18
Loss on retirement of noncurrent assets	219	188
Loss on sales of investment securities	46	–
Loss on valuation of investment securities	26	799
Loss on valuation of stocks of subsidiaries and affiliates	388	–
Loss on valuation of membership	2	60
Loss on revision of retirement benefit plan	129	–
Impairment loss	606	345
Provision for loss on guarantees	–	92
Other	4	74
Total extraordinary loss	1,420	1,576
Income before income taxes	12,460	12,627
Income taxes-current	4,525	4,383
Income taxes-deferred	505	618
Total income taxes	5,030	5,001
Net income	7,429	7,626

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

(Million yen)

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
Shareholders' equity		
Capital stock		
Balance as of March 31, 2009	9,948	9,948
Changes of items during the period		
Total changes of items during the period	–	–
Balance as of March 31, 2010	9,948	9,948
Capital surplus		
Legal capital surplus		
Balance as of March 31, 2009	23,815	23,815
Changes of items during the period		
Total changes of items during the period	–	–
Balance as of March 31, 2010	23,815	23,815
Total capital surplus		
Balance as of March 31, 2009	23,815	23,815
Changes of items during the period		
Total changes of items during the period	–	–
Balance as of March 31, 2010	23,815	23,815
Retained earnings		
Legal retained earnings		
Balance as of March 31, 2009	2,487	2,487
Changes of items during the period		
Total changes of items during the period	–	–
Balance as of March 31, 2010	2,487	2,487
Other retained earnings		
General reserve		
Balance as of March 31, 2009	129,900	133,900
Changes of items during the period		
Provision of general reserve	4,000	–
Total changes of items during the period	4,000	–
Balance as of March 31, 2010	133,900	133,900
Retained earnings brought forward		
Balance as of March 31, 2009	9,263	10,278
Changes of items during the period		
Dividends from surplus	(2,415)	(2,415)
Net income	7,429	7,626
Provision of general reserve	(4,000)	–
Total changes of items during the period	1,014	5,211
Balance as of March 31, 2010	10,278	15,489
Total retained earnings		
Balance as of March 31, 2009	141,651	146,665
Changes of items during the period		
Dividends from surplus	(2,415)	(2,415)
Net income	7,429	7,626
Provision of general reserve	–	–
Total changes of items during the period	5,014	5,211
Balance as of March 31, 2010	146,665	151,876

	Previous fiscal year (April 1, 2008 – March 31, 2009)	Fiscal year under review (April 1, 2009 – March 31, 2010)
		(Million yen)
Treasury stock		
Balance as of March 31, 2009	(1,311)	(1,322)
Changes of items during the period		
Purchase of treasury stock	(11)	(4)
Total changes of items during the period	(11)	(4)
Balance as of March 31, 2010	(1,322)	(1,326)
Total shareholders' equity		
Balance as of March 31, 2009	174,104	179,107
Changes of items during the period		
Dividends from surplus	(2,415)	(2,415)
Net income	7,429	7,626
Purchase of treasury stock	(11)	(4)
Total changes of items during the period	5,003	5,207
Balance as of March 31, 2010	179,107	184,314
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance as of March 31, 2009	3,788	1,008
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,779)	1,646
Total changes of items during the period	(2,779)	1,646
Balance as of March 31, 2010	1,008	2,655
Total valuation and translation adjustments		
Balance as of March 31, 2009	3,788	1,008
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,779)	1,646
Total changes of items during the period	(2,779)	1,646
Balance as of March 31, 2010	1,008	2,655
Total net assets		
Balance as of March 31, 2009	177,891	180,115
Changes of items during the period		
Dividends from surplus	(2,415)	(2,415)
Net income	7,429	7,626
Purchase of treasury stock	(11)	(4)
Net changes of items other than shareholders' equity	(2,779)	1,646
Total changes of items during the period	2,224	6,853
Balance as of March 31, 2010	180,115	186,968

(4) Notes relating to Assumptions for the Going Concern

Not applicable.

(5) 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 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, work in process:

Cost accounting method using the gross average method (The values in the non-consolidated balance sheet were calculated using the book-value write-down method based on the decline in profitability.)

(ii) Supplies:

Cost accounting method using the first-in, first-out (FIFO) method (The values in the non-consolidated balance sheet were calculated using the book-value write-down method based on the decline in profitability.)

3. Depreciation Method for Noncurrent Assets

(i) Property, plant and equipment (excluding lease assets):

At the Company, buildings (excluding building attachments) are depreciated using the straight-line method, and property, plant and equipment other than buildings are depreciated using the declining balance method.

The service lives for these major categories are as follows:

Buildings:	3 to 50 years
Machinery and equipment:	mostly 10 years

(ii) Intangible assets: Straight-line method

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

(iii) Lease assets:

Depreciation for lease assets concerning finance lease transactions that do not involve a transfer of ownership is calculated using the straight-line method over the lease terms as service life, assuming no residual value.

4. Accounting Standards for Allowances

(i) Allowance for doubtful accounts:

To provide 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.

(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 fiscal year-end under review.

Additionally, the pension assets of the Company exceeded retirement allowance liabilities at the end of the fiscal year under review, and this excess amount is recorded as 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.

(Change in accounting policy)

Starting the fiscal year under review, the Company is applying the Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) (Accounting Standards Board of Japan Statement No. 19 issued on July 31, 2008). Since the discount rate remains unchanged, the change does not affect the financial statements for the fiscal year under review.

(iii) Reserve for bonuses for directors and corporate auditors:

To provide for the payment of bonuses for directors and corporate auditors, the Company provides accrued bonuses for directors and corporate auditors based on the projected amount for the fiscal year under review.

(iv) Provision for loss on guarantees: To prepare for losses associated with the fulfillment of its guarantee obligations, the Company provides expected shares in losses, considering the financial position of the parties for which the Company has provided guarantees.

5. Translation Standard for Foreign Currency-denominated Assets and Liabilities into the Japanese Yen

Foreign currency amounts are translated into Japanese 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 Method for Consumption Taxes

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

(6) Notes to Non-Consolidated Financial Statements

(Notes to Non-Consolidated Balance Sheet)

1. Assets supplied to collateral and corresponding debts

A pledge is created on certificates of time deposits of 12 million yen to guarantee the monetary debt of trading partners.

2. Accumulated depreciation of property, plant and equipment

Previous fiscal year	88,965 million yen
Fiscal year under review	90,511 million yen

3. Short-term loans to affiliates

Previous fiscal year	997 million yen
Fiscal year under review	821 million yen

Long-term loans to affiliates

Previous fiscal year	3,600 million yen
Fiscal year under review	3,450 million yen

Short-term borrowing from affiliates

Previous fiscal year	2,231 million yen
Fiscal year under review	9,365 million yen

4. Contingent liabilities

Guarantee obligation to the housing loans of the Company employees

Previous fiscal year	21 million yen
Fiscal year under review	14 million yen

Guarantee obligation to the monetary debt of trading partners

Previous fiscal year	4 million yen
Fiscal year under review	4 million yen

(Notes to Non-Consolidated Statements of Income)

1. Impairment loss

The Company recognized an impairment loss (345 million yen) for the following group of assets in the fiscal year under review.

Location	Use	Category	Impairment loss (million yen)
Rokko Factory	Beverage manufacturing facilities	Buildings and structures, land, and machinery and equipment, others	338
Kanto Factory	Idle properties	Machinery and equipment	7

The Company accounts for idle property on an individual basis and business assets using group-based management accounting classifications in accordance with the minimum unit that generates cash flow. Business assets such as head offices are grouped as common assets.

In association with a resolution for the transfer of the mineral water business adopted on April 8, 2010, assets related to the business were written down to recoverable amounts in the fiscal year under review. The recoverable amounts were measured based on net sale values, which in turn were calculated based on estimated transfer prices.

Idle assets were written down to recoverable amounts, which were measured by their use value. Future cash flows being negative, no discounts were calculated.

(Notes to Non-Consolidated Statements of Changes in Net Assets)

Matters relating to treasury stock

Types of shares	At end of previous fiscal year (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	At end of fiscal year under review (thousand shares)
Common stock	1,109	3	–	1,112

(Important Subsequent Events)

Transfer of the mineral water business

For details, please refer to “4. Consolidated Financial Statements, (7) Notes to Consolidated Financial Statements (Important Subsequent Events).”

6. Other

(1) Changes in Directors and Auditors

1. Nominee for Director (on June 25, 2010)
   Hiroshi Kato, Director (currently Managing Executive Officer, Deputy General Manager of Marketing Headquarters)

2. Nominee for Auditor (on June 25, 2010)
   Kenzo Ito, Standing Auditor (currently Standing Corporate Advisor)

3. Retiring Auditor (on June 25, 2010)
   Katsuhisa Todo, Standing Auditor (to become Part-time Corporate Advisor)