

FY2011

Results Briefing

for the First Half

November 4, 2011



URL <http://housefoods.jp/>

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FY2011 First-Half Results

We expected a very difficult market environment after the earthquake. However, sales were solid, especially sales of curry roux products and retort pouched curry products. This reflected a growing trend of eating at home and marketing to boost demand. Earnings rose sharply, attributable to improved profitability due to the downsizing of underperforming operations, a decrease in the amortization of goodwill, and favorable results at subsidiaries.

Income rose sharply, reflecting improved profitability and a reduction in the amortization of goodwill.

● Consolidated net sales and income

★ Non-consolidated (Million yen)

	FY2010 H1 performance	FY2011 H1 initial target	FY2011 H1 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)	Comparison with initial target (%)
Net sales	109,573	109,000	109,393	-180 (99.8) +1,729 (101.6)	+393 (100.4)
Operating income	5,842(*)	6,000(*)	7,987(*)	+2,144 (136.7)	+1,987 (133.1)
Ordinary income	6,241(*)	6,600(*)	8,368(*)	+2,127 (134.1)	+1,768 (126.8)
Net income	3,080(*)	3,800(*)	4,802(*)	+1,722 (155.9)	+1,002 (126.4)

	FY2011 H1 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)
	75,187	-746 (99.0) +1,163 (101.6)
	5,842	+15 (100.3)
	7,545	+387 (105.4)
	4,420	+248 (105.9)

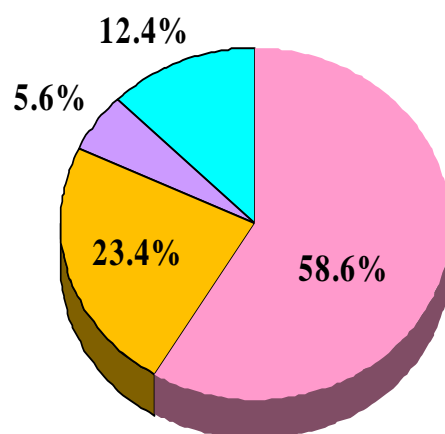
- Comprehensive income: ¥2,144m (YOY: -%) in the first half of FY2010, ¥6,337m (YOY: up 195.5%) in the first half of FY2011

- 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 the first half of FY2010 is excluded.)

- (*) Amortization of the goodwill of House Wellness Foods Corporation: ¥2,053m in first half of FY2010, ¥673m in the first half of FY2011

● Breakdown of sales by business segment

(Million yen)



	FY2011 H1 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)	Comparison with target (%)
Spice / Seasoning / Prepared Food Business	64,065	+1,744 (102.8)	+1,465 (102.3)
Health Food Business	25,615	-1,261 (95.3)	-985 (96.3)
International Business	6,088	+626 (111.5)	+88 (101.5)
Transport and Other Businesses	13,624	-1,289 (91.4) +620 (104.8)	-176 (98.7)

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 the first half of FY2010 are excluded.)

● Breakdown of sales by product type	FY2011 H1	YOY	% to target
Spice / Seasoning / Prepared Food Business	¥64,065m	102.8%	102.3%
Curry roux	20,142	102.4	103.2
Stew roux (excl. cup-type products)	4,916	100.0	99.8
Hashed beef sauce roux	2,261	106.9	107.0
Cup-type products	310	39.5	54.7
Spice (incl. liquid seasoning)	8,508	109.8	102.3
Retort pouched curry	7,251	104.2	105.4
Packaged noodles	3,287	107.4	109.6
Snack	3,995	88.0	90.8
Dessert	2,349	122.4	117.4
Food service products	8,332	110.5	106.8
Health Food Business	¥25,615m	95.3%	96.3%
Health foods (excl. direct retail products)	9,455	94.0	90.2
Direct retail products	351	66.8	67.8
House Wellness Foods (consolidated)	16,328	96.9	101.1
International Business	¥6,088m	111.5%	101.5%
House Foods America (soybeans, restaurants)	3,131 (\$38,780,000)	102.0 (111.8)	99.7 (104.9)
Shanghai House Foods	464	149.6	75.3
Restaurants in Asia (China, Taiwan, South Korea)	805	142.9	107.4
Transport and Other Businesses	¥13,624m	91.4%	98.7%
House Logistics Service (consolidated)	6,722	106.1	100.6
Delica Chef (deli products)	6,690	103.2	97.3
Mineral water	0	—	—
Consolidated sales	¥109,393m	99.8%	100.4%

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 sales in the first half of FY2011
<p>Spice / Seasoning / Prepared Food Business</p> <ul style="list-style-type: none"> ◆ Given a growing trend of eating at home, our well-established brands <i>Vermont curry</i> and <i>Java curry</i> sold well among curry roux products. Initiatives to revitalize the market, including the “Curry Action Nippon” campaign, contributed to sales. ◆ Among stew roux products, <i>Fu Fu Stew</i>, a low-price brand in its second year, did not sell very well. However, sales of our mainstay <i>Hokkaido Stew</i> and <i>Stew Mix</i> brands were solid. ◆ With a growing trend of cooking at home, spice sales continued to rise. Aggressive sales promotion activities and the launch of <i>Nokkete Gelee</i> contributed to the strong sales. ◆ Sales of retort pouched curry increased. The value of the products was rediscovered following the occurrence of special demand for them as part of emergency supplies, and the consumer base expanded.
<p>Health Food Business</p> <ul style="list-style-type: none"> ◆ Sales of the <i>Ukon No Chikara</i> series were weak with the mood of voluntary restraint in the wake of the earthquake. However, falls in sales stopped thanks to the effects of advertisements and a renewal in June. ◆ <i>Nutrisystem J-diet</i>, a weight-loss program, did not have the expected demand and ended at the end of October. ◆ Sales of private brands of House Wellness Foods Corporation rose, reflecting an improvement in the product supply system and aggressive marketing.
<p>International Business</p> <ul style="list-style-type: none"> ◆ Sales in the U.S. soybean business continued to rise thanks to aggressive sales activities. Sales in dollars, excluding the effect of exchange rates, grew at a double-digit pace. ◆ Sales in the curry business in China increased sharply, reflecting the remarkable growth of commercial-use products for industrial catering and restaurant chains. ◆ Each company in the restaurant business in Asia steadily increased the number of restaurants. There are 40 restaurants in the three countries. Each restaurant is popular and highly regarded.
<p>Transport and Other Businesses</p> <ul style="list-style-type: none"> ◆ In the logistics business, a decrease in goods commissioned by the Company due to the transfer of its mineral water business was offset by new logistics operations. ◆ Sales at Delica Chef rose, reflecting solid sales of dessert, deli products, and bakery goods.

Income in the Health Food Business increased sharply, thanks to the downsizing of underperforming operations and a reduction in the amortization of goodwill.

● Net sales and operating income by segment

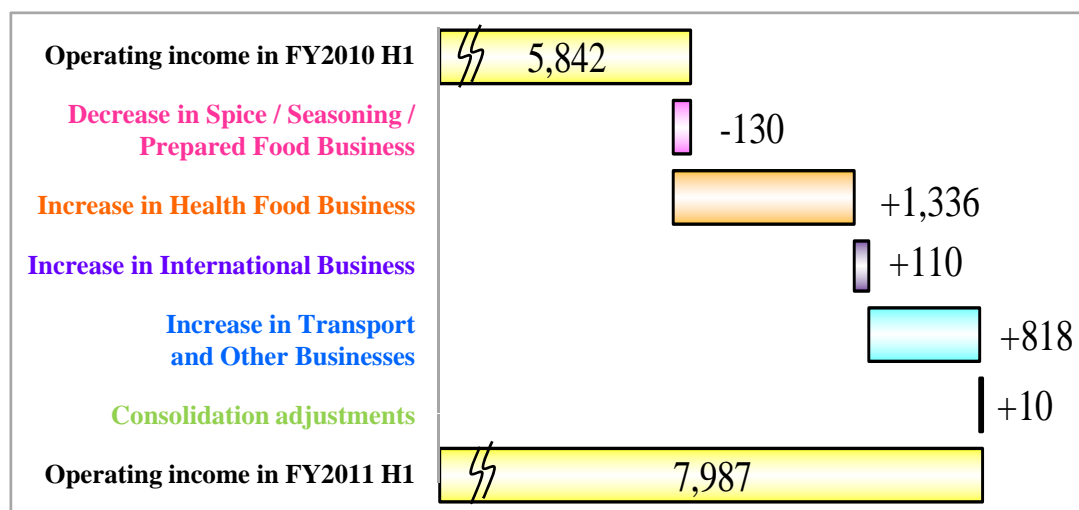
(Million yen)

	Net sales			Operating income			ROS (%)
	FY2011 H1 performance	Year on year (%)	Comparison with initial target (%)	FY2011 H1 performance	Year on year (%)	Comparison with initial target (%)	
Spice / Seasoning / Prepare Food Business	64,065	+1,744 (102.8)	+1,465 (102.3)	5,058	-130 (97.5)	+1,658 (148.8)	7.9
Health Food Business	25,615	-1,261 (95.3)	-985 (96.3)	1,898	+1,336 (337.9)	-2 (99.9)	7.4
International Business	6,088	+626 (111.5)	+88 (101.5)	403	+110 (137.7)	+103 (134.5)	6.6
Transport and Other Businesses	13,624	-1,289 (91.4)	-176 (98.7)	601	+818 (-)	+201 (150.1)	4.4
Total	109,393	-180 (99.8)	+393 (100.4)	7,987	+2,144 (136.7)	+1,987 (133.1)	7.3

- 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 (¥673m) affects operating income in the Health Food Business (real ROS: 10.0%).
- The total operating income is affected by consolidation adjustments (¥17m in the first half of FY2010, ¥27m in the first half of FY2011).

● Changes in operating income by segment (from FY2010 H1 to FY2011 H1)

(Million yen)

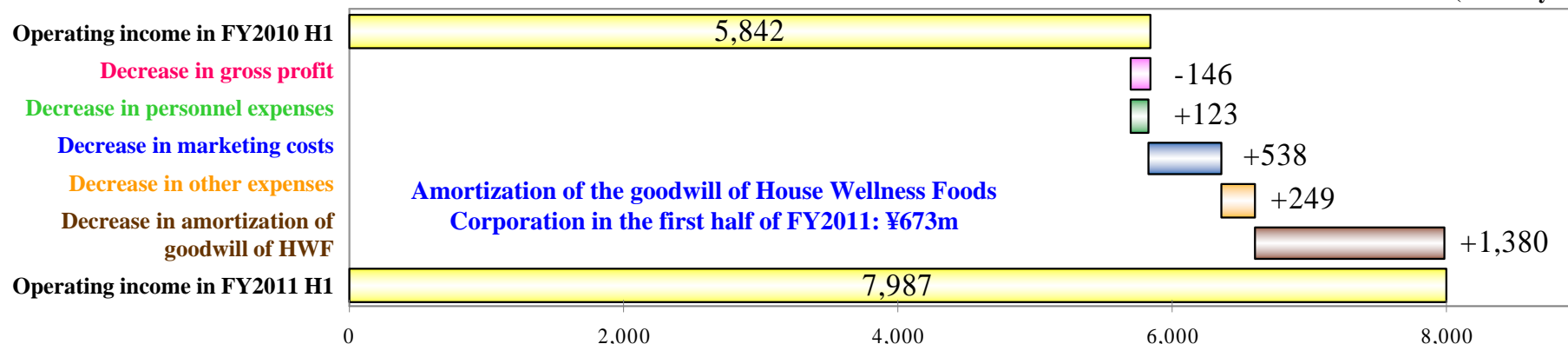


● Main factors of changes in operating income by segment

- ◆ Despite an improvement in earnings relating to retort pouched products, income in the Spice / Seasoning / Prepared Food Business declined, reflecting rising prices of the raw materials of mainstay curry roux and stew products and increasing marketing costs for these products.
- ◆ Operating income in the Health Food Business rose sharply thanks to the downsizing of the Nutrisystem business and a reduction in the amortization of goodwill, despite declines in sales and income generated by the mainstay *Ukon No Chikara* series.
- ◆ Income in the International Business continued to rise with steady contributions by companies in the curry business in China and the restaurant business in Asia.
- ◆ Income in the Transport and Other Businesses increased sharply, reflecting increases at House Logistics Service Corporation and Delica Chef Corporation and the transfer of the mineral water business, where the expense rate was high in the previous fiscal year.

Income rose sharply due to reductions in marketing costs and the amortization of goodwill.

● Change in consolidated operating income in the first half of FY2011 **Increase of ¥2,144m** (Million yen)



● Breakdown of expenses

	Main factors (non-consolidated)	Main factors (consolidated subsidiaries)
Gross profit -¥146m Cost to sales ratio: 53.70% (% of sales: up 0.05)	Gross profit: -¥1,079m Cost to sales ratio: 47.65% to 48.57% (up 0.92 percentage point) Gross profit declined, reflecting the transfer of the mineral water business and rising raw material prices. Reduction in costs: ¥334m (¥306m in materials cost, ¥28m in logistics cost) Material cost rate: up 1.04 percentage points; Labor cost rate: up 0.12 percentage point; Manufacturing expense rate: down 0.08 percentage point	Gross profit: +¥933m Subsidiaries total: +¥933m
Personnel expenses -¥123m (% of sales: down 0.10)	Personnel expenses: -¥119m (% of sales: down 0.06) * Personnel expenses include those for the Somatech Center (research institute).	Personnel expenses: -¥4m Business Partners: -¥17m
Marketing costs -¥538m (% of sales: down 0.46)	Marketing costs: -¥641m (% of sales: down 0.61) Promotion expenses: -¥511m (% of sales: down 0.53) Sales commissions: -¥146m (% of sales: down 0.17) Advertising expenses: +¥16m (% of sales: up 0.09)	Marketing costs: +¥103m House Wellness Foods: +¥86m
Other expenses -¥249m (% of sales: down 0.21)	Other expenses: -¥335m Logistics costs: -¥123m (% of sales: down 0.13%) Depreciation and amortization: -¥35m (% of sales: down 0.03%)	Other expenses: +¥86m House Wellness Foods: +¥27m

● **Non-operating income (expenses)** FY2010 H1: +¥399m → FY2011 H1: +¥382m (down ¥18m year on year)

● **Extraordinary income (loss)** FY 2010 H1: -¥588m → FY2011 H1: -¥699m (down ¥111m year on year)



Full-Year Plan for FY2011

The Company has revised its full-year income targets upward, based on the results in the first half. In addition to rising raw material prices and intensifying sales competition, a decline in reaction to special demand following the earthquake is expected. In this challenging business environment, the Company will curb rises in promotion expenses and will seek to cut costs.

Given rising raw material prices and intensifying sales competition, the Company will curb promotion expenses and cut costs.

● Consolidated net sales and income

	FY2009 performance	FY2010 performance	Revised target for FY2011	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)
Net sales	220,622	216,713	216,000	-713 (99.7) +1,273 (100.6)
Operating income	10,964(*)	12,069(*)	15,000(*)	+2,931 (124.3)
Ordinary income	12,187(*)	13,031(*)	16,200(*)	+3,169 (124.3)
Net income	4,820(*)	5,252(*)	9,500(*)	+4,248 (180.9)

★ Non-consolidated (Million yen)

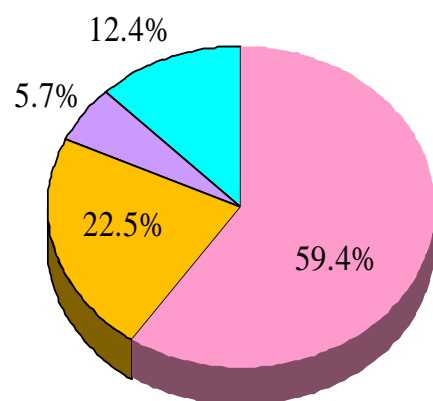
	Revised target for FY2011	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)
	153,000	-2,136 (98.6) -151 (99.9)
	13,000	-536 (96.0)
	15,300	-236 (98.5)
	9,200	+1,093 (113.5)

- 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



	Revised target for FY2011	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)	Comparison with initial target (%)
Spice / Seasoning / Prepared Food Business	128,300	-290 (99.8)	+1,600 (101.3)
Health Food Business	48,700	-905 (98.2)	-2,200 (95.7)
International Business	12,300	+1,779 (116.9)	-300 (97.6)
Transport and Other Businesses	26,700	-1,297 (95.4) +688 (102.6)	-100 (99.6)

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	Revised target for FY2011	YOY
Spice / Seasoning / Prepared Food Business	¥128,300m	99.8%
Curry roux	38,700	100.9
Stew roux (excl. cup-type products)	13,710	96.8
Hashed beef sauce roux	4,250	101.8
Cup-type products	520	31.9
Spice (incl. liquid seasoning)	16,340	106.3
Retort pouched curry	13,770	98.8
Packaged noodles	6,800	100.4
Snack	8,200	93.6
Dessert	4,400	109.0
Food service products	16,000	106.2
Health Food Business	¥48,700m	98.2%
Health foods (excl. direct retail products)	21,360	100.0
Direct retail products	740	76.6
House Wellness Foods (consolidated)	27,670	98.4
International Business	¥12,300m	116.9%
House Foods America (soybeans, restaurants)	6,294 (\$78,678,000)	110.3 (112.4)
Shanghai House Foods	956	122.7
Restaurants in Asia (China, Taiwan, South Korea)	1,894	151.2
Transport and Other Businesses	¥26,700m	95.4%
House Logistics Service (consolidated)	13,230	102.9
Delica Chef (deli products)	13,086	102.6
Consolidated sales	¥216,000m	99.7%

Main points of sales initiatives in FY2011
<p>Spice / Seasoning / Prepared Food Business</p> <ul style="list-style-type: none"> ◆ The Company aims to increase sales of curry roux by promoting marketing to boost demand in the demand season toward the end of the year and increasing visibility at stores. ◆ Although sales of <i>Fu Fu Stew</i> are weak, the Company will strive to boost demand for stew products through a renewal of the long-selling brand <i>Stew Mix</i> and a total promotion in collaboration with Disney. ◆ <i>Nokkete Gelee</i> is contributing to spice sales. In addition, the Company will promote related sales and increase visibility at stores in a “Plus One” campaign. ◆ Given the expansion of the consumer base of retort pouched curry products, the Company will continue to seek to revitalize the market, including the launch of new products. However, a decline in reaction to special demand after the earthquake in March in the previous fiscal year will not be offset.
<p>Health Food Business</p> <ul style="list-style-type: none"> ◆ The Company will intensively enhance the marketing of the <i>Ukon No Chikara</i> series in the peak year-end season. Meanwhile, the Company launched <i>Togarashi No Chikara</i>, a new product in the <i>Chikara</i> series, to develop a new market. ◆ Among direct retail products, the Company will focus on the direct marketing of supplements, especially the <i>Tennen Koka Kassei Ukon</i> series. ◆ House Wellness Foods Corporation will continue with the aggressive marketing of the <i>CI000</i> brand to expand demand for the brand and will cultivate a fortified rice business.
<p>International Business</p> <ul style="list-style-type: none"> ◆ In the U.S. soybean business, the Company will seek to make revised prices permeate the market. In addition, the Company will focus on increasing transaction volumes, developing customers, expanding sales channels, and developing markets in Europe to continue to boost sales. ◆ In the curry business in China, the Company will strive to develop commercial-use products and markets in inland China. ◆ The Company will continue to open new restaurants in Asia to expand operations. ◆ The Company will establish a subsidiary in Thailand to start operations in Southeast Asia.
<p>Transport and Other Businesses</p> <ul style="list-style-type: none"> ◆ The Group will promote logistics operations commissioned by companies outside the Group to continue to expand sales. ◆ The transfer of the mineral water business in the previous fiscal year will reduce sales by ¥2bn in the entire fiscal year.

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.

Income in the Health Food Business expected to rise sharply thanks to a reduction in amortization of goodwill

● Net sales and operating income by segment

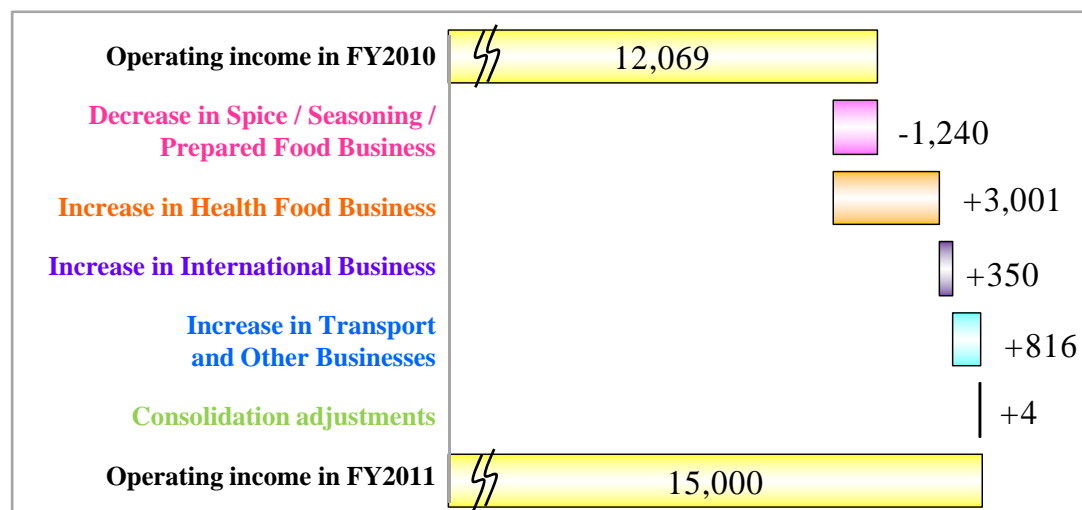
(Million yen)

	Net sales			Operating income			ROS (%)
	FY2011 revised target	Year on year (%)	Comparison with initial target (%)	FY2011 revised target	Year on year (%)	Comparison with initial target (%)	
Spice / Seasoning / Prepared Food Business	128,300	-290 (99.8)	+1,600 (101.3)	10,300	-1,240 (89.3)	+1,800 (121.2)	8.0
Health Food Business	48,700	-905 (98.2)	-2,200 (95.7)	3,200	+3,001 (1604.6)	-300 (91.4)	6.6
International Business	12,300	+1,779 (116.9)	-300 (97.6)	700	+350 (200.0)	+300 (175.0)	5.7
Transport and Other Businesses	26,700	-1,297 (95.4)	-100 (99.6)	800	+816 (-)	+200 (133.3)	3.0
Total	216,000	-713 (99.7)	-1,000 (99.5)	15,000	+2,931 (124.3)	+2,000 (115.4)	6.9

- 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: 9.3%).
- The total operating income is affected by consolidation adjustments (-¥4m in FY2010).

● Changes in operating income by segment (from FY2010 to FY2011)

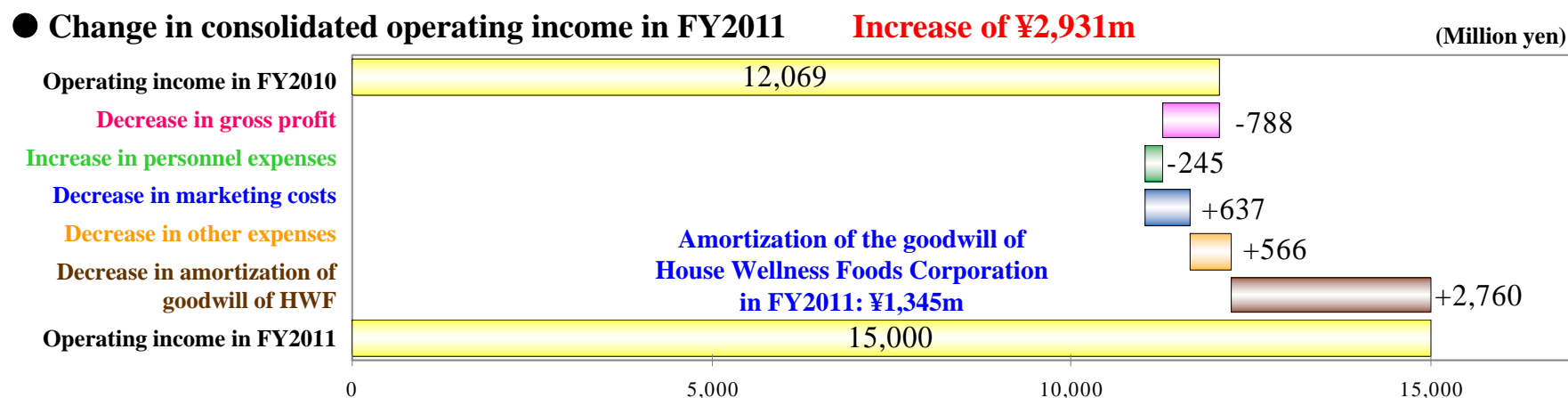
(Million yen)



● Main factors of changes in operating income by segment

- ◆ Income in the Spice / Seasoning / Prepared Food Business decline, reflecting rising raw material prices and marketing expenditure to boost demand.
- ◆ Income in the Health Food Business will increase sharply as a result of an improvement in earnings associated with the termination of the *Nutrisystem J-diet* and a reduction of ¥2.8bn in the amortization of goodwill.
- ◆ Income in the International Business will rise, attributable to revisions of the prices of U.S. tofu products, an improvement in earnings in the curry business in China, and increases in income at each of the restaurant businesses in Asia.
- ◆ Income in the Transport and Other Businesses will increase, reflecting the transfer of the mineral water business in the previous fiscal year and an improvement in earnings at Delica Chef Corporation.

Aiming to increase consolidated income effectively, excluding amortization of goodwill, by cutting costs and improving efficiency



● **Breakdown of expenses**

	Main factors (non-consolidated)	Main factors (consolidated subsidiaries)
Gross profit -¥788m Cost to sales ratio: 53.89% (% of sales: up 0.21)	Gross profit: -¥1,505m Cost to sales ratio: 47.78% to 48.04% (up 0.26 percentage point) Expected reduction in costs: ¥870m (¥700m in materials cost, ¥170m in logistics cost) Material cost rate: up 0.37 percentage point; Labor cost rate: up 0.02 percentage point; Manufacturing expense rate: down 0.10 percentage point	Gross profit: +¥717m Subsidiaries total: +¥1,397m Consolidation adjustments: -¥680m
Personnel expenses +¥245m (% of sales: up 0.14)	Personnel expenses: +¥221m (% of sales: up 0.27) * Personnel expenses include those for the Somatech Center (research institute).	Personnel expenses: +¥24m Delica Chef: +¥54m House Wellness Foods: -¥28m
Marketing costs -¥637m (% of sales: down 0.22)	Marketing costs: -¥824m (% of sales: down 0.19) Promotion expenses: -¥552m (% of sales: down 0.15) Sales commissions: -¥181m (% of sales: down 0.08) Advertising expenses: -¥92m (% of sales: up 0.04)	Marketing costs: +¥187m House Wellness Foods: +¥229m
Other expenses -¥566m (% of sales: down 0.23)	Other expenses: -¥366m Logistics cost: -¥178m (% of sales: down 0.07)	Other expenses: -¥200m

● **Non-operating income (expenses)** FY2010: +¥961m → FY2011: +¥1,200m (up ¥239m year on year)

● **Extraordinary income (loss)** FY2010: -¥3,450m → FY2011: -¥1,000m (up ¥2,450m year on year)

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

● Consolidated net sales and income targets for FY2011

	Revised full-year target	Comparison with initial target (%)	Year on year (%)
Net sales	216,000	-1,000 (99.5)	-713 (99.7)
Operating income	15,000	+2,000 (115.4)	+2,931 (124.3)
Ordinary income	16,200	+1,900 (113.3)	+3,169 (124.3)
Net income	9,500	+1,100 (113.1)	+4,248 (180.9)

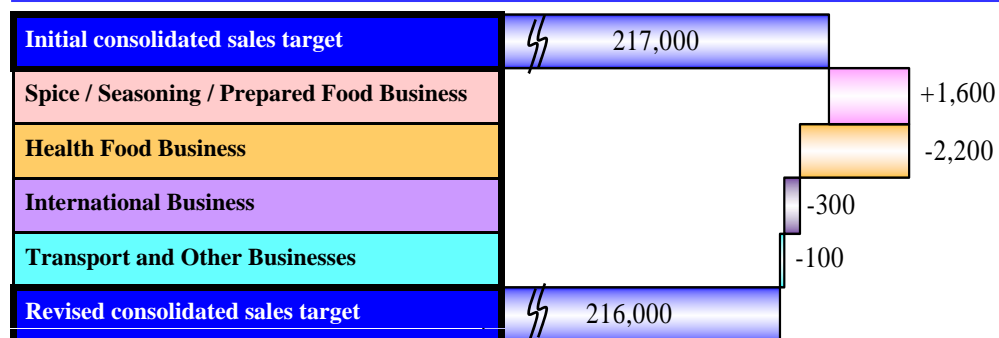
★ Non-consolidated

(Million yen)

	Revised full-year target	Comparison with initial target (%)	Year on year (%)
	153,000	-1,000 (99.4)	-2,136 (98.6)
	13,000	+1,400 (112.1)	-536 (96.0)
	15,300	+1,800 (113.3)	-236 (98.5)
	9,200	+1,200 (115.0)	+1,093 (113.5)

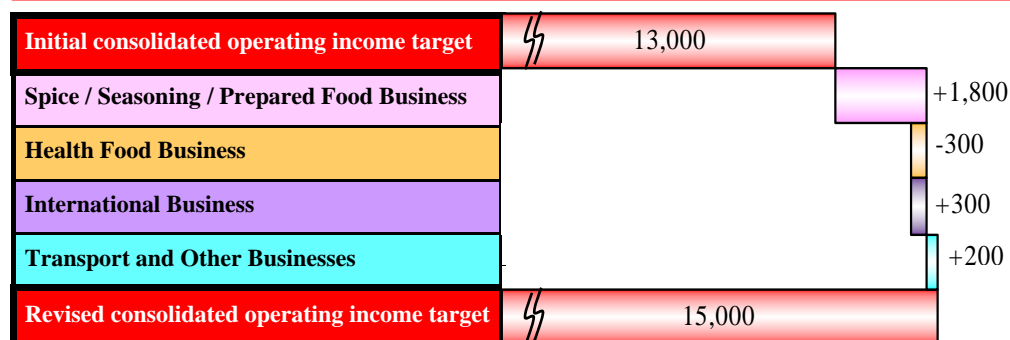
The full-year consolidated income targets affected by the amortization of the goodwill of House Wellness Foods Corporation (¥1,345m).

Main points of a revision to full-year consolidated sales target: revised down ¥1bn from the initial target



Change from initial sales target by major product type and consolidated subsidiary (million yen)
Curry roux +1,000, Dessert +500, Food service products +500, Retort pouched curry +200, Spice +200, Stew and hashed beef sauce +100, Packaged noodles +100, Cup-type product -600, Snack -400
Health foods and direct retail products -2,300, House Wellness Foods +100
Shanghai House Foods -400, House Foods America -100, Restaurants in Asia +200
Delica Chef -200, House Logistics Service +100

Main points of a revision to full-year consolidated operating income target: revised up ¥2bn from the initial target



■ Improvement in earnings due to change in sales mix ■

- In the Spice / Seasoning / Prepared Food Business, the Company has raised sales targets for mainstay products whose profit ratio is high, especially curry roux products, and has lowered sales targets for products that do not contribute to income very much, such as cup-type products. As a result, the sales mix improved, and segment income rose sharply.
- In the Health Food Business, the Company has terminated the sale of *Morning Rescue* and has lowered sales targets for products, especially new products, which do not contribute significantly to income. Meanwhile, the Company will focus on sales of high-margin *Ukon No Chikara*, to boost income. As a result, any decrease in earnings in this segment will be small.

Comparison of plan for the final year of the 3rd Medium-Term Business Plan and revised 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	Revised full-year target for FY2011	Comparison with FY2008 performance	Difference from plan	Percentage change
Net sales	¥260bn	116.8%	¥216bn	97.1%	-¥44bn	83.1%
Operating income	¥16bn	156.8%	¥15bn	147.1%	-¥1bn	93.8%
Operating income margin	6.2%	+1.6%	6.9%	+2.3%	+0.7%	—

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

Spice / Seasoning / Prepared Food Business	¥114bn	99.5%	¥113.3bn	98.9%	-¥0.7bn	99.4%
Food Service Business	¥18bn	125.4%	¥15.0bn	104.5%	-¥3.0bn	83.3%
Health Food Business						
Direct Retail (Mail Order) Business	¥72bn	146.0%	¥48.7bn	98.7%	-¥23.3bn	67.6%
International Business	¥20bn	240.6%	¥12.3bn	147.9%	-¥7.7bn	61.5%
Other Business (Services Business)	¥36bn	100.0%	¥26.7bn	74.2%	-¥9.3bn	74.2%

Major Businesses: Status and Strategies

(1)	Spice/Seasoning/ Prepared Food Business	Core business	Curry products (roux, retort pouched products)	Profitability drivers
(2)			Stew, hashed beef sauce, cup-type products	
(3)			Spice, liquid seasoning / dessert products	
(4)	Health Food Business	Another core business	Health food products, direct retail (mail order) business	Growth drivers
(5)			House Wellness Foods Corporation	
(6)	International Business	Growing business	U.S. business, restaurant business in Asia	
(7)			China curry business	

(1) Spice / Seasoning / Prepared Food Business: Curry Products (Roux, Retort Pouched Products)

Using marketing to boost demand and revitalize the market

		FY2010 H1 performance	FY2010 performance	FY2011 H1 performance	FY2011 H2 target	FY2011 full-year target
Sales (Year-on-year change) (Million yen)	Curry roux	19,677 (-833)	38,354 (-693)	20,142 (+465)	18,560 (-119)	38,700 (+346)
	Retort pouched curry products	7,725 (-119)	15,384 (-113)	7,865 (+140)	7,110 (-554)	14,970 (-414)
	Food service curry	5,326 (+96)	10,381 (+384)	5,769 (+443)	5,020 (-34)	10,790 (+409)
	Curry total	32,728 (-856)	64,120 (-421)	33,776 (+1,048)	30,680 (-707)	64,460 (+340)

Major trends in the first half of FY2011

- ◆ The Company expected a challenging market environment after the earthquake. However, *Vermont Curry* and *Java Curry*, our mainstay brands, sold well, reflecting a growing trend of eating at home. Initiatives to boost demand, including a Mother's Day campaign during Golden Week and promotions in the summer demand season, contributed to the higher sales. However, earnings declined, reflecting rising marketing costs, among other factors.
- ◆ Of food service products, commercial-use retort pouched curry products sold well, reflecting the presence of major customers. Sales of curry flakes increased as the Company focused on high-end curry products.

Initiatives in the second half of FY2011

- ◆ The Company will strive to enhance the value of the curry products and revitalize the market by proposing new types of curry products, including curry-flavored seasoning and retort pouched curry products for emergency and summer use without the need to heat them.
- ◆ In the tougher market environment, the Company will focus on *Java Curry*, which sold well in the first half. The Company will seek to retain earnings from curry products, maintaining prices and curbing promotion expenses.

(1) Spice / Seasoning / Prepared Food Business: Curry Products (Roux, Retort Pouched Products)

2011 Curry Action Nippon Total promotions of curry products

Mother's Day campaign to boost demand

とくまるWEEKで、お母さん、ありがとう

Advertised the entire **Kokumaro** brand and boosted sales of high-priced **Kokumaro Curry Special**.



Advertising Java Curry through the intensive broadcasting of TV commercials and a Father's Day campaign

Java Curry sold well thanks to the combination of a TV commercial featuring **Takuya Kimura** of **SMAP** and events at stores.



Enhancing curry-flavored seasoning

Curry Na Okazu

New

Launched five new curry-flavored seasoning items. Each item is a blend of curry, ingredients, and seasoning.



Launched nationwide on Aug. 22, 2011

Curry Marche

Renewal



Enhancing the savory and mild flavor like European curry without changing the calorie (190 kcal)

Launched nationwide on Aug. 22, 2011

Meeting unfulfilled needs in retort pouched curry, sales of which are expanding

Demand for curry served at room temperature in hot weather, instead of curry needing cooking

Natsu No Curry

Sold only in summer

A retort pouched curry that can be served without being heated with rice.



Launching a curry that is eaten through a whole year that meets needs for emergency food, reduced cooking time, and eco-friendly cooking

Atatamezuni Oishii Curry

New

A retort pouched curry that can be served without being heated. Vegetable fats and oils are used. The mild flavor of vegetables and spice are blended pleasantly.



Launched nationwide on Aug. 22, 2011

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

Using “total promotions” to boost demand for products for stewed dishes

		FY2010 H1 performance	FY2010 performance	FY2011 H1 performance	FY2011 H2 target	FY2011 full-year target
Sales (Year-on-year change) (Million yen)	Stew roux (excluding cup-type products)	4,915 (-64)	14,174 (+399)	4,916 (+1)	8,800 (-463)	13,710 (-464)
	Hashed beef sauce	2,116 (-203)	4,172 (-131)	2,261 (+145)	1,990 (-67)	4,250 (+78)
	Cup-type products	784 (-569)	1,629 (-1,161)	310 (-474)	210 (-635)	520 (-1,109)

Major trends in the first half of 2011

- ◆ Sales of mainstay stew roux brands, including *Hokkaido Stew* and *Stew Mix*, were solid, but sales of *Fu Fu Stew*, a low-priced brand, declined in its second year. Overall, sales were firm.

Initiatives in the second half of 2011

- ◆ We are carrying out a “Wizard making everyone smile” campaign and will conduct timely promotions around the time of the release of *Beaujolais Nouveau* and *Christmas*, among other dates, and in the coldest season. We will seek to boost demand through promotions at stores in tandem with TV commercials.
- ◆ We will renew *Stew Mix*, a long-selling brand in its 46th year, and *Bistro Chef*, a high-end brand. We will revitalize the category by emphasizing stew brands and enhancing products for Western cuisine.

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

A “total campaign” and promotions at stores in tandem with TV commercials to boost demand and reinvigorate the market

“Wizard making everyone smile” campaign
August 22, 2011 to November 4, 2011

A “total campaign” conducted in a tie up with Disney. The campaign included invitations to a special Christmas party and original Mickey Mouse and Duffy goods as gifts.



Timely promotions at stores



Non-price promotions in seasons when demand for stew is strong

Renewing emphasis on the value of a stew brand

Stew Mix



Renewal

Launched nationwide on Aug. 22, 2011

The Company is bolstering this long-selling brand that is now in its 46th year, emphasizing good granulated powder, enhancing convenience by introducing a folding carton, and improving the flavor by changing the mix in accordance with the reality of cooking.

Enhancing products for Western cuisine

Proposing familiar Western cuisine, especially cooking using beef, aiming to enhance products for stewed dishes other than curry and stew

Bistro Chef Brands

Launched nationwide on Aug. 22, 2011

Renewal



The renewed product has added a demiglace sauce and provides a richer flavor.

Variety



A flavoring material that helps quickly cook hamburger steaks like the authentic ones cooked by stewing was added to the product lineup. Consumers need only prepare the ground meat.



(3) Spice / Seasoning / Prepared Food Business: Spice, Liquid Seasoning, Dessert Products

Proposing new value and developing a new market in response to the growing trend of cooking and eating at home

		FY2010 H1 performance	FY2010 performance	FY2011 H1 performance	FY2011 H2 target	FY2011 full-year target
Sales (Year-on-year change) (Million yen)	Spices	7,750 (+294)	15,370 (+1,014)	8,508 (+758)	7,830 (+212)	16,340 (+970)
	Of spices, liquid seasoning	466 (-138)	755 (+50)	969 (+503)	580 (+292)	1,550 (+795)
	Desserts	1,918 (+58)	4,037 (+323)	2,349 (+430)	2,050 (-67)	4,400 (+363)

The sales of spices are the sum of non-consolidated sales of spices including liquid seasoning and sales at Asaoka Spice K.K.

Major trends in the first half of FY2011

- ◆ Of spices, sales of the mainstay Neri Spice increased, reflecting the growing trend of cooking and eating at home. Popular spices, including pepper and chili pepper, sold well. The Company launched *Nokkete Gelee*, a gelee seasoning, as a new type of liquid seasoning product to create a new market and new demand.
- ◆ Among desserts, sales of *Fruiche* expanded, backed by a tie-up campaign with Benesse, popular with children, in the spring, a promotion on Mother's Day in May, and the launch of a new variety, *Frozen Fruiche*, in the summer.

Initiatives in the second half of FY2011

- ◆ We will continue to seek to expand spice sales through sales promotion activities and by focusing on a "Menu Plus One" marketing campaign to boost related sales in the peak year-end and new-year season.
- ◆ We will move spice production facilities from the Higashi-Osaka Plant to the Nara Plant to increase production capacity and cut costs.
- ◆ We will launch attractive varieties of desserts, especially varieties of *Fruiche*, in a timely manner. We plan a tie-up campaign with Benesse, which was popular in the past, to attract customers.

(3) Spice / Seasoning / Prepared Food Business: Spice, Liquid Seasoning, Dessert Products

New concept of seasoning gelees

Nokkete Gelee

New



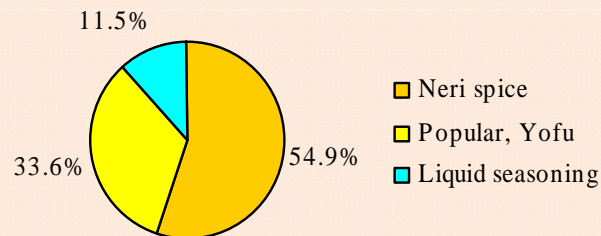
Ponzu sauce gelees, stylish and refreshing, can be put on a range of dishes.



Launched nationwide on Feb. 21, 2011
(Sales suspended because of a lack of packaging materials)

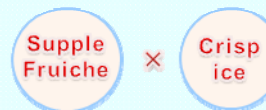
Sales restarted on Aug. 1, 2011

Breakdown of non-consolidated spice product sales
(FY2011 H1 performance: ¥8,392m)



Frozen Fruiche

Variety



Added Frozen Fruiche to revitalize the lineup for the summer.

Launched nationwide on June 6, 2011

Stimulated demand through a promotion on Mother's Day

Promoted Kokumaro Curry and Fruiche at stores on Mother's Day.



Benesse® Collaboration

A tie-up campaign with Benesse is planned for this fiscal year too.



(4) Health Food Business: Health Food Products and Direct Retail (Mail Order) Business

Sales of Ukon No Chikara recovering thanks to a renewal. Togarashi No Chikara launched.

		FY2010 H1 performance	FY2010 performance	FY2011 H1 performance	FY2011 H2 target	FY2011 full-year target
Sales (Year-on-year change) (Million yen)	<i>Ukon No Chikara</i> (including a granular type)	8,332 (+620)	17,989 (+1,376)	7,804 (-528)	9,440 (-222)	17,240 (-750)
	Direct Retail (Mail Order) Business	525 (+216)	968 (+281)	351 (-174)	390 (-52)	740 (-227)
	Health Food Business total	10,582 (+618)	22,331 (+1,315)	9,805 (-777)	12,300 (+546)	22,100 (-231)

The health foods total is the sum of sales of health foods of House Foods, including *Ukon No Chikara*, and sales of direct retail products.

Major trends in the first half of 2011

- ◆ Sales of *Ukon No Chikara* were weak, reflecting a mood of voluntary restraint after the earthquake, but have recovered gradually, thanks to an improvement in the consumption environment and the effects of the intensive broadcasting of new TV commercials and marketing initiatives, including the strengthening of the presence at stores, in association with a renewal of the product line. Sales of *Ukon No Chikara Karyu Super*, a high-end, highly-functional variety increased. Faced with difficulty in procuring packaging materials after the earthquake, we suspended sales of *Morning Rescue* in April to focus on drinks of House Wellness Foods Corporation.
- ◆ The Nutrisystem J-diet service was terminated at the end of October.

Initiatives in the second half of 2011

- ◆ We will aim to boost demand for *Ukon No Chikara* and maximize sales by promoting marketing, strengthening the presence of the series at stores, and developing sales channels toward the year-end peak sales season.
- ◆ We launched *Togarashi No Chikara*, a new product in the Chikara series using spices in September. We will seek to increase the awareness of the product and rapidly establish a market presence through intensive advertising and sampling at gyms.

(4) Health Food Business: Health Food Products and Direct Retail (Mail Order) Business

Renewal of *Ukon No Chikara*



Launched nationwide
on June 20, 2011

When we renewed three
existing products, we ran
an intensive TV ad
campaign and boosted
their presence at stores.



Termination of *Nutrisystem J-diet*

■ Schedule

- Announcement of the termination of the service: August 10
- Termination of the service: October 31
(Termination of the website, call center, and counseling center)

■ Effect of the termination of the business on earnings

- A system impairment loss and an inventory valuation loss were posted in the previous fiscal year. No other significant losses are expected.
- Costs declined from the previous fiscal year, when outlays for nationwide advertising were posted.

Launch of a new drink in the *Chikara* series

Togarashi No Chikara

New



A chili pepper drink that is drunk
at one go. It includes capsaicin,
L-carnitine, and malic acid. Our
unique technology mitigates the
pungency of capsaicin. The
product is ideal for people who
walk for their health.

Launched
nationwide
on September
26, 2011



Seeking to increase the awareness of *Togarashi No Chikara* and promote trial use through TV commercials, newspapers ads, magazines, and the Web, and sampling at gyms



(5) Health Food Business: House Wellness Foods Corporation

Improving the product supply system to overcome difficulties in procuring packaging materials.
Sales of drinks are firm.

	FY2010 H1 performance	FY2010 performance	FY2011 H1 performance	FY2011 H2 target	FY2011 full-year target
Net sales	19,071 (+563)	32,904 (+732)	18,597 (-474)	14,038 (+205)	32,635 (-269)
Operating income	1,582 (+323)	1,782 (+463)	1,603 (+21)	201 (+1)	1,804 (+21)
Ordinary income	1,603 (+343)	1,814 (+482)	1,614 (+11)	206 (-5)	1,820 (+6)
Net income	1,730 (+404)	1,900 (+982)	1,653 (-77)	196 (+26)	1,849 (-52)

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

Major trends in the first half of FY2011

- ◆ Faced with difficulty in sourcing packaging materials following the earthquake, House Wellness Foods Corporation focused on the mainstay *C1000 Lemon Water* plastic bottle drinks, and improved the product supply system. Sales in the contract manufacturing business (manufacturing commissioned by companies outside the Group) declined in association with the company's efforts to improve profitability, which led to a fall in its total sales. However, income rose, reflecting the solid performance of private-brand drinks, although there was concern about a decline in reaction to strong sales in the previous fiscal year because of the extremely hot summer.
- ◆ House Wellness Foods Corporation undertook all contract manufacturing of three *Ukon No Chikara* mini-bottle items to improve production efficiency and for the Group to increase revenues.

Initiatives in the second half of FY2011

- ◆ House Wellness Foods Corporation built production facilities for fortified rice, which we are producing using our own technology. The facilities started operation in May. The company, especially the Healthcare Foods Division established in October in the previous fiscal year, is seeking to develop sales routes, including the school meals route, to cultivate fortified rice production as a new business. The company will aim to increase the weighting of the business and to improve the balance of business and earnings during the year.

(5) Health Food Business: House Wellness Foods Corporation

Building fortified rice production facilities

We built fortified rice production facilities, which started operation in May. Production of rice for school meals and supplement rice has begun.



A plant producing fortified rice



Equipment to mix chemicals



Equipment to divide rice into small quantities



Active marketing



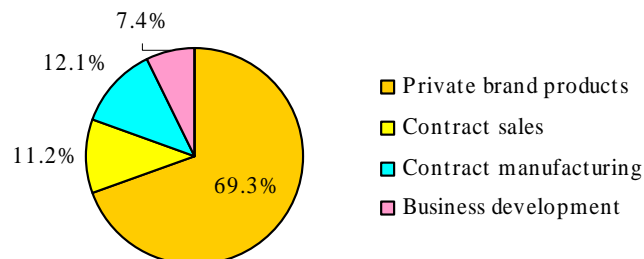
Intensive broadcasting of TV commercials



C1000 wrapping bus



Breakdown of sales (first half of FY2011)



The product lineup of the C1000 Vitamin Lemon series expanded



The renewed "Collagen" and "Strong-Up" have been added to the Vitamin Lemon series. We carried out aggressive marketing of the three products.

C1000 Vitamin Lemon Collagen (renewal)
C1000 Vitamin Lemon Strong-Up (new)
Launched nationwide on May 16, 2011

C1000 Refresh Time & Sparkling

Renewal



The bottles have been changed to boost their visibility. The fruit juice content in Refresh Time has increased, and the flavor has been improved.

C1000 Refresh Time
Launched nationwide on September 12, 2011
C1000 Refresh Time Sparkling
Launched nationwide on September 19, 2011

(6) International Business: US Business, Restaurant Business in Asia

The U.S. soybean business is continuing to expand.

The restaurant business in Asia is accelerating the opening of restaurant.

● The U.S. soybean and restaurant businesses

House Foods America Corporation

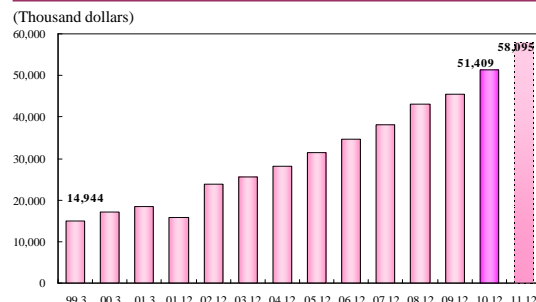
■ Sales in the soybean and restaurant business of House Foods America Corporation (Million yen)

	FY2010 H1 performance	FY2010 performance	FY2011 H1 performance	FY2011 H2 target	FY2011 target
House Foods America total	3,068 (101.4%)	5,706 (98.4%)	3,131 (102.0%)	3,163 (120.0%)	6,294 (110.3%)
Soybean business	2,238 (103.7%)	4,189 (99.9%)	2,261 (101.0%)	2,386 (122.3%)	4,648 (110.9%)
Restaurant business	510 (91.6%)	981 (92.7%)	532 (104.5%)	513 (108.6%)	1,045 (106.5%)
Exchange rate	¥88.48	¥81.49	¥80.73	¥80.00	¥80.00

House Foods America Corporation has a soybean business and a restaurant business, and engages in the import and sale of House Foods Corporation's products.

- In the soybean business, product prices rose around 7% in June, given an increase in the price of soybeans. The price increase was accepted by the market, and sales remain solid.
- Promotions in Asian markets and increases in volumes handled at American supermarkets contributed to continued rises in sales. Tofu and tofu shirataki sell well. Sales rose 10.7% year on year in dollars.
- In the restaurant business, an underperforming restaurant in San Diego was closed in April, and earnings improved. There are ten restaurants as of September 30.

Sales in U.S. soybean business



● The restaurant business in Asia

Companies in China, South Korea, and Taiwan



■ Sales at each restaurant company in Asia (Million yen)

	FY2010 H1 performance	FY2010 performance	FY2011 H1 performance	FY2011 H2 target	FY2011 target	Number of restaurants
China	316 (115.7%)	668 (119.2%)	420 (132.8%)	653 (185.8%)	1,073 (160.7%)	19
South Korea	120 (128.6%)	269 (122.3%)	168 (139.7%)	202 (135.7%)	370 (137.5%)	11
Taiwan	127 (115.4%)	316 (139.1%)	217 (171.2%)	234 (123.8%)	451 (142.9%)	10
Total	563 (118.0%)	1,252 (124.3%)	805 (142.9%)	1,089 (158.0%)	1,894 (151.2%)	40

(The number of restaurants is as of September 30, 2011)

- Each restaurant operator in Asia is adding new outlets and improving results steadily. Each of them is popular in their country and expects to increase earnings.
- In South Korea and Taiwan, we are developing small and highly profitable restaurants to reduce investments, and accelerating the opening of new restaurants.
- In preparation for the acceleration of the opening of new restaurants, we are improving our production bases, cultivating human resources and setting up, and automating, central kitchens.



A long line of people in front of a popular restaurant

We are striving to maintain and enhance the service levels and develop human resources in store operation, cultivating executive candidates and hiring trainers.



(7) International Business: China Curry Business

Aiming to improve the awareness of curry, both for household use and commercial use, and expand operations

● China curry business

温馨美味 尽为好待
好待食品



Promoting curry and rice,
one of Japan's most popular dishes,
in China

Shanghai House Foods Co., Ltd.

	FY2010 H1 performance	FY2010 performance	FY2011 H1 performance	FY2011 H2 target	FY2011 target
Sales (Year-on-year change)	310 (+88)	779 (+266)	464 (+154)	492 (+23)	956 (+177)

Major trends in the first half of FY2011

- ◆ We raised the price of *Vermont Curry* by around 10% (from 7 yuan to 8 yuan) on November 1 last year. We suspended shipments due to slow progress in negotiations in certain distribution channels, and as result, sales were adversely affected early in the fiscal year under review.
- ◆ While developing operations for products for household use, we approached industrial catering, school canteens, and restaurant chains. As a result, commercial-use products sold well, and accounted for increasing percentages of total sales. In contrast, sales of retort pouched curry for household use were weak.
- ◆ We established House Foods (Shanghai) Corporation, a trading company (sales subsidiary), in China in April.

Initiatives in the second half of FY2011

- ◆ We will accelerate the expansion of operations by developing unique sales activities and channels using the new trading subsidiary in addition to pre-existing channels.
- ◆ We will continue to improve the awareness of curry foods and the House brand and will promote trial use of them through aggressive advertising and sales activities especially for curry roux.
- ◆ We will step up our efforts to develop channels for commercial-use products and will aim to increase the weight of commercial-use products.

Developing commercial-use products and sales channels in addition to products for household use

While seeking to increase the awareness and sales of products for household use, we put the priority on developing channels for commercial-use products. We are aiming to introduce curry to industrial catering, college canteens, and restaurant chains, while supplying raw materials for curry lunches and curry bread sold at convenience store chains.



**Commercial-use
Vermont Curry (1 kg)**



**Commercial-use
Java Curry**

Industrial catering and school meals

Proposing curries to canteens at plants and colleges and promoting the supply of raw materials



Approaching restaurant and convenience store chains

Supplying raw materials for curry and rice and curry bread served at fast food chain restaurants and curry-and-rice lunches sold at convenience store chains



House Foods (Shanghai) Corporation established

We set up a sales subsidiary to expand sales in China, in addition to sales through a local trading company and distributor (Ajinomoto China and Mitsubishi Corporation China). The subsidiary is developing channels for commercial-use products and markets in the interior of the country.

Profile

Established	April 2011
Capital	\$1.5m (House Foods 100%)
Business	Import and sale of products of the House Foods Group in China
Location	Changning district of Shanghai
Number of employees	20 (including three loaned employees)

Activities to introduce Chinese people to curry and rice



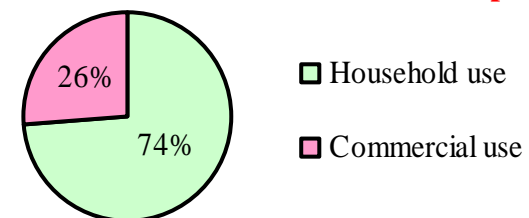
Cooking class



Outdoor PR activity

A sports event in collaboration with the General Administration of Sport of China, where champion athletes participated

Sales of household-use and commercial-use products












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
	<u>Vermont Curry</u>  Launched in 1963
	<u>Stew Mix</u>  Launched in 1966
	<u>Kukure Curry</u>  Launched in 1971
	<u>Kanjuku Tomato No Hayashi Rice Sauce</u>  Launched in 1996
	<u>Tongari Corn</u>  Launched in 1978
	<u>Ukon No Chikara</u>  Launched in 2004
	<u>Prime</u>  Launched in 2006

Description of major new products and varieties for the autumn and winter



● New product

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

	Product	Content	Area	Suggested retail price	Sale date
Other	Curry Na Okazu (pork and mushrooms fried sauteed with oyster curry, pork and bean sprouts sauteed with thick curry, tofu and ground meat with curry, Chinese cabbage and shrimp boiled in curry, meat and tofu with curry)	110 – 150 g	Nationwide	Open (¥189)	Aug. 22
Retort pouched curry	Atatamezuni Oishii Curry (vegetable curry, keema curry)	200 g • 180 g	Nationwide	Open (¥170)	Aug. 22
Cooking sauce	Bistro Chef Nikomi Hamburg (demiglace sauce)	97 g	Nationwide	Open (¥238)	Aug. 22
Health food	Togarashi No Chikara	100 ml	Nationwide	Open (¥190)	Sep. 26
Retort pouched curry	Ninokuni Oasis in the Desert Curry	200 ml	Nationwide	Open (¥284)	Nov. 14

● Variety

	Product	Content	Area	Suggested retail price	Sale date
Seasoning	Nokkete Gelee Citron, Pepper, and Ponzu	185 g	Nationwide	Open (¥225)	Aug. 1
Snack	Ozack Cajun Chicken	68 g	Nationwide	¥120	Aug. 8
Curry	Curry Nabe Tsuyu (spicy)	425 g	Nationwide	Open (¥300)	Aug. 22
Cup-type	Cup Stew Tomato Cream Stew	33 g	Nationwide	¥170	Aug. 22
Cup-type	Soup De Okoge Mild Sam Gae Tan Flavor	22 g	Nationwide	¥160	Aug. 22

● Renewal

Curry Marche, Curry Udon No Moto (granulated powder), Winnie-the-Pooh Curry and Hashed Beef Sauce, Mickey Mouse Stew, Retort Pouched Curry Udon No Moto, Stew Mix (cream, beef, and sweet corn), Bistro Chef (hashed beef, beef stew, white sauce, demiglace sauce), Fu Fu Stew, (cream, beef), Gratin, Ouchi Chowder (kinoko chowder), C1000 Refresh Time*, C1000 Refresh Time Sparkling*, C1000 Vitamin Lemon Hot*

● Expansion of sales channels

C1000 Vitamin Lemon Strong-Up* (September 12, nationwide)

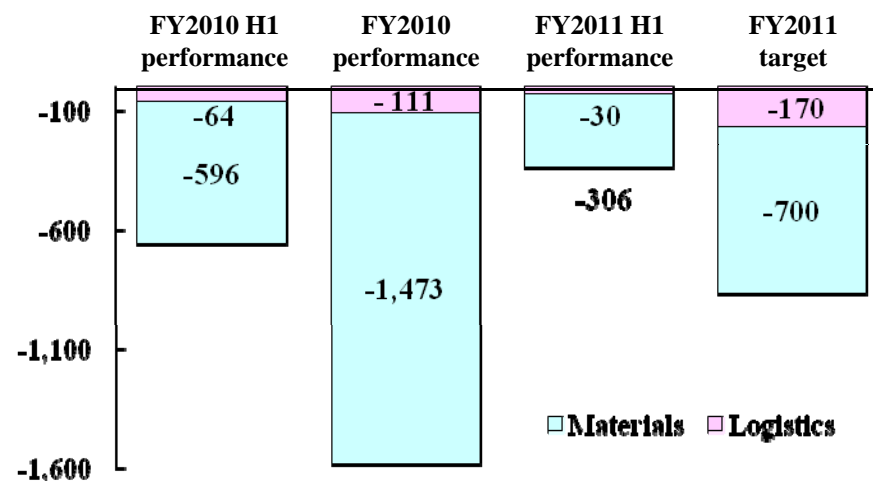
* Products of House Wellness Foods

● Sales by product type

	FY2011 H1 performance	Year on year	Comparison with target	Component ratio	Revised FY2011 target	Year on year	Component ratio
Curry and Spice	¥33,664m	104.4%	102.3%	30.8%	¥64,900m	102.5%	30.0%
Curry (incl. roux)	20,653	101.7	101.7		39,700	100.4	
Spice	8,508	109.8	102.3		16,340	106.3	
Food service products	4,039	105.6	103.6		8,000	104.2	
Stew and Packaged Noodles	¥13,311m	98.3%	100.1%	12.2%	¥30,500m	94.4%	14.1%
Stew (excl. cup-type stew)	4,916	100.0	99.8		13,710	96.8	
Hashed beef sauce roux	2,261	106.9	107.0		4,250	101.8	
Cup-type products	310	39.5	54.7		520	31.9	
Packaged noodles	3,287	107.4	109.6		6,800	100.4	
Food service products	658	93.6	94.0		1,300	83.6	
Retort Pouched Foods	¥20,692m	104.8%	101.4%	18.9%	¥39,800m	101.8%	18.4%
Retort pouched curry	7,251	104.2	105.4		13,770	98.8	
Deli products (Delica Chef)	6,690	103.2	97.3		13,086	102.6	
U.S. soybean business	2,261 (\$28,010,000)	101.0 (110.7)	100.2 (105.5)		4,648 (\$58,095,000)	110.9 (113.0)	
Food service products	2,712	111.8	108.5		4,850	103.3	
Drinks, Snacks and Other Products	¥34,851m	92.8%	97.9%	31.9%	¥67,300m	97.8%	31.2%
Drinks	0	–	–		0	–	
Health foods (incl. direct retail products)	9,805	92.7	89.1		22,100	99.0	
House Wellness Foods (consolidated)	16,328	96.9	101.1		27,670	98.4	
Snacks	3,995	88.0	90.8		8,200	93.6	
Dessert	2,349	122.4	117.4		4,400	109.0	
Restaurants (international)	1,337	124.7	102.7		2,940	131.6	
Food service products	924	156.7	131.9		1,850	161.9	
Transport and Warehouse Operations	¥6,876m	106.2%	101.1%	6.3%	¥13,500m	102.7%	6.3%
Consolidated sales	¥109,393m	99.8%	100.4%		¥216,000m	99.7%	
(Sales of food service products)	(8,332)	(110.5)	(106.8)		(16,000)	(106.2)	

Trends of cost reductions and sales promotion expenses

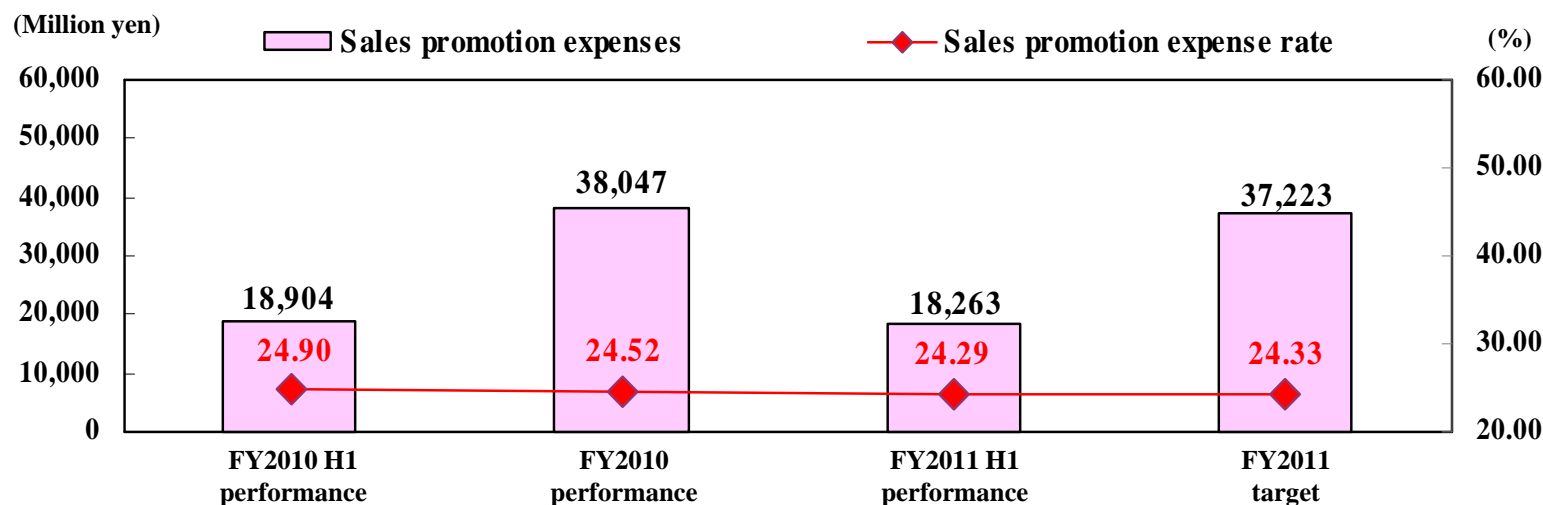
● Trends of cost reductions (from the year-ago level, non-consolidated)



(Million yen)

	Materials cost	Logistics cost	Total
FY2010 H1 performance	596	64	660
FY2010 performance	1,473	111	1,584
FY2011 H1 performance	306	30	336
FY2011 target	700	170	870

● Sales promotion expenses (non-consolidated)



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

(Million yen)

● Non-operating income and expenses	FY2010 H1	FY2011 H1	Year on year
Interest income	168	209	+40
Dividend income	236	249	+13
Equity in earnings of affiliates	187	166	-21
Other (incl. income from leasehold properties)	104	88	-16
Total non-operating income	696	711	+16
Interest expenses	19	21	+2
Foreign exchange losses	259	249	-10
Other (incl. expenses for leasehold properties)	18	60	+41
Total non-operating expenses	296	330	+33

(Million yen)

● Extraordinary income and loss	FY2010 H1	FY2011 H1	Year on year	Remarks
Gain on sales of noncurrent assets	1	0	-1	FY2010 H1 Other → including reversal of provision for loss on guarantees
Reversal of allowance for doubtful accounts	-	1	+1	
Other	151	6	-145	
Total extraordinary income	151	7	-144	
Loss on retirement of noncurrent assets	55	62	+7	FY2010 H1 Loss on valuation of investment securities → including loss on valuation of listed shares
Loss on sales of noncurrent assets	9	11	+2	
Loss on valuation of investment securities	467	46	-421	FY2011 H1 Impairment loss → including noncurrent asset impairment loss associated with the rebuilding of the Osaka Head Office
Loss on valuation of membership	3	8	+6	
Impairment loss	-	399	+399	
Loss on adjustment for changes of accounting standard for asset retirement obligations	177	-	-177	
Loss on disaster	-	160	+160	
Other	29	20	-9	
Total extraordinary loss	739	706	-33	

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	
FY2010 H1	1,501	226	1,727	789	138	927	Remodeling and replacement of snack equipment Buildings and production equipment of House Foods America
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 H1	2,387	330	2,717	1,524	80	1,604	Relocation and replacement of equipment in the Higashi-Osaka Plant New facilities for fortified rice at House Wellness Foods
FY2011 plan	5,400	600	6,000	3,500	200	3,700	Relocation of spice production equipment Remodeling and replacement of production equipment; systems, research equipment

● Trends of depreciation and amortization

(Million yen)

	Consolidated			Non-consolidated		
	Depreciation and amortization	Lease expenses	Total	Depreciation and amortization	Lease expenses	Total
FY2010 H1	2,782	295	3,078	1,699	168	1,867
FY2010	5,704	566	6,269	3,501	318	3,819
FY2011 H1	2,574	245	2,819	1,506	130	1,636
FY2011 plan	5,500	500	6,000	3,400	200	3,600

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	Growing business		¥20bn	240.6%
International Business				
Other Business (Services Business)			¥36bn	100.0%

- 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 Business Segments in the Third Medium-Term Business Plan

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

<Product group/business> [Subsidiary]