



FY2010 Results Briefing

May 12, 2011



URL <http://housefoods.jp/>

Contents

- ◇ **FY2010 Results** pp. 3 - 7
- ◇ **Full-Year Plan for FY2011** pp. 8 - 13
- ◇ **Progress Against Final Year of
Third Medium-Term Business Plan** p. 14
- ◇ **Major Businesses: Status and Strategies** pp. 15 - 22

(Supplementary materials)

- ◇ *Supplementary description* pp. 23 - 32

(History of businesses / Description of major new products and varieties for the spring and summer / Sales by product type (results for FY2010 and targets for FY2011) / Trends of cost reductions and sales promotion expenses / Breakdowns of non-operating income and expenses and extraordinary income and loss / Changes in consolidated cash flows / Trends of capital investment and depreciation and amortization / Concept of the third medium-term business plan and business targets for the final year / Content of new business segments in the third medium-term business plan)



FY2010 Results

The development of products for stewed dishes was adversely affected by record high temperatures. However, profitability recovered, reflecting the decline in temperatures and focused and efficient use of marketing costs for profitable products in the year-end demand season. There was special demand for certain products as part of emergency supplies after the Great East Japan Earthquake, which occurred towards the end of the fiscal year.

Net sales declined due to the transfer of the mineral water business, but income rose, reflecting an improvement in the sales mix.

● Consolidated net sales and income

★ Non-consolidated (Million yen)

	FY2009 performance	FY2010 revised target	FY2010 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)	Comparison with target (%)
Net sales	220,622	217,000	216,713	-3,909 (98.2) +2,845 (101.3)	-287 (99.9)
Operating income	10,964(*)	10,300(*)	12,069(*)	+1,106 (110.1)	+1,769 (117.2)
Ordinary income	12,187(*)	11,200(*)	13,031(*)	+843 (106.9)	+1,831 (116.3)
Net income	4,820(*)	4,900(*)	5,252(*)	+432 (109.0)	+352 (107.2)

	FY2010 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)
	155,136	-6,544 (96.0) +209 (100.1)
	13,536	+1,004 (108.0)
	15,536	+1,350 (109.5)
	8,107	+482 (106.3)

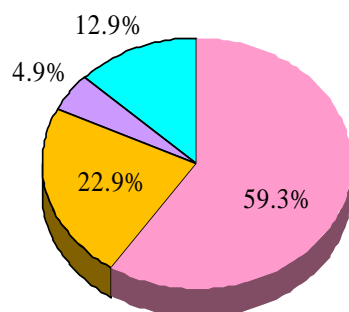
- Comprehensive income: ¥6,551m (YOY: -%) in FY2009, ¥4,918m (YOY: down 24.9%) in FY2010

- The “real comparison” in the year-on-year column for net sales is the year-on-year comparison excluding a decrease in sales due to the transfer of the mineral water business. (Sales in the mineral water business from July to March are excluded from sales for FY2009 and FY2010.)

- (*) Amortization of the goodwill of House Wellness Foods Corporation: ¥4,106m in FY2009, ¥4,106m in FY2010

● Breakdown of sales by business segment

(Million yen)



	FY2010 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)	Comparison with target (%)
Spice / Seasoning / Prepared Food Business	128,590	-98 (99.9)	+1,695 (101.3)
Health Food Business	49,605	+1,810 (103.8)	-1,759 (96.6)
International Business	10,521	+517 (105.2)	-748 (93.4)
Transport and Other Businesses	27,997	-6,138 (82.0) +615 (102.3)	+525 (101.9)

Sales in the mineral water business are included in the Transport and Other Businesses.

The “real comparison” in the year-on-year column is the year-on-year comparison excluding a decrease in sales due to the transfer of the mineral water business. (Sales in the mineral water business from July to March are excluded from sales for FY2009 and FY2010.)

● Breakdown of sales by product type	FY2010	YOY	% to target
Spice / Seasoning / Prepared Food Business	¥128,590m	99.9%	101.3%
Curry roux	38,354	98.1	102.6
Stew roux (excl. cup-type products)	14,174	102.9	100.9
Hashed beef sauce roux	4,172	97.0	100.9
Cup-type products	1,629	58.4	86.5
Spice	15,370	107.1	100.1
Retort pouched curry	13,942	98.1	101.0
Packaged noodles	6,770	101.8	105.8
Snack	8,765	97.8	95.3
Dessert	4,037	108.7	106.2
Food service products	15,071	104.2	101.1
Health Food Business	¥49,605m	103.8%	96.6%
Health foods (excl. direct retail products)	21,363	105.1	94.3
Direct retail products	968	141.1	59.0
House Wellness Foods (consolidated)	28,122	102.0	100.0
International Business	¥10,521m	105.2%	93.4%
House Foods America (soybeans, restaurants)	5,706 (\$70,016,000)	98.4 (111.2)	94.6 (98.7)
Shanghai House Foods	779	151.8	96.3
Restaurants in Asia (China, Taiwan, South Korea)	1,252	124.4	102.6
Transport and Other Businesses	¥27,997m	82.0%	101.9%
House Logistics Service (consolidated)	12,849	110.7	102.7
Delica Chef (deli products)	12,757	103.5	101.0
Mineral water	1,984	20.2	103.9
Consolidated sales	¥216,713m	98.2	99.9

All exports are added to sales in the International Business segment in the breakdown of sales by business segment. However, sales of each product type in the table above include exports.

Major trends in FY2010
<p>Spice / Seasoning / Prepared Food Business</p> <ul style="list-style-type: none"> ◆ Sales of curry roux products were adversely affected by the avoidance of stew dishes due to record high temperatures. Sales of <i>Kokumaro Curry</i> were weak because of intensifying competition among low-price products. ◆ Sales of stew products were adversely affected by the extreme heat immediately after the launch of the products. However, sales increased thanks to declines in temperatures and the contribution of <i>Fu Fu Stew</i>, a new affordable price brand. ◆ Sales of cup-type products dropped sharply, because we were not able to adequately respond to changes in customers' demands for low-price, single-serving, instant-food products. ◆ Spice sales continued to increase, reflecting aggressive marketing activities and a growing trend of cooking at home. ◆ Sales of retort pouched curry products fell in reaction to strong demand for them as stockpiled food in the previous fiscal year in association with the outbreak of influenza. However, the decline was mitigated by special demand for emergency supplies after the earthquake that occurred towards the end of the fiscal year.
<p>Health Food Business</p> <ul style="list-style-type: none"> ◆ Sales of the <i>Ukon No Chikara</i> rose, attributable to aggressive marketing in the peak demand season, the development of new channels, including restaurants, and the expansion of varieties. ◆ <i>Nutrisystem J-diet</i>, a weight-loss program sold nationwide, did not have the expected demand and its sales were far below the target. ◆ Sales of the drinks of House Wellness Foods Corporation were strong, reflecting the expansion of the product lineup and the effect of the extreme heat.
<p>International Business</p> <ul style="list-style-type: none"> ◆ Sales in the U.S. soybean business increased thanks to new customers, enhanced OEM operations, and the expansion of the sales area. ◆ Sales of curry products, both for household use and commercial use, in China rose sharply as a result of aggressive marketing. ◆ Each company in the restaurant business in Asia steadily increased the number of restaurants and expanded their operations. Korea Curry House Co., Ltd. started to open franchised restaurants.
<p>Transport and Other Businesses</p> <ul style="list-style-type: none"> ◆ In the logistics business, a decrease in sales due to the transfer of its mineral water business was offset by new logistics operations. ◆ Sales at Delica Chef Corporation rose, reflecting solid sales of dessert, deli products, and bakery goods.

Sales declined, but income increased thanks to cost cutting, an improvement in the sales mix, and special demand following the earthquake towards the fiscal year end.

● Net sales and operating income by business segment

(Million yen)

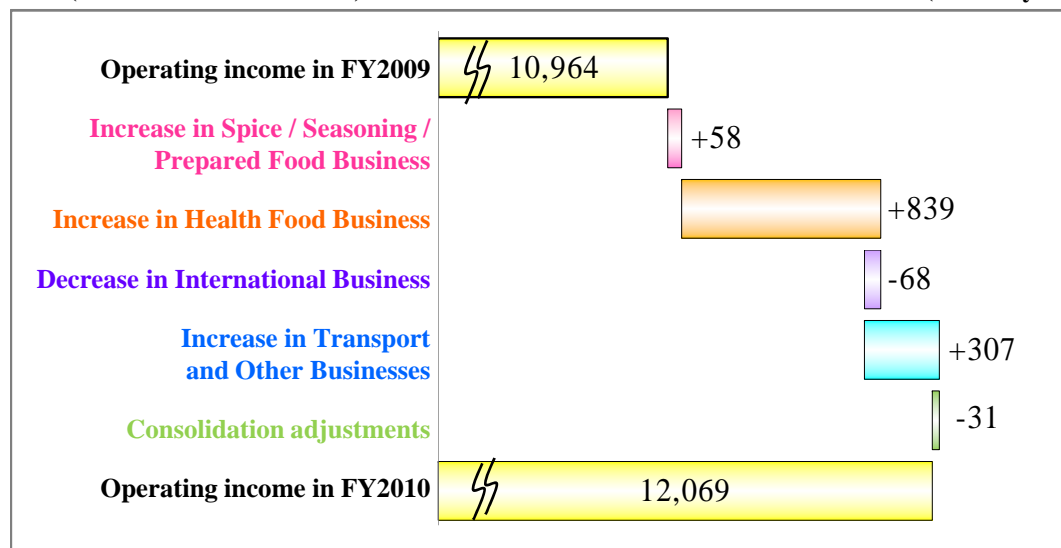
	Net sales			Operating income			ROS (%)
	FY2010 performance	Year on year (%)	Comparison with target (%)	FY2010 performance	Year on year (%)	Comparison with target (%)	
Spice / Seasoning / Prepare Food Business	128,590	-98 (99.9)	+1,695 (101.3)	11,540	+58 (100.5)	+1,664 (116.8)	9.0
Health Food Business	49,605	+1,810 (103.8)	-1,759 (96.6)	199	+839 (-)	+190 (2108.6)	0.4
International Business	10,521	+517 (105.2)	-748 (93.4)	350	-68 (83.8)	-181 (66.0)	3.3
Transport and Other Businesses	27,997	-6,138 (82.0)	+525 (101.9)	-16	+307 (-)	+100 (-)	-0.1
Total	216,713	-3,909 (98.2)	-287 (99.9)	12,069	+1,106 (110.1)	+1,769 (117.2)	5.6

- Sales in the mineral water business are included in the Transport and Other Businesses.
- The amortization of the goodwill of House Wellness Foods Corporation (¥4,106m) affects operating income in the Health Food Business (real ROS: 8.7%).
- The total operating income is affected by consolidation adjustments (-¥4m in FY2010, ¥27m in FY2009).

● Changes in operating income by business segment

(from FY2009 to FY2010)

(Million yen)



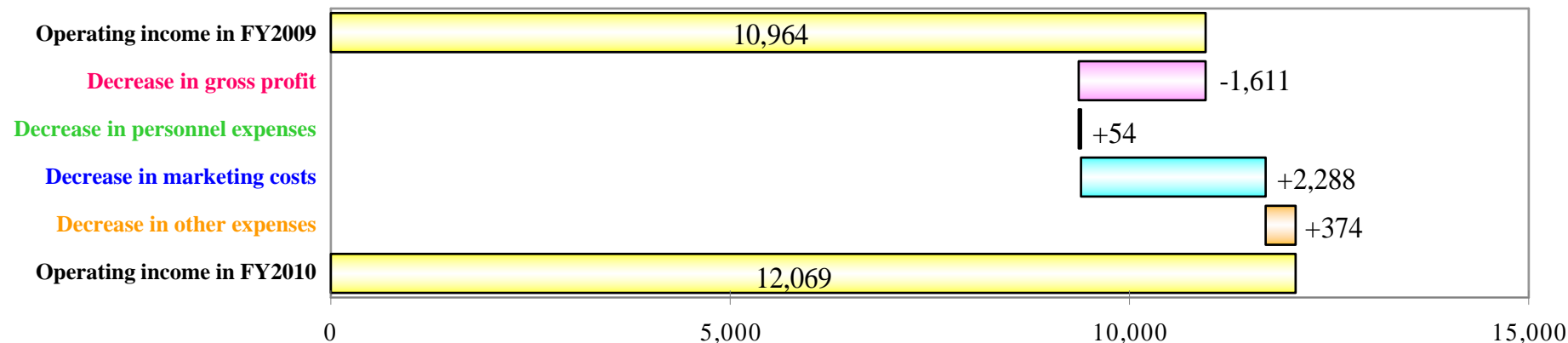
● Main factors of changes in operating income by business segment

- ◆ Despite a fall in earnings from mainstay curry roux and stew products due to a rise in the rate of promotion expenses, income in the Spice / Seasoning / Prepared Food Business increased slightly, reflecting an improvement in earnings from retort pouched products and other products.
- ◆ Revenue in the Health Food Business rose due to a rise in sales of the *Ukon No Chikara* series and strong sales of the drinks of House Wellness Foods Corporation thanks to the extremely hot summer. However, the operating margin was low because of the amortization of goodwill of ¥4.1 billion.
- ◆ Earnings in the U.S. soybean business rose, and restaurant businesses moved into the black, but income in the International Business declined, attributable to the adverse effect of a strong yen and an increase in marketing costs in the curry business in China.
- ◆ In the Transport and Other Businesses, earnings at Delica Chef Corporation declined because of an increase in the weighting of high-cost products, but the decline was mostly offset by the transfer of the mineral water business, where the expense ratio was high.

Operating income rose with a decrease in gross profit more than offset by a reduction in marketing costs.

● Change in consolidated operating income in FY2010 **Increase of ¥1,106m**

(Million yen)



● Breakdown of expenses

	Main factors (non-consolidated)	Main factors (consolidated subsidiaries)
Gross profit -¥1,611m Cost to sales ratio: 53.68% (% of sales: down 0.09)	Gross profit: -¥3,145m Cost to sales ratio: 47.95% to 47.78% (down 0.17 percentage point) Gross profit declined, reflecting the transfer of the mineral water business. Reduction in costs: ¥1,536m (¥1,473m in materials costs, ¥63m in logistics costs) - Total reduction in costs: ¥1,584m (including logistics costs [in SG&A] of ¥48m) Material cost rate: down 0.11 percentage point; Labor cost rate: up 0.27 percentage point; Manufacturing expense rate: down 0.39 percentage point	Gross profit: +¥1,534m Subsidiaries total: +¥1,519m Consolidation adjustments: +¥15m
Personnel expenses -¥54m (% of sales: up 0.14)	Personnel expenses: -¥122m (% of sales: up 0.30) Personnel expenses include those for the Somatech Center (research institute).	Personnel expenses: +¥68m Delica Chef: +¥118m
Marketing costs -¥2,288m (% of sales: down 0.66)	Marketing costs: -¥3,187m (% of sales: down 0.98) Promotion expenses: -¥2,016m (% of sales: down 0.63) Sales commissions: -¥344m (% of sales: down 0.10) Advertising expenses: -¥827m (% of sales: down 0.25)	Marketing costs: +¥899m House Wellness Foods: +¥724m
Other expenses -¥374m (% of sales: up 0.02)	Other expenses: -¥840m Logistics costs: -¥821m (% of sales: down 0.39%) Depreciation and amortization: +¥33m (% of sales: up 0.05%)	Other expenses: +¥466m House Business Partners: +¥147m House Wellness Foods: +¥111m

● **Non-operating income (expenses)** FY2009: +¥1,224m → FY2010: +¥961m (down ¥262m year on year)

● **Extraordinary income (loss)** FY2009: -¥1,547m → FY2010: -¥3,450m (down ¥1,903m year on year)



Full-Year Plan for FY2011

Given intensifying competition and falling prices, the business environment is challenging. Increasing costs, due to rising raw material prices among other factors, will reduce income. In addition, after the earthquake, the outlook for the market is uncertain and bleak.

Both non-consolidated sales and income are expected to fall due to challenging market and cost circumstances and the effect of the earthquake.

● Consolidated net sales and income

★ Non-consolidated (Million yen)

	FY2009 performance	FY2010 performance	FY2011 target	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)	FY2011 target	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)
Net sales	220,622	216,713	217,000	+287 (100.1) +2,273 (101.1)	154,000	-1,136 (99.3) +849 (100.6)
Operating income	10,964(*)	12,069(*)	13,000(*)	+931 (107.7)	11,600	-1,936 (85.7)
Ordinary income	12,187(*)	13,031(*)	14,300(*)	+1,269 (109.7)	13,500	-2,036 (86.9)
Net income	4,820(*)	5,252(*)	8,400(*)	+3,148 (159.9)	8,000	-107 (98.7)

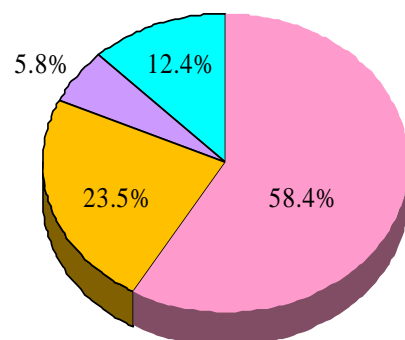
- Comprehensive income: ¥6,551m (YOY: - %) in FY2009, ¥4,918m (YOY: down 24.9%) in FY2010

- The “real comparison” in the year-on-year column for net sales is the year-on-year comparison excluding a decrease in sales due to the transfer of the mineral water business. (Sales in the mineral water business in FY2010 is excluded.)

- (*) Amortization of the goodwill of House Wellness Foods Corporation: ¥4,106m in FY2009, ¥4,106m in FY2010, ¥1,345m in FY2011

● Breakdown of sales by business segment

(Million yen)



	FY2011 target	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)
Spice / Seasoning / Prepared Food Business	126,700	-1,890 (98.5)
Health Food Business	50,900	+1,295 (102.6)
International Business	12,600	+2,079 (119.8)
Transport and Other Businesses	26,800	-1,197 (95.7) +788 (103.0)

Sales in the mineral water business in the previous fiscal year are included in the Transport and Other Businesses.

The “real comparison” in the year-on-year column is the year-on-year comparison excluding a decrease in sales due to the transfer of the mineral water business. (Sales in the mineral water business in FY2010 is excluded.)

● Breakdown of sales by product type	FY2011 target	YOY
Spice / Seasoning / Prepared Food Business	¥126,700m	98.5%
Curry roux	37,630	98.1
Stew roux (excl. cup-type products)	13,710	96.7
Hashed beef sauce roux	4,100	98.3
Cup-type products	1,130	69.2
Spice	16,150	105.1
Retort pouched curry	13,460	96.5
Packaged noodles	6,700	99.0
Snack	8,600	98.1
Dessert	3,900	96.6
Food service products	15,500	102.8
Health Food Business	¥50,900m	102.6%
Health foods (excl. direct retail products)	23,340	109.2
Direct retail products	1,060	109.5
House Wellness Foods (consolidated)	27,510	97.8
International Business	¥12,600m	119.8%
House Foods America (soybeans, restaurants)	6,410 (\$75,450,000)	112.4 (107.8)
Shanghai House Foods	1,350	173.2
Restaurants in Asia (China, Taiwan, South Korea)	1,710	136.7
Transport and Other Businesses	¥26,800m	95.7%
House Logistics Service (consolidated)	13,190	102.7
Delica Chef (deli products)	13,250	103.8
Consolidated sales	¥217,000m	100.1%



Main points of initiatives in FY2011
<p>Spice / Seasoning / Prepared Food Business</p> <ul style="list-style-type: none"> ◆ The Company will aggressively carry out promotions to boost demand for curry roux products and help raise consumer sentiment. ◆ The Company will do promotions that will emphasize different aspects of the value of stew products (warmth, ease, and convenience). ◆ The Company will seek to maintain the upward trend of spice sales by continuing to focus on expanding transaction volumes, especially of Yofu Spice products and maximizing sales of Neri Spice products. ◆ The Company will launch new retort pouched curry products for emergency and summer use without the need to heat them.
<p>Health Food Business</p> <ul style="list-style-type: none"> ◆ The Company will renew the <i>Ukon No Chikara</i> series and will revitalize the market by promoting trial use, developing new channels, and expanding channels for varieties. ◆ In the direct retail business, the Company will aim to increase sales sharply by focusing on expanding the product lineup for the direct marketing of supplements, especially the <i>Tennen Koka Kassei Ukon</i> series. ◆ The Company will assess the profitability of the Nutrisystem J-diet business and the future of the market to determine whether to continue the business. ◆ House Wellness Foods Corporation will avoid or mitigate a possible decline in reaction to strong sales due to the extremely hot summer in the previous fiscal year by conducting a C1000 Genki Iro Project and expanding the product lineup.
<p>International Business</p> <ul style="list-style-type: none"> ◆ In the U.S. soybean business, the Company will continue to boost sales by focusing on increasing transaction volumes and expanding sales areas especially in Europe. ◆ In the curry business in China, the Company plans to significantly boost sales of products both for household use and for commercial use. The Company will promote the development of new sales channels for products for commercial use, approaching restaurant chains and developing industrial catering and school food services. ◆ In the restaurant business, the Company will accelerate the opening of franchised restaurants.
<p>Transport and Other Businesses</p> <ul style="list-style-type: none"> ◆ The Group will continue to promote logistics operations commissioned by companies outside the Group, including third party logistics. ◆ Delica Chef Corporation will aim to improve earnings by cutting costs.

All exports are added to sales in the International Business segment in the breakdown of sales by business segment. However, sales of each product type in the table above include exports.

Operating margin in Health Food Business to improve sharply thanks to a reduction in amortization of goodwill

● Net sales and operating income by business segment

(Million yen)

	Net sales		Operating income		ROS (%)
	FY2011 target	Year on year (%)	FY2011 target	Year on year (%)	
Spice / Seasoning / Prepared Food Business	126,700	-1,890 (98.5)	8,500	-3,040 (73.7)	6.7
Health Food Business	50,900	+1,295 (102.6)	3,500	+3,301 (1755.0)	6.9
International Business	12,600	+2,079 (119.8)	400	+50 (114.3)	3.2
Transport and Other Businesses	26,800	-1,197 (95.7)	600	+616 (-)	2.2
Total	217,000	+287 (100.1)	13,000	+931 (107.7)	6.0

Sales in the mineral water business in the previous fiscal year are included in the Transport and Other Businesses.

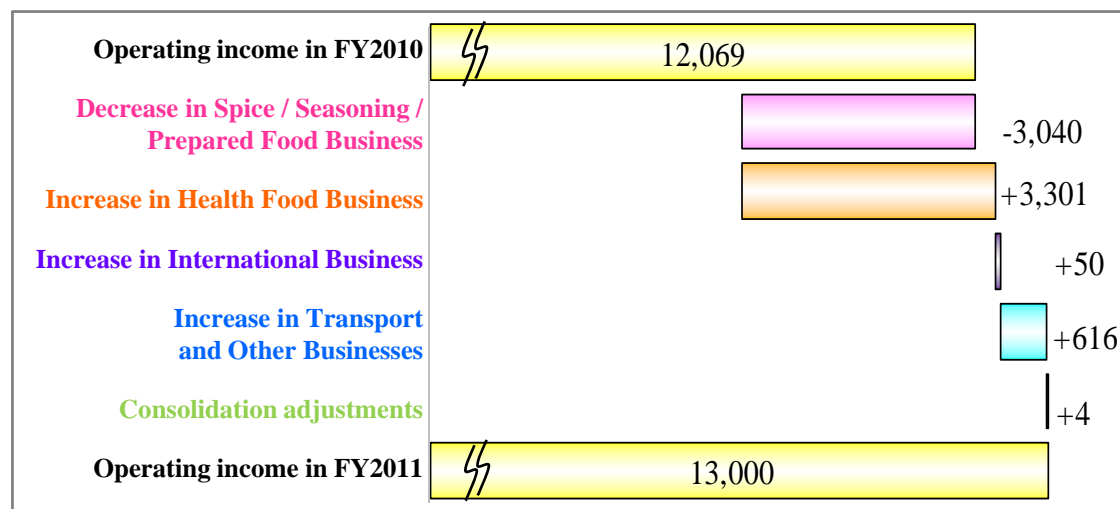
The amortization of the goodwill of House Wellness Foods Corporation (¥1,345m) affects operating income in the Health Food Business (real ROS: 9.5%).

The total operating income is affected by consolidation adjustments (-¥4m in FY2010).

● Changes in operating income by business segment

(from FY2010 to FY2011)

(Million yen)

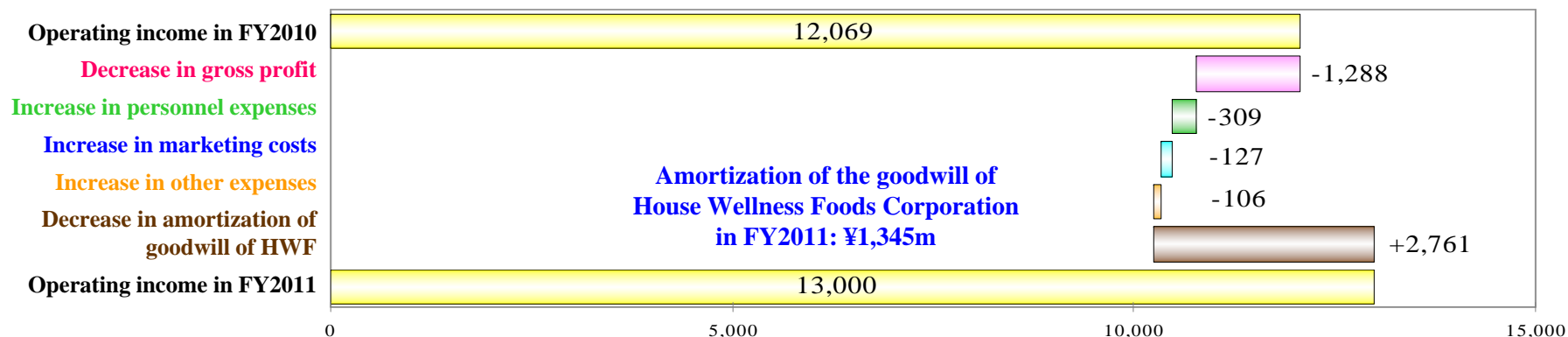


● Main factors of changes in operating income by business segment

- ◆ Income in the Spice / Seasoning / Prepared Food Business decline, reflecting rising raw material prices and marketing expenditure to boost demand.
- ◆ Both sales and income will decline at House Wellness Foods Corporation, which posted strong results in the previous fiscal year. Despite the declines, income in the Health Food Business will increase sharply, reflecting an improvement in earnings in the direct retail (mail order) business and a reduction of ¥2.8 billion in amortization of goodwill.
- ◆ In the International Business, earnings in the U.S. soybean business will decline due to rising raw material prices, among other factors, while earnings in the curry roux business in China will improve significantly.
- ◆ Income in Transport and Other Businesses will increase, reflecting initiatives to improve earnings at Delica Chef Corporation.

Despite the rising cost of sales, income will increase thanks to a fall in SG&A due to a reduction in the amortization of goodwill.

● Change in consolidated operating income in FY2011 **Increase of ¥931m** (Million yen)



● Breakdown of expenses

	Main factors (non-consolidated)	Main factors (consolidated subsidiaries)
Gross profit -¥1,288m Cost to sales ratio: 54.33% (% of sales: up 0.65)	Gross profit: -¥1,605m Cost to sales ratio: 47.78% to 48.44% (up 0.66 percentage point) Expected reduction in costs: ¥750m (¥700m in materials cost, ¥50m in logistics cost) Material cost rate: up 0.83 percentage point; Labor cost rate: down 0.02 percentage point; Manufacturing expense rate: down 0.09 percentage point	Gross profit: +¥317m Subsidiaries total: +¥1,200m Consolidation adjustments: -¥883m
Personnel expenses +¥309m (% of sales: up 0.13)	Personnel expenses: +¥164m (% of sales: up 0.17) Personnel expenses include those for the Somatech Center (research institute).	Personnel expenses: +¥145m Delica Chef: +¥59m House Wellness Foods: +¥45m
Marketing costs +¥127m (% of sales: up 0.03)	Marketing costs: -¥274m (% of sales: up 0.01) Promotion expenses: -¥359m (% of sales: down 0.12) Sales commissions: -¥23m (% of sales: up 0.01) Advertising expenses: +¥108m (% of sales: up 0.12)	Marketing costs: +¥401m House Wellness Foods: +¥210m Other: +¥226m
Other expenses +¥106m (% of sales: up 0.04)	Other expenses: +¥442m Logistics cost: -¥194m (% of sales: down 0.10) Increase in experiment and research expenses	Other expenses: -¥336m Subsidiaries total: +¥564m Consolidation adjustments: -¥900m

● **Non-operating income (expenses)** FY2010: +¥961m → FY2011: +¥1,300m (up ¥339m year on year)

● **Extraordinary income (loss)** FY2010: -¥3,450m → FY2011: -¥800m (up ¥2,650m year on year)

Main points of a revision to full-year targets for FY2011

The market environment is extremely uncertain.

● Consolidated net sales and income targets for FY2011

	FY2010 performance	FY2011 target	Year on year (%)
Net sales	216,713	217,000	+287 (100.1)
Operating income	12,069	13,000	+931 (107.7)
Ordinary income	13,031	14,300	+1,269 (109.7)
Net income	5,252	8,400	+3,148 (159.9)

★ Non-consolidated

(Million yen)

	FY2010 performance	FY2011 target	Year on year (%)
Net sales	155,136	154,000	-1,136 (99.3)
Operating income	13,536	11,600	-1,936 (85.7)
Ordinary income	15,536	13,500	-2,036 (86.9)
Net income	8,107	8,000	-107 (98.7)

The full-year consolidated income targets affected by the amortization of the goodwill of House Wellness Foods Corporation (¥1,345m).

Breakdown of year-on-year change in consolidated sales

Year-on-year change in consolidated sales An increase of ¥0.3 billion

(Non-consolidated) **-¥1.1 billion**

Positive factors: +¥3.3 billion

■ Health foods: +¥2.1 billion (*Ukon* ±0, new products +¥2.2bn)

■ Spice: +¥0.8 billion

■ Food service: +¥0.4 billion

Negative factors: -¥4.4 billion

■ Drinks: -¥1.8 billion

■ Stew: -¥0.6 billion

■ Cup-type: -¥0.5 billion

■ Curry roux: -¥0.5 billion

■ Retort pouched: -¥0.4 billion

■ Snack: -¥0.2 billion

■ Other: -¥0.4 billion

(Consolidated) **+¥1.4 billion**

■ Increase in sales at affiliates:

+¥1.4 billion

Effects of the earthquake on sales target

Negative factors: -¥3.3 billion

■ Declines in sales in the affected areas in Tohoku

■ Special demand for products as part of emergency supplies in the previous fiscal year

■ Decreases due to declining markets and the mood of voluntary restraint (especially *Ukon No Chikara*)

Breakdown of year-on-year change in consolidated operating income

Year-on-year change in consolidated operating income An increase of ¥0.9 billion

(Non-consolidated) **-¥1.9 billion**

Positive factors: +¥2.0 billion

■ Cost cutting (sourcing, logistics): +¥0.8 billion

■ Sales increase because of initiatives for boosting demand: +¥0.8 billion

■ Effective use of marketing costs: +¥0.3 billion

■ Reductions in depreciation and repair cost: +¥0.1 billion

Negative factors: -¥3.9 billion

■ Effect of rising raw material prices: -¥1.8 billion

■ Decrease in sales caused by the earthquake: -¥1.5 billion

■ Increase in retirement benefit expenses: -¥0.3 billion

■ Increase in experiment and research expenses and other expenses

(Consolidated) **+¥2.8 billion**

Effect of affiliates:

±¥0 billion

Reduction in amortization of goodwill: **+¥2.8 billion**

■ **Other cost increase risks associated with the earthquake (not included in the plan)**

- Effect of tight material supply on sales, increase in sourcing cost
- Increases in labor cost and manufacturing expense associated with power-saving initiatives (changes in production system)
- Increase in logistics cost in association with changes in delivery routes and bases, and the outsourcing of transportation

Comparison of plan for the final year of the Third Medium-Term Business Plan and full-year targets for FY2011

● Consolidated net sales and operating income targets for FY2011

	Plan for final year of 3rd Medium-Term Business Plan	Comparison with FY2008 performance		Full-year target for FY2011	Comparison with FY2008 performance		Difference from plan	Percentage change
Net sales	¥260bn	116.8%	→	¥217bn	97.5%		-¥43bn	83.5%
Operating income	¥16bn	156.8%		¥13bn	127.4%		-¥3bn	81.3%
Operating income margin	6.2%	+1.6%		6.0%	+1.4%		-0.2%	—

● Sales target for FY2011 by business segment in Medium-Term Business Plan

Spice / Seasoning / Prepared Food Business	¥114bn	99.5%	→	¥112.2bn	97.9%		-¥1.8bn	98.4%
Food Service Business	¥18bn	125.4%		¥14.5bn	101.0%		-¥3.5bn	80.6%
Health Food Business								
Direct Retail (Mail Order) Business	¥72bn	146.0%		¥50.9bn	103.2%		-¥21.1bn	70.7%
International Business	¥20bn	240.6%		¥12.6bn	151.6%		-¥7.4bn	63.0%
Other Business (Services Business)	¥36bn	100.0%		¥26.8bn	74.5%		-¥9.2bn	74.4%

Major Businesses: Status and Strategies

(1)	Spice / Seasoning / Prepared Food Business	Core business	Curry	Profitability drivers
(2)			Stew, hashed beef sauce, cup-type products	
(3)	Health Food Business	Another core business	Health food products	Growth drivers
(4)			House Wellness Foods Corporation	
(5)		Growing business	Direct retail (mail order) business	
(6)	U.S. soybean business, international restaurant business			
(7)	China curry business			

(1) Spice / Seasoning / Prepared Food Business: Curry

Stepping up marketing to boost demand under the theme of revitalizing living

		FY2009 performance	FY2010 performance	FY2011 target
Sales (Year-on-year change)	Curry roux	¥39,047m (+¥940m)	¥38,354m (-¥693m)	¥37,630m (-¥724m)
	Retort pouched curry products	¥15,497m (+¥474m)	¥15,384m (-¥113m)	¥15,040m (-¥344m)
	Food service curry	¥9,997m (-¥282m)	¥10,381m (+¥384m)	¥10,470m (+¥89m)
	Curry total	¥64,541m (+¥1,131m)	¥64,120m (-¥421m)	¥63,140m (-¥980m)

All products (curry roux and retort pouched curry) of Kokumaro series renewed



The volume of onion fried till light brown increased, enhancing the mild and savory flavor.

Two types of onions enhance the savory flavor. Roasted spices and a separately attached blended spice create a rich aroma.



¥265 for 10 servings (excluding tax)

↓
¥238 for 8 servings (excluding tax)

Launched nationwide on Feb. 21, 2011

The Curry

Renewal



The products have become more aromatic and savory. The packages have been changed to enable premium accents.

Launched nationwide on Jan. 31, 2011

Uruoi Recipe

New



Mild retort pouched curry for women (collagen peptide: 4,000 mg, calorie: 150 kcal or less)

Launched nationwide on Feb. 21, 2011

Major trends in FY2010

- ◆ The Company struggled in a challenging market situation, given a decline in reaction to campaigns in the previous fiscal year and a decrease in demand for stewed dishes in the extremely hot summer. However, sales were firm, especially sales of mainstay *Vermont Curry* and *Java Curry*, thanks to Curry Action Nippon, a local production for local consumption campaign, and intensive marketing in the year-end peak demand season.
- ◆ Sales of *Kokumaro Curry*, a low-price brand, fell due to intensifying competition.

Initiatives in FY2011

- ◆ The *Kokumaro Curry* brand was renewed in February. (The Company has changed the price and content of *Kokumaro Special* to encourage customers to buy it.)
- ◆ The Company will bolster its revenue base by proposing new types of products, including products for health-conscious people and retort pouched curry products for emergency and summer use without the need to heat them, and by enhancing the lineup of value added products.
- ◆ The Company will promote marketing to boost consumer sentiment and demand under the theme of revitalization of living and will seek to reinvigorate the challenging market environment as a leading manufacturer.

Total promotions of curry products

2011 Curry Action Nippon

Promoting curry products at volume retailers in tandem with TV commercials, in collaboration with the government.



爽健美茶 × こくまろ



Will do promotions involving Sokenbicha of Coca-Cola.

Proposing new curry products

Retort pouched curry to be served without being heated as emergency food and for hot summer



A retort pouched curry to be served without being heated and a retort pouched curry for cold Udon noodles

To be sold nationwide only in the summer

Casual Indian curry



Nantomo Oishii Butter Chicken Curry



Delhi Premium Recipe Butter Chicken Curry

Launched nationwide on Feb. 21, 2011

(2) Spice / Seasoning / Prepared Food Business: Stew, Hashed Beef Sauce, Cup-Type Product

Using non-price promotions and new brands to revitalize the stew market

		FY2009 performance	FY2010 performance	FY2011 target
Sales (Year-on-year change)	Stew roux (excluding cup-type products)	¥13,775m (-¥719m)	¥14,174m (+¥399m)	¥13,710m (-¥464m)
	Hashed beef sauce	¥4,303m (+¥48m)	¥4,172m (-¥131m)	¥4,100m (-¥72m)
	Cup-type products	¥2,790m (-¥580m)	¥1,629m (-¥1,161m)	¥1,130m (-¥499m)

Revitalizing the stew market, targeting young homemakers

Fu Fu Stew



- Taste: The sweetness of vegetables that children like and parents can give them comfortably
- Price: Affordable price
Reference price: ¥189 (excluding tax)

Launched nationwide on Aug. 23, 2010

Ouchi Chowder



Tomato Chowder was added to Clam Chowder and Kinoko Chowder in February.

Launched nationwide on Aug. 23, 2010

Kokumaro Hayashi

Renewal



A demiglace sauce with the taste of tomato makes the product savory and mild.

Launched nationwide on Feb. 21, 2011

Major trends in FY2010

- ◆ Sales of mainstay *Hokkaido Stew* and *Stew Mix* were weak due to the effect of late-summer heat, but demand recovered steadily as temperatures fell. Overall, sales of stew roux products increased partly due to the launch of *Fu Fu Stew*, a new low-price product targeting young homemakers.
- ◆ The Company expanded varieties of cup-type products, especially the *Soup De Okoge* series, which is popular because of its ingredients. However, sales of cup-type products declined sharply because of the contraction of the market and because the Company was not able to adequately respond to changes in customers' demands for low-price, single-serving, instant-food products.

Initiatives in FY2011

- ◆ The Company will seek to increase the frequency of stew dishes appearing on dining tables and to revitalize the market through promotions that will emphasize different aspects of the value of stew (warmth, ease, and convenience).
- ◆ The Company launched *Tomato Chowder*, a variety of the *Ouchi Chowder* series, in February to expand the product lineup of Western stewed dishes.
- ◆ The Company will reduce marketing costs for cup-type products and will emphasize profits.

“Total campaigns” to boost demand and reinvigorate the market

“Wizard making everyone energetic” campaign
July 1, 2010 to October 31, 2010



A “total campaign” conducted in a tie up with Disney. The Company advertised the campaign through special packages and TV commercials.

“A dream is a delicious meal” campaign
December 1, 2010 to January 14, 2011



The Company sought to boost demand in the year-end and new-year peak demand season in a tie up campaign with a movie. The Company advertised the campaign using special packages and TV commercials.

Non-price promotions

Seeking to stimulate demand for stew products through promotions that emphasize different aspects of the value of stew dishes



(3) Health Food Business: Health Food Products

Establishing *Ukon No Chikara* as a long-selling brand in a challenging market environment

		FY2009 performance	FY2010 performance	FY2011 target
Sales (Year-on-year change)	<i>Ukon No Chikara</i> (including a granular type)	¥16,614m (+¥990m)	¥17,989m (+¥1,376m)	¥18,030m (+¥41m)
	Health foods total	¥21,016m (+¥1,881m)	¥22,331m (+¥1,315m)	¥24,400m (+¥2,069m)

The health foods total include sales of direct retail products.

Major trends in FY2010

- ◆ Sales continued to rise, reflecting intensive marketing towards the year-end peak demand season, the strengthening of the presence of the series at stores, and the development of new channels, including restaurants. Sales were adversely affected by the earthquake toward the end of the fiscal year.
- ◆ We launched *Ukon No Chikara Morning Rescue*, a drink for rehydration in the morning, at the end of September. The new item contributed to an increase in sales of the brand.
- ◆ We launched *Ninniku No Chikara SUPER* in February. We carried out the test marketing of *Shoga No Chikara*, which will be sold only in winter. We focused on developing products that use useful components of spices.

Initiatives in FY2011

- ◆ We will renew the existing three items of *Ukon No Chikara* (regular, cassis flavored, and granular types), which were launched six years ago, to enhance their freshness and revitalize the brand.
- ◆ We expanded the sales channels for *Ukon No Chikara SUPER*, which was sold only at convenient stores, to all channel in February to maximize sales.
- ◆ *Curry Bar Spicy* and *Pizza Bar* were added to the *Power Lunch* series. The sales area was expanded to western Japan in April.

Initiatives for continued growth of *Ukon No Chikara* as a long-selling brand

Renewal of three existing products

To enhance the freshness of the functions and tastes of the No. 1 *ukon* health food brand, the Company will renew three existing products: regular, cassis flavored, and granular types.



To be launched nationwide on June 20, 2011

The size of the end of the pouch for the granular type will be half of the existing one.

Expansion of sales channels



The mini bottle type of *Ukon No Chikara SUPER*, which was sold only at convenient stores, started to be sold through all channels.

Sold in all channels nationwide from Feb. 7, 2011

Ninniku No Chikara SUPER

Variety

A blend of high-concentrate garlic extract and fermented black garlic. The drink does not contain any caffeine.



Renewal



Launched nationwide on Feb. 28, 2011

Power Lunch Curry Bar, Pizza Bar

Variety

The items are well-balanced nutritional foods having new textures. They are filling. People can get nutrition from them when busy. They were launched in Kyushu and Yamaguchi Prefecture on a trial basis in November 2010. The area was then expanded to western Japan. *Curry Bar Spicy* and *Pizza Bar* were added to the product lineup.



Launched in western Japan on Apr. 18, 2011

Nomu Fruiche

New



A canned *Fruiche* drink that is supple and thick, which is unique to *Fruiche*, and has a fruity taste.

Launched nationwide on Feb. 28, 2011

(4) Health Food Business: House Wellness Foods Corporation

Solid sales thanks to the expansion of product lineup, aggressive marketing, and extreme heat

	FY2009 performance	FY2010 performance	FY2011 target
Net sales	¥32,172m (-¥2,652m)	¥32,904m (+¥732m)	¥32,810m (-¥94m)
Operating income	¥1,319m (-¥510m)	¥1,782m (+¥463m)	¥1,700m (-¥82m)
Ordinary income	¥1,332m (-¥516m)	¥1,814m (+¥482m)	¥1,710m (-¥104m)
Net income	¥919m (-¥703m)	¥1,900m (+¥982m)	¥1,750m (-¥150m)

Both the performance and targets above are non-consolidated figures.

Major trends in FY2010

- ◆ House Wellness Foods expanded the lineup of private brand products. Sales of functional drinks, especially *C1000 Vitamin Lemon* and *C1000 Ichinichibun No Vitamin*, were solid.
- ◆ The extremely hot summer contributed to increases in sales and income in the drink business.
- ◆ The company started the contract manufacturing of *Ukon No Chikara SUPER*, which is selling well, in addition to the existing *Ukon No Chikara* items.
- ◆ The company created Group synergies in the sale of functional drinks through marketing in collaboration with House Foods.

Initiatives in FY2011

- ◆ House Wellness Foods will seek to revitalize the *C1000 Vitamin Lemon* series and enhance the *C1000 Lemon Water* brand. The Group will support aggressive marketing, including commercials using a new personality.
- ◆ The company will draw up a scenario involving the growth of the fortified rice business and will boost revenue through aggressive marketing.
- ◆ The company will accelerate the expansion of overseas operations (functional drink and food business in Asia).

Promotion of marketing and product development by the Group



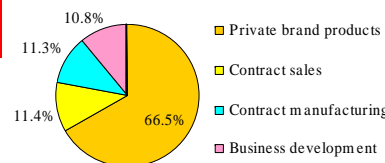
Vigorous marketing, especially TV commercials, using a new personality, Mikako Tabé

The Group promotes marketing for functional drinks.

Establishment of Healthcare Foods Division

To cultivate the fortified rice business and the immunity business, involving HKLP lactic acid bacteria, as pillars in the future, House Wellness Foods Corporation has established the Healthcare Foods Division, which has a product development department and a sales department.

Breakdown of sales (FY2010 performance)



C1000 Vitamin Lemon Strong-Up

Variety



Masculine design of the refreshing, low-calorie, lemon carbonated drink, which includes vitamin C (1,000mg), vitamin D, vitamin E, and citric acid.

Advanced launch at convenience stores and kiosks at stations on May. 16, 2011

C1000 Vitamin Lemon Collagen

Renewal



The design has been changed, and the flavor has been enhanced.

To be launched nationwide on May. 16, 2011

C1000 Lemon Water Refresh Time

Renewal



Launched nationwide on Jan. 31 and Feb. 7, 2011

(5) Health Food Business: Direct Retail (Mail Order) Business

Integrating businesses as a direct marketing business and consolidating operating base, focusing on supplements

		FY2009 performance	FY2010 performance	FY2011 target
Sales (Year-on-year change)	Supplements	¥621m (-¥57m)	¥590m (-¥31m)	¥1,000m (+¥410m)
	Nutrisystem J-diet	¥66m (+¥66m)	¥378m (+¥312m)	¥60m (-¥318m)
	Direct retail (mail order) business total	¥687m (+¥9m)	¥968m (+¥281m)	¥1,060m (+¥92m)

Both the performance and targets above are included in the results in the Health Food Business.

Mail order business

- Considering profitability, we carried out efficient marketing, focusing on mainstay *Tennen Koka Kassei Ukon*. As a result, sales declined, but income improved significantly.
- Four years have passed since *Tennen Koka Kassei Ukon* was launched. We have 14,000 regular customers and are steadily attracting new users. We will meet those needs of customers, especially our regular customers, that have yet to be satisfied to improve revenue further by adding new varieties.

Nutrisystem J-diet

- Nutrisystem J-diet was launched nationwide in May. Following changes in flavors, services, and marketing, the Company has acquired some trial users. However, demand is far less than expected. There is a large gap between actual demand and our target.
- Will assess whether to continue the business and will develop a new plan to create demand.

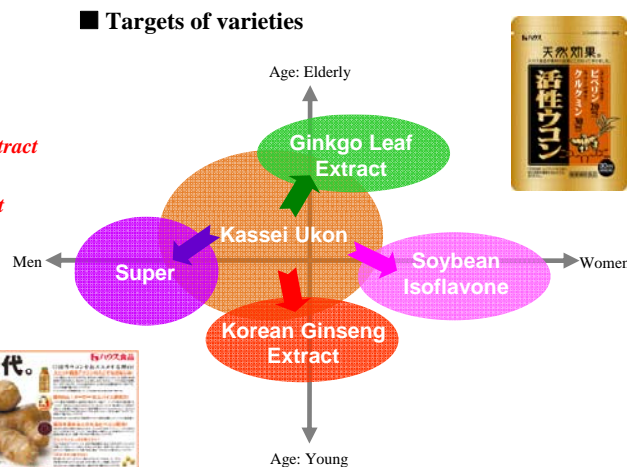
Tennen Koka Kassei Ukon

Variety



Four varieties will be added to the *Tennen Koka Kassei Ukon* series.
(To be launched on May. 9, 2011)

Kassei Ukon Super
Korean Ginseng Extract
Soybean Isoflavone
Ginkgo Leaf Extract



House nutrismystem® J-Diet

FY2010 performance

- Number of customers: 21,966
- Men-to-women ratio: Men 20 : Women 80
- Breakdown by age: People in their 20s, 30s, and 40s account for 80%.



(6) International Business: U.S. Soybean Business, International Restaurant Business

Sales in the U.S. soybean business continued to rise. Sales in the curry restaurant business were solid.

● The U.S. soybean businesses

House Foods America Corporation

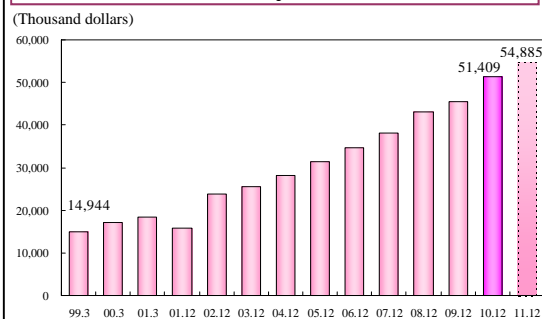
■ Sales in the soybean business of House Foods America Corporation (Million yen)

	FY2009 performance	FY2010 performance	FY2011 target
House Foods America total	5,797 (103.5%)	5,706 (98.4%)	6,410 (112.4%)
Soybean business	4,195 (107.1%)	4,189 (99.9%)	4,670 (111.4%)
Exchange rate	¥92.10	¥81.49	¥85.00

House Foods America Corporation has a soybean business and a restaurant business, described in the right column, and imports and sells House Foods Corporation's products.

- Two plants in the east and west of the United States manufacture private brand products and OEM products, which are sold nationwide. Sales are continuing to grow at a double-digit pace in dollar terms.
- We are promoting sales of our products in markets in Europe, especially in the U.K.
- Profitability is improving as operating rates at the plants are improving.
- We are facing intensifying price competition with Asian manufacturers and rising raw material prices.

Sales in U.S. soybean business



The fiscal year end changed in FY2001, and FY2001 was nine months



The presence at stores is expanding steadily

● International restaurant business

Companies in China, South Korea, Taiwan, and U.S.



■ Sales at each restaurant company (Million yen)

	FY2009 performance	FY2010 performance	FY2011 target	Number of restaurants
China	560 (121.9%)	668 (119.2%)	921 (137.9%)	15
South Korea	220 (250.0%)	269 (122.3%)	355 (131.7%)	8
Taiwan	227 (136.1%)	316 (139.1%)	436 (138.2%)	9
U.S.	1,058 (94.7%)	981 (92.7%)	1,113 (113.5%)	11
Total	2,065 (112.8%)	2,234 (108.2%)	2,825 (126.5%)	43

Restaurant business in Asia

(The number of restaurants is as of March 31, 2011)

- Each company is adding new outlets. They are well received, and sales are expanding. Earnings are improving. All companies posted an operating profit.
- Korea Curry House started to open franchised restaurants.
- We will continue to open restaurants primarily in urban areas, aiming to have a total of 50 restaurants in the three areas in FY2011.
- As the number of restaurants is increasing, each company is addressing their challenges, including the capacity of the central kitchen and the cultivation of employees.



Menu book

(7) International Business: China Curry Business

Aiming to increase the visibility of curry, both for household use and commercial use, and develop the business through aggressive marketing

● China curry business

温馨美味 尽为好侍
好侍食品

Shanghai House Foods Co., Ltd.



Established	Jan. 2004	Start of sales	Apr. 2005
Business	Manufacture and sale of household-use and commercial-use curry roux, sale of retort pouched curry		
Location	Shanghai Jiading Industrial Zone		
Number of employees	97 (including three Japanese loaned employees)		

Developing routes for commercial-use products

Sales channels for commercial-use and household-use products to promote the use of Japanese curry



Commercial-use Vermont Curry (1 kg)

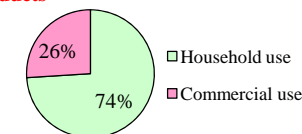
Commercial-use Java Curry

Major routes for commercial-use

- Restaurants, food service chains
- Convenience stores (boxed lunches, deli products)
- Industrial catering, college canteens



Sales of household-use and commercial-use products



	FY2009 performance	FY2010 performance	FY2011 target
Sales (Year-on-year change)	¥514m (+¥35m)	¥779m (+¥266m)	¥1,350m (+¥571m)

Major trends in FY2010

- ◆ We carried out vigorous marketing in collaboration with the General Administration of Sport of China, including TV commercials and transit advertisements using Olympic athletes belonging to the General Administration. Meanwhile, we strengthened the presence at stores, and as a result, the recognition of Japanese curry increased. Marketing curry roux and retort pouched curry at the same time contributed to the permeation of House brand curry products.
- ◆ We sought to expand sales of not only household-use products but also commercial-use products for restaurant chains, industrial catering, college canteens, and home-meal replacements sold at convenience stores. We are aiming to expand the market of household-use and commercial-use curry early.
- ◆ The loss increased, reflecting increased advertising costs for increasing the recognition of curry and costs for introducing retort pouched products.

Initiatives in FY2011

- ◆ We will continue to introduce curry dishes through sampling, cooking classes, and plant tours and will seek to increase the recognition of Japanese curry and promote trial use.
- ◆ We will conduct aggressive marketing for household-use products, both roux and retort pouched products, including the intensive broadcasting of TV commercials. Meanwhile, we will promote sales of commercial-use products and will generate synergy effects between household-use and commercial-use products.
- ◆ We will improve our organization for marketing, will accelerate the expansion of operations, and will aim to move into the black.

Tie up promotions with General Administration of Sport of China



Logo of the General Administration of Sport of China

We are seeking to foster trust in House products and to increase the visibility of curry through advertisements using the logo of and athletes belonging to the General Administration of Sport of China, which is a national training institute for Chinese Olympic athletes.



Promoting recognition and understanding of products

Seeking to make Japanese curry permeate the market



Vermont Curry Java Curry Wei Du Du Curry

Basic marketing activities








- Ⓞ Advertising: TV commercials, transit advertising, the website
- Ⓞ Sales promotion: Strengthening presence at stores, developing routes for commercial-use products
- Ⓞ Introduction: Sampling, cooking classes, plant tours



Supplementary Description

Founded as a company dealing in Chinese medicine and expanded with a focus on curry

● History of businesses

Major business	
1913	Urakami Shoten, an enterprise dealing in herbal medicines, founded Spice
1926	Launch of powder curry start
1934	Hashed beef sauce
1960	Curry roux
1964	Dessert
1966	Stew
1970	Retort pouched food (Sun House Foods) Transport and warehousing (House Logistics Service)
1973	Instant noodles
1977	Snacks
1983	Restaurants (USA) Mineral water Tofu (USA)
1985	Products to be cooked in the microwave oven Deli products (Delica Chef)
1995	Liquid seasoning
1997	Restaurants (China)
1998	Health foods
2002	Retort pouched curry (China)
2005	Curry roux (China)
2006	Health foods (House Wellness Foods)
2007	Restaurants (South Korea)
2009	Health foods (Nutrisystem J-diet)
2010	Transfer of the mineral water business
	<p><u>Vermont Curry</u></p>  <p>Launched in 1963</p> <p><u>Stew Mix</u></p>  <p>Launched in 1966</p> <p><u>Kukure Curry</u></p>  <p>Launched in 1971</p> <p><u>Tongari Corn</u></p>  <p>Launched in 1978</p> <p><u>Kanjuku Tomato No Hayashi Rice Sauce</u></p>  <p>Launched in 1996</p> <p><u>Ukon No Chikara</u></p>  <p>Launched in 2004</p> <p><u>Prime</u></p>  <p>Launched in 2006</p>

Description of major new products and varieties for the spring and summer



● New product

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

	Product	Content	Area	Suggested retail price	Sale date
Spice	Okazu Pork Shabushabu Non-oil Dressing (garlic, leek, and soy sauce, and ginger and say sauce)	150 ml	Nationwide	Open (¥225)	Feb. 21
Retort pouched curry	Uruoi Recipe (soft beef, chicken and two types of beans)	180 g	Nationwide	Open (¥220)	Feb. 21
Other	Frying Pan De Pa! Sauces for Casseroling (teriyaki sauce, tomato sauce, and miso sauce)	200 g, 190 g	Nationwide	Open (¥189)	Feb. 21
Health food	Ninniku No Chikara Super	120 ml	Nationwide	Open (¥286)	Feb. 28
Health food	Nomu Fruiche Strawberry	180 ml	Nationwide	Open (¥120)	Feb. 28

● Variety

	Product	Content	Area	Suggested retail price	Sale date
Curry	Nantomo Oishii Butter Chicken Curry	200 g	Nationwide	Open (¥140)	Feb. 21
Stew	Ouchi Chowder Tomato Chowder	144 g	Nationwide	Open (¥240)	Feb. 21
Retort pouched curry	Delhi Premium Recipe Butter Chicken Curry	210 g	Nationwide	¥300	Feb. 21
Other	Otegaru Cooking Helper Crispy Chicken	63 g	Nationwide	Open (¥130)	Feb. 21
Cup-type	Soup De Okoge Savory and Spicy Minced Meat Soup	29.6 g	Nationwide	¥160	Feb. 21
Dessert	Fruiche Banana White Chocolate Strawberry	200 g	Nationwide	¥180	Jan. 31
Snack	Tongari Corn Shichimi Soy Sauce	37 g	Convenience stores	¥100	Jan. 31
Snack	Ozack Tetsunabe Gyoza	68 g	Nationwide	¥120	Mar. 14
Snack	Ozack Wasabi Mayonnaise	68 g	Nationwide	¥120	May 16
Health food	Power Lunch (Curry Bar Spicy, Pizza Bar)	40 g	Kinki, Chugoku, Shikoku, Kyushu, and Okinawa Prefecture	Open (¥132)	Apr. 18
House Wellness	C1000 Vitamin Lemon Strong-Up	140 ml	Convenience stores, kiosks at stations	¥124	May 16

● Expansion of sales channels

Ukon No Chikara Super (February 7, nationwide)

● Renewal

Kokumaro Curry, Kokumaro Curry Special, Kokumaro Hayashi, The Curry, Mezameru Karada Asa Curry, Retort Pouched Kokumaro Curry, Ninniku No Chikara, Kuro Ninniku No Chikara, Power Lunch Curry Bar, C1000 Lemon Water*, C1000 Refresh Time*, C1000 Vitamin Lemon Collagen*

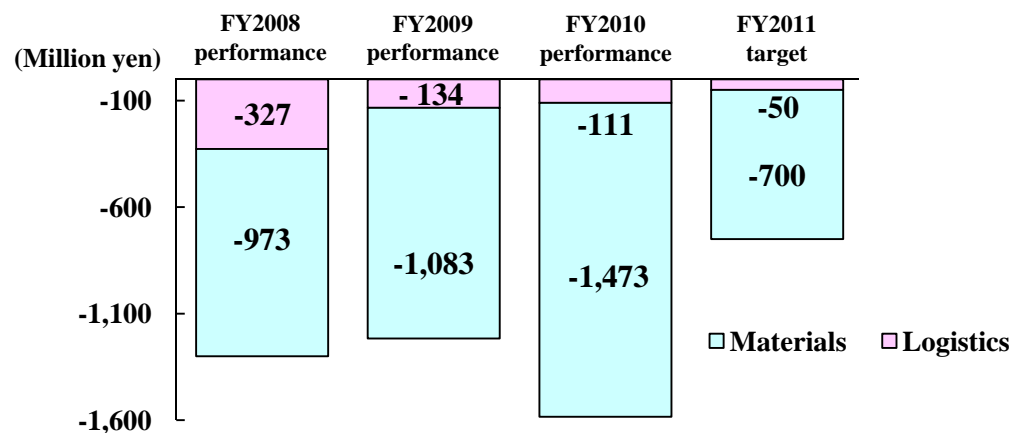
* Products of House Wellness Foods

● Sales by product type

	FY2010 performance	Year on year	Comparison with target	Component ratio	FY2011 target	Year on year	Component ratio
Curry and Spice	¥63,339m	101.9%	101.5%	29.2%	¥63,600m	100.4%	29.3%
Curry (incl. roux)	39,543	98.4	101.4		39,000	98.6	
Spice	15,370	107.1	100.1		16,150	105.1	
Food service products	7,676	109.2	105.1		7,700	100.3	
Stew and Packaged Noodles	¥32,316m	97.1%	100.4%	14.9%	¥31,200m	96.5%	14.4%
Stew (excl. cup-type stew)	14,174	102.9	100.9		13,710	96.7	
Hashed beef sauce roux	4,172	97.0	100.9		4,100	98.3	
Cup-type products	1,629	58.4	86.5		1,130	69.2	
Packaged noodles	6,770	101.8	105.8		6,700	99.0	
Food service products	1,556	99.1	97.2		1,600	102.9	
Retort Pouched Foods	¥39,080m	100.5%	99.9%	18.0%	¥40,000m	102.4%	18.4%
Retort pouched curry	13,942	98.1	101.0		13,460	96.5	
Deli products (Delica Chef)	12,757	103.5	101.0		13,250	103.8	
U.S. soybean business	4,189 (\$51,409,000)	99.9 (112.9)	95.1 (99.1)		4,670 (\$54,885,000)	111.4 (106.8)	
Food service products	4,697	97.5	95.9		4,800	102.2	
Drinks, Snacks and Other Products	¥68,834m	92.5%	97.6%	31.8%	¥68,800m	100.0%	31.7%
Drinks	1,847	18.8	100.0		0	–	
Health foods (incl. direct retail products)	22,331	106.3	91.9		24,400	109.3	
House Wellness Foods (consolidated)	28,122	102.0	100.0		27,510	97.8	
Snacks	8,765	97.8	95.3		8,600	98.1	
Dessert	4,037	108.7	106.2		3,900	96.6	
Restaurants (international)	2,234	108.2	99.4		2,825	126.5	
Food service products	1,142	109.0	103.9		1,400	122.5	
Transport and Warehouse Operations	¥13,144m	110.9%	102.7%	6.1%	¥13,400m	102.0%	6.2%
Consolidated sales	¥216,713m	98.2%	99.9%		¥217,000m	100.1%	
(Sales of food service products)	(15,071)	(104.2)	(101.1)		(15,500)	(102.8)	

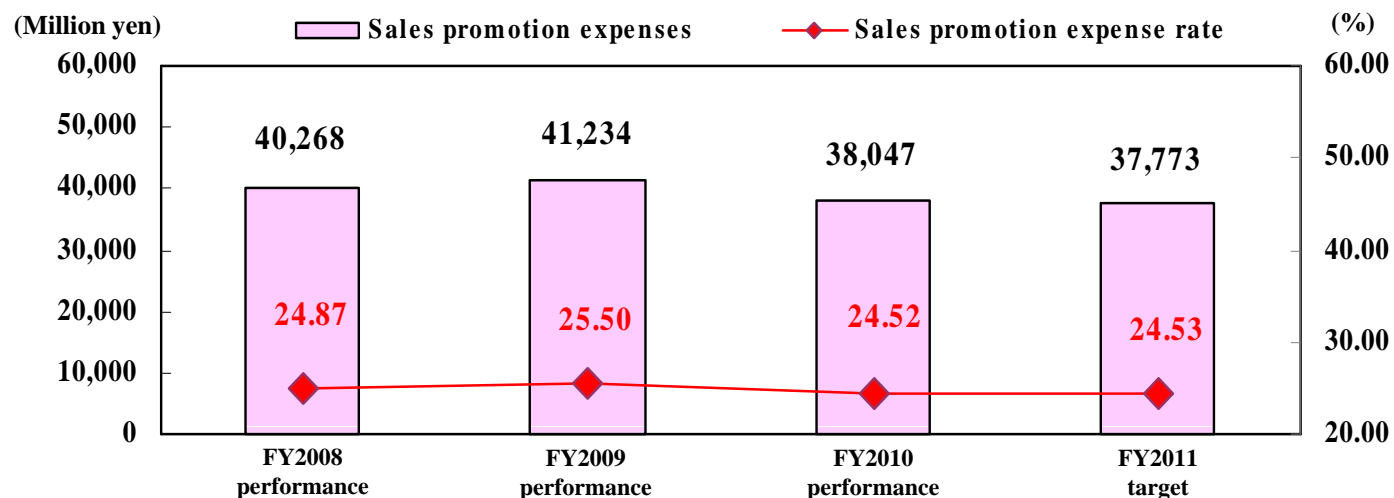
Trends of cost reductions and sales promotion expenses

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



	(Million yen)		
	Materials cost	Logistics cost	Total
FY2008 performance	973	327	1,300
FY2009 performance	1,083	134	1,217
FY2010 performance	1,473	111	1,584
FY2011 target	700	50	750

● Sales promotion expenses (non-consolidated)



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

(Million yen)

● Non-operating income and expenses	FY2009	FY2010	Year on year
Interest income	326	402	+76
Dividend income	431	494	+63
Equity in earnings of affiliates	294	350	+56
Other (incl. income from leasehold properties)	270	247	-23
Total non-operating income	1,321	1,493	+172
Interest expenses	44	35	-9
Foreign exchange losses	12	400	+388
Other (incl. expenses for leasehold properties)	41	97	+56
Total non-operating expenses	97	531	+434

(Million yen)

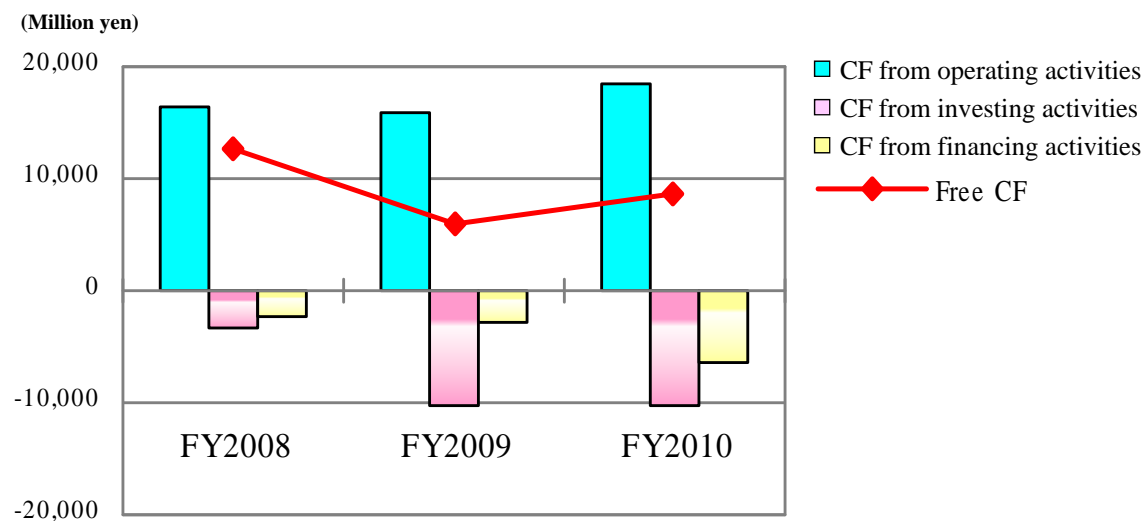
● Extraordinary income and loss	FY2009	FY2010	Year on year	Remarks
Gain on sales of noncurrent assets	55	30	-25	
Gain on sales of investment securities	-	7	+7	FY2009 Gain on compensation for transfer → Compensation received in association with the relocation of Shanghai House Foods' plant
Gain on change in equity	-	51	+51	FY2010 Reversal of provision for loss on guarantees → Reversal of provision for loss on guarantees for Shanghai House Ajinomoto Foods
Reversal of provision for loss on guarantees	-	92	+92	
Gain on compensation for transfer	210	-	-210	
Other	13	11	-2	
Total extraordinary income	278	191	-86	
Loss on retirement of noncurrent assets	332	284	-48	FY2009 Loss on valuation of investment securities → Including a loss on valuation of listed shares
Loss on sales of noncurrent assets	20	48	+28	Impairment loss → Including an impairment loss associated with the transfer of the mineral water business
Loss on valuation of investment securities	799	1,541	+742	Loss on retirement of noncurrent assets → Including a loss on the disposal of House Wellness Foods' seasoning manufacturing facilities
Loss on valuation of membership	60	11	-49	FY2010 Loss on valuation of investment securities → Including a loss on valuation of listed shares
Impairment loss	349	982	+632	Impairment loss → Including an impairment loss for manufacturing facilities at the Kanto Plant
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	177	+177	
Loss on disaster	-	516	+516	
Other	264	82	-182	
Total extraordinary loss	1,825	3,641	+1,816	

Changes in consolidated cash flows

● Changes in consolidated cash flows

	(Million yen)		
	FY2008	FY2009	FY2010
Cash flows from operating activities	16,525	15,813	18,568
Cash flows from investing activities	-3,343	-10,129	-10,228
Cash flows from financing activities	-2,432	-2,771	-6,466
Cash and cash equivalents at end of period	41,680	44,570	46,091
Free cash flow*	13,182	5,684	8,340

* Free cash flow = Cash flows from operating activities + Cash flows from investing activities



● Major factors of changes in consolidated cash flows (Comparison of FY2009 and FY2010)

(Million yen)	
Cash flows from operating activities	+2,755
Major factors	
Increase in notes and accounts payable-trade	+786
Loss on valuation of investment securities	+742
Decrease in other assets	+1,464
Increase in notes and accounts receivable-trade	-481

Cash flows from investing activities -99

Major factors	
Purchase of investment securities	-5,541
Proceeds from transfer of business	+5,300

Cash flows from financing activities -3,695

Major factors	
Purchase of treasury stock	-3,977

Trends of capital investment and depreciation and amortization

● Trends of capital investment

(Million yen)

	Consolidated			Non-consolidated			Major capital investment
	Investment	Leases	Total	Investment	Leases	Total	
FY2008	5,329	5,289	10,619	2,255	115	2,370	New construction and consolidation of logistics facilities of House Logistics Service Corporation Renovation of Delica Chef's Narashino plant
FY2009	4,734	424	5,158	2,716	158	2,874	Remodeling and replacement of snack and retort pouched curry equipment New construction and consolidation of logistics facilities of House Logistics Service Corporation
FY2010	2,825	386	3,211	1,216	217	1,433	Remodeling and replacement of snack equipment Replacement of wastewater treatment facilities of Sun House Foods
FY2011 plan	7,200	500	7,700	5,100	200	5,300	Relocation of spice production equipment New construction of health food production facilities

● Trends of depreciation and amortization

(Million yen)

	Consolidated			Non-consolidated		
	Depreciation and amortization	Lease expenses	Total	Depreciation and amortization	Lease expenses	Total
FY2008	6,118	943	7,061	4,014	522	4,537
FY2009	6,102	824	6,926	3,771	405	4,176
FY2010	5,704	566	6,269	3,501	318	3,819
FY2011 plan	5,700	500	6,200	3,500	200	3,700

Concept of the Third Medium-Term Business Plan (FY2009 to FY2011) and business targets for the final year (FY2011)

Image of the Company 10 years later: **A company that creates new value by promoting healthy lifestyle for consumers through our tasty and high quality products**

Key words in the Medium-term Business Plan: “Communicate,” “Challenge,” and “Seize”

Reconstructing and achieving the Group’s scenario for growth in businesses

- ◇ *Classify businesses into units to consider business strategies, considering two aspects of theirs: (1) value of products provided and (2) contact points with customers, that is, channels and areas.*
- ◇ Establish “*Profitability drivers*” and “*Growth drivers*” as priority businesses and draw up and promote scenarios for new growth.
- ◇ In response to the increase in the number of factors that can weigh on profits, including procurement risks and soaring prices of raw materials, enhance product development and business development capabilities that create high cost competitiveness and new value.

● Consolidated net sales and operating income targets for FY2011

Net sales: ¥260bn (116.8% of the FY2008 level)

Operating income: ¥16bn (156.8% of the FY2008 level)

*** Operating margin** FY2008 4.6% → FY2011 6.2%

Business	Classification of growth and profitable businesses	Position in the Third Medium-Term Business Plan	FY2011 sales target	Comparison with sales in FY2008
Spice / Seasoning / Prepared Food Business	Core business	Profitability drivers (Value-added strategy, cost-competitive strategy) Maintain and expand profitability as core business by utilizing the brand and technological strengths.	¥114bn	99.5%
Food Service Business			¥18bn	125.4%
Health Food Business	Another core business	Growth drivers (Growth strategy) Drive the Group’s growth by utilizing its strengths in areas where market growth can be anticipated and capture new businesses.	¥72bn	146.0%
Direct Retail (Mail Order) Business			¥20bn	240.6%
International Business			¥36bn	100.0%
Other Business (Services Business)				

- Using free cash flow generated over three years for investments in growth drivers: the Health Food Business, Direct Retail (Mail Order) Business, and International Business

- Consolidated payout ratio: 30% or more

Content of new business segments in the Third Medium-Term Business Plan

New business segment	Main product groups, businesses, and subsidiaries
Spice / Seasoning / Prepared Food Business	<p><Curry roux> <Retort pouched curry> [Sun House Foods Corporation] [Sun Supply Corporation] <Spices> [Asaoka Spice K.K.] <Stews> <Hashed beef sauce> <Cup-type products> <Packaged noodles> <Snacks> <Desserts></p>
	<p><Food service products></p>
Health Food Business	<p><Health foods> (Ukon No Chikara, Mega Shaki, and other products) [House Wellness Foods Corporation] ----- <Direct Retail (Mail Order) Business> (Supplements) <Nutrisystem J-diet></p>
International Business	<p>United States [House Foods America Corporation] China [Shanghai House Foods Co., Ltd.] [Shanghai House Curry Coco Ichibanya Restaurant, Inc.] South Korea [Korea Curry House Co., Ltd.] Taiwan [Taiwan Curry House Restaurant, Inc.] <Exports of products></p>
Transport and Other Businesses	<p><Rokko No Oishii Mizu> → The business was transferred at the end of May 2010. The products were sold until the end of June 2010. [House Logistics Service Corporation] [High Net Corporation] [Delica Chef Corporation] [House Business Partners Corporation] [House Food Analytical Laboratory Inc.]</p>

<Product group/business> [Subsidiary]