



FY2011 Results Briefing

May 10, 2012



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FY2011 Results

The Company missed its upwardly revised full-year income targets because of negative factors that occurred in the second half of FY2011: some roux product sales struggled due to competition from low-priced products and the worsening market environment for *Ukon No Chikara*. But income did rise significantly on a growing trend of eating at home, cost-cutting measures, and a profit contribution from reduced goodwill amortization.

Income rose significantly due to cost cutting and a reduction in goodwill amortization, offsetting the impact of a sales decline in *Ukon No Chikara* and rising raw material prices

● Consolidated net sales and income

★ Non-consolidated (Million yen)

	FY2010 performance	FY2011 revised target	FY2011 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)	Comparison with revised target (%)
Net sales	216,713	216,000	214,317	-2,396 (98.9) -411 (99.8)	-1,683 (99.2)
Operating income	12,069(*)	15,000(*)	14,053(*)	+1,984 (116.4)	-947 (93.7)
Ordinary income	13,031(*)	16,200(*)	15,502(*)	+2,471 (119.0)	-698 (95.7)
Net income	5,252(*)	9,500(*)	7,928(*)	+2,676 (151.0)	-1,572 (83.5)

	FY2011 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)
	151,803	-3,333 (97.9) -1,347 (99.1)
	11,696	-1,840 (86.4)
	14,334	-1,202 (92.3)
	7,884	-224 (97.2)

- Comprehensive income: ¥4,918m (YOY: down 24.9%) in FY2010, ¥10,405m (YOY: up 111.6%) in FY2011

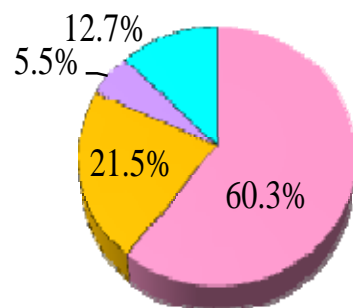
- The “real comparison” in the year-on-year column for net sales is the year-on-year comparison excluding a decrease in sales due to the transfer of the mineral water business.

(Sales in the mineral water business are excluded from sales for FY2010.)

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

● Breakdown of sales by business segment

(Million yen)



Business Segment	FY2011 performance	Year on year (%) Simple comparison (upper figure) and real comparison (lower figure)	Comparison with revised target (%)
Spice / Seasoning / Prepared Food Business	129,247	+657 (100.5)	+947 (100.7)
Health Food Business	45,992	-3,613 (92.7)	-2,708 (94.4)
International Business	11,762	+1,241 (111.8)	-538 (95.6)
Transport and Other Businesses	27,315	-682 (97.6) +1,304 (105.0)	+615 (102.3)

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 are excluded from sales for FY2010.)

● Breakdown of sales by product type	FY2011	YOY	% to target
Spice / Seasoning / Prepared Food Business	¥129,247m	100.5%	100.7%
Curry roux	38,425	100.2	99.3
Stew roux (excl. cup-type products)	13,660	96.4	99.6
Hashed beef sauce roux	4,301	103.1	101.2
Cup-type products	713	43.8	137.1
Spice	16,619	108.1	101.7
Retort pouched curry	14,175	101.7	103.0
Packaged noodles	6,947	102.6	102.2
Snack	7,895	90.1	96.3
Dessert	4,208	104.2	95.6
Food service products	16,382	108.7	102.4
Health Food Business	¥45,992m	92.7%	94.4%
Health foods (excl. direct retail products)	19,534	91.4	91.5
Direct retail products	656	67.8	88.5
House Wellness Foods (consolidated)	26,605	94.6	96.2
International Business	¥11,762m	111.8%	95.6%
House Foods America	6,123 (\$78,762,000)	107.3 (112.5)	97.3 (100.1)
Shanghai House Foods	1,012	129.8	105.8
Restaurants in Asia (China, Taiwan, South Korea)	1,741	139.0	91.9
Transport and Other Businesses	¥27,315m	97.6%	102.3%
House Logistics Service (consolidated)	13,646	106.2	103.2
Delica Chef (deli products)	13,217	103.6	101.0
Mineral water	0	–	–
Consolidated sales	¥214,317m	98.9%	99.2%

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 FY2011
<p>Spice / Seasoning / Prepared Food Business</p> <ul style="list-style-type: none"> ◆ Sales of curry roux were solid in the first half but abruptly slowed in the second half, ending at the previous year's level for the fiscal year due to negative factors in the second half such as stagnant sales of low-priced brands and the waning effect of consumers eating at home. ◆ Sales of stew products were weak because of sluggish sales of <i>Fu Fu Stew</i>, a low-priced brand, despite solid sales of mainstay products <i>Hokkaido Stew</i> and <i>Stew Mix</i>. ◆ Amid the growing trend of cooking at home, spice sales rose due to aggressive sales promotions and as a new product, <i>Nokkete Gelee</i>, firmly took hold in the market. ◆ Sales of retort pouched curry products remained solid, reflecting a sales contribution from mid-priced product launches, in addition to a renewed awareness of the value of these products amid demand for stockpiled foods for emergency purposes. ◆ Sales of food service products increased significantly as transactions with new clients picked up steam.
<p>Health Food Business</p> <ul style="list-style-type: none"> ◆ Sales of the <i>Ukon No Chikara</i> series declined due in part to the launch of competitors' products and changes in the way customers drink alcohol, in addition to the mood of voluntary restraint in the wake of the earthquake. ◆ <i>Nutrisystem J-diet</i>, a weight-loss program, did not meet the expected demand and was discontinued at the end of October. ◆ Total sales for House Wellness Foods Corporation fell as a result of initiatives aimed at improving the profitability of made-to-order products, although sales of its mainstay products were firm.
<p>International Business</p> <ul style="list-style-type: none"> ◆ The Company maintained an upward sales trend in the U.S. soybean business by continuing its aggressive sales promotions after a price revision in June. ◆ The Company steadily expanded its curry business in China by developing new sales channels for food service products and expansion into the inland area. ◆ The restaurant business in Asia continued to expand through new restaurant openings in each country. ◆ In Southeast Asia, the Company started to roll out businesses in Thailand and Vietnam by establishing a subsidiary in the respective countries.
<p>Transport and Other Businesses</p> <ul style="list-style-type: none"> ◆ Logistics business sales remained on an upward trend as the Company continued to promote new logistics operations to companies outside the Group. ◆ Full-year sales fell by around 2.0 billion yen due to a transfer of the mineral water business in the previous fiscal year.

Rising raw materials greatly affected the Spice / Seasoning / Prepared Food Business, but income surged in the Health Food Business thanks to a reduction in goodwill amortization

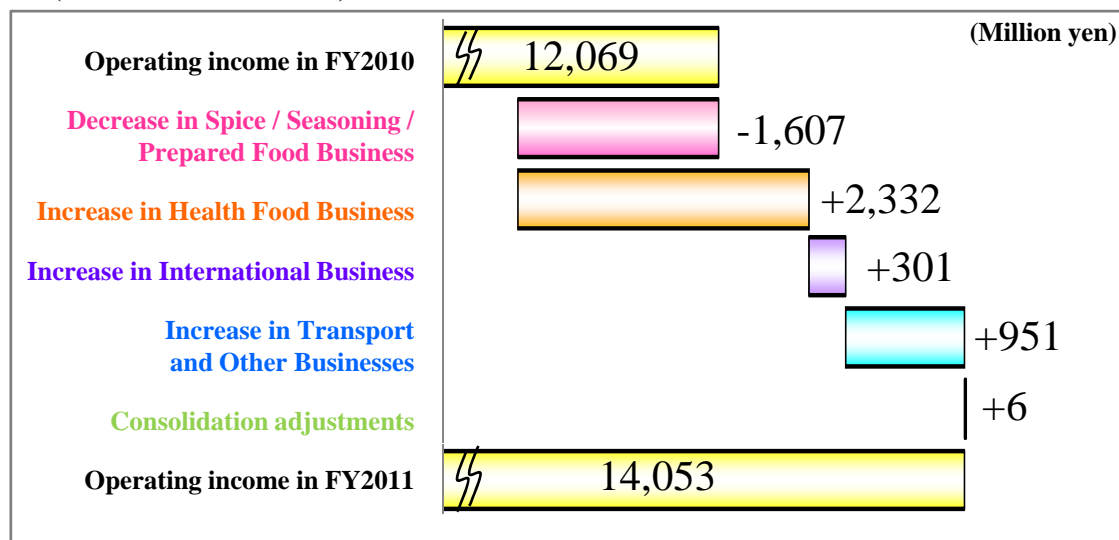
● Net sales and operating income by business segment

(Million yen)

	Net sales			Operating income			ROS (%)
	FY2011 performance	Year on year (%)	Comparison with target (%)	FY2011 performance	Year on year (%)	Comparison with target (%)	
Spice / Seasoning / Prepared Food Business	129,247	+657 (100.5)	+947 (100.7)	9,933	-1,607 (86.1)	-367 (96.4)	7.7
Health Food Business	45,992	-3,613 (92.7)	-2,708 (94.4)	2,532	+2,332 (1269.6)	-668 (79.1)	5.5
International Business	11,762	+1,241 (111.8)	-538 (95.6)	651	+301 (186.1)	-49 (93.0)	5.5
Transport and Other Businesses	27,315	-682 (97.6)	+615 (102.3)	935	+951 (-)	+135 (116.8)	3.4
Total	214,317	-2,396 (98.9)	-1,683 (99.2)	14,053	+1,984 (116.4)	-947 (93.7)	6.6

- Sales in the mineral water business are included in the Transport and Other Businesses.
- The amortization of the goodwill of House Wellness Foods Corporation (¥1,345m) affects operating income in the Health Food Business (real ROS: 8.4%).
- The total operating income is affected by consolidation adjustments (+¥3m in FY2011, -¥4m in FY2010).

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



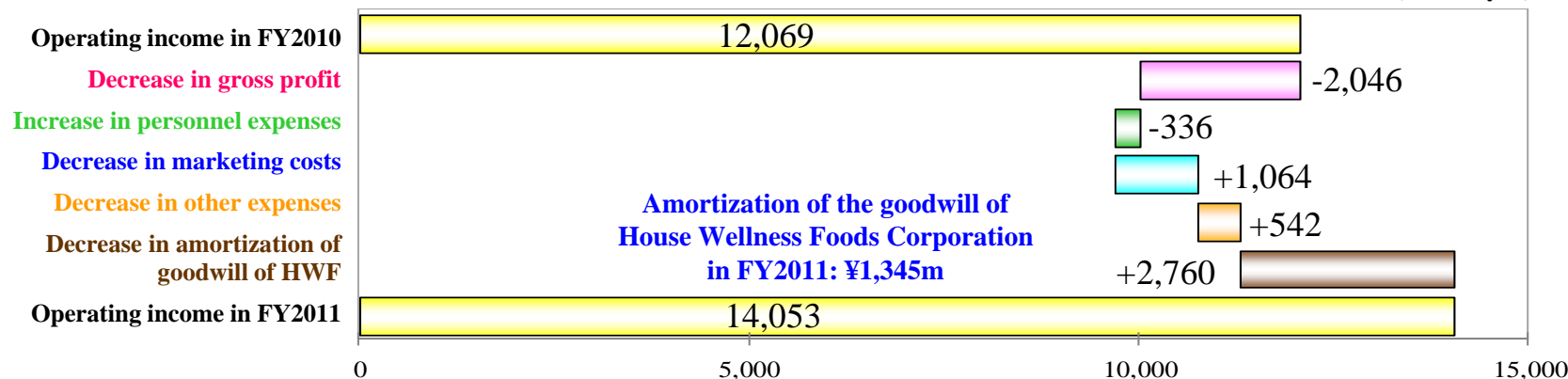
● Main factors of changes in operating income by business segment

- ◆ Spice / Seasoning / Prepared Food Business income fell due in part to rising raw material prices and a rise in sales promotion costs amid a downward trend in selling prices.
- ◆ Health Food Business income rose sharply despite the impact of a sales decline in *Ukon No Chikara* thanks in part to improved earnings as a result of discontinuing the *Nutrisystem* business and a reduction in the amortization of goodwill.
- ◆ International Business income rose with steady contributions from a sales increase in the tofu business in the United States, companies in the curry business in China and the restaurant business in Asia.
- ◆ The Transport and Other Businesses posted operating income thanks to a further improvement in earnings for Delica Chef Corporation and House Logistics Service Corporation.

Consolidated operating income rose significantly thanks to reductions in goodwill amortization, despite the impact of the rising raw material prices and sales decline

● Change in consolidated operating income in FY2011 **Increase of ¥1,984m**

(Million yen)



● Breakdown of expenses

	Main factors (non-consolidated)	Main factors (consolidated subsidiaries)
Gross profit -¥2,046m Cost to sales ratio: 54.11% (% of sales: up 0.43)	Gross profit: -¥3,068m Cost to sales ratio: 47.78% to 48.66% (up 0.88 percentage point) Impact of sales decline (-¥3,333 m) and rising raw material prices Material cost rate: up 0.79 percentage point; Labor cost rate: up 0.12 percentage point; Manufacturing expense rate: down 0.04 percentage point	Gross profit: +¥1,021m Delica Chef: +¥416m House Foods America: +¥126m
Personnel expenses +¥336m (% of sales: up 0.26)	Personnel expenses: +¥290m (% of sales: up 0.39) Personnel expenses include those for the Somatech Center (research institute).	Personnel expenses: +¥46m Sun House Foods : +¥60m
Marketing costs -¥1,064m (% of sales: down 0.26)	Marketing costs: -¥868m (% of sales: down 0.03) Promotion expenses: -¥274m (% of sales: up 0.15) Sales commissions: -¥251m (% of sales: down 0.10) Advertising expenses: -¥343m (% of sales: down 0.08)	Marketing costs: -¥195m Shanghai House Foods: -¥159m House Wellness Foods: -¥83m
Other expenses -¥542m (% of sales: down 0.16)	Other expenses: -¥649m Logistics costs: -¥236m (% of sales: down 0.09%) Depreciation and amortization: -¥89m (% of sales: down 0.05%)	Other expenses: +¥107m Delica Chef: +¥37m

● **Non-operating income (expenses)** FY2010: +¥961m → FY2011: +¥1,449m (up ¥487m year on year)

● **Extraordinary income (loss)** FY2010: -¥3,450m → FY2011: -¥2,616m (up ¥833m year on year)



Fourth Medium-Term Business Plan (FY2012 – FY2014)

We will clarify the positions of the domestic businesses and the International Business and will accelerate the development of the International Business as a growing business.

We will reinforce the Company's foundation by developing an optimal organizational structure, while continuing to strengthen its development capability and cost competitiveness.

An Assessment of the Third Medium-Term Business Plan (FY2009 – FY 2011)

[Evaluation of the Levels of Target Achieved]

● Consolidated net sales and operating income for the final year of the Third Medium-Term Business Plan (FY2011)

	Target for 3rd Medium-Term Business Plan	Comparison with FY2008 performance		FY2011 performance	Comparison with FY2008 performance	Difference from target for Medium-Term Business Plan	Percentage Change
Net sales	¥260.0bn	116.8%		¥214.3bn	96.3%	-¥45.7bn	82.4%
Operating income	¥16.0bn	156.8%		¥14.1bn	137.8%	-¥1.9bn	87.8%
Operating income margin	6.2%	+1.6 pt		6.6%	+2.0 pt	+0.4 pt	–

● Breakdown of sales by business segment in the final year of the Third Medium-Term Business Plan (FY2011)

Spice / Seasoning / Prepared Food Business	¥114.0bn	99.5%		¥113.8bn	99.3%	-0.2bn	99.8%
Food Service Business	¥18.0bn	125.4%		¥15.4bn	107.6%	-2.6bn	85.8%
Health Food Business							
Direct Retail (Mail Order) Business	¥72.0bn	146.0%		¥46.0bn	93.2%	-26.1bn	63.9%
International Business	¥20.0bn	240.6%		¥11.8bn	141.5%	-8.2bn	58.8%
Other Business (Services Business)	¥36.0bn	100.0%		¥27.3bn	75.9%	-8.7bn	75.9%

Under the Third Medium-Term Business Plan, the mineral water business, which was transferred, is included in the Other Business.

An Overview of the Third Medium-Term Business Plan (FY2009 – FY 2011)

[Evaluation of the Progress Made in the Business Plans and Measures]

● Reestablishing and realizing growth scenario of the business

Initiatives: Establish “Profitability drivers” and “Growth drivers” as priority businesses and draw up and promote scenarios for new growth. Enhance product development and business development capabilities that create high cost competitiveness and new value in order to counter an increase in the number of factors that can weigh on profits.

- As for profitability drivers, the Company worked on maintaining and increasing its profitability by making use of its brand and technological strengths, mainly in the Spice / Seasoning / Prepared Food Business, and focused on increasing its cost competitiveness. The Company achieved certain results from these efforts but challenges remain, namely the extensive development of businesses, creation of new value and establishing new products.
- In terms of growth drivers, the Company made the greatest effort to foster the growth of the *Ukon No Chikara* brand in the Health Food Business, which helped drive earnings. However, the Company was unable to develop its third business pillar that was to follow *Ukon No Chikara* and *C1000*. The Company also rolled out the new *Nutrisystem J-diet* business in the Direct Retail (Mail Order) Business, but it did not experience demand as expected and discontinued the business at the end of October 2011.
- The Company aggressively developed the International Business by focusing on the tofu business in the United States, the curry business in China and the restaurant business in Asia. The Company also made its foray into Southeast Asia.
- As for profitability, the Company achieved its operating margin target as a result of reviewing its businesses, such as the transfer of the mineral water business at the end of May 2010; cost-cut initiatives such as in R&D; and improved profitability among its Group companies. However, the Company missed its income target because of the fall in selling prices and the deteriorating market environment for *Ukon No Chikara*, in addition to the greater-than-expected rise in raw material prices.

● Guidelines concerning business investments under the Third Medium-Term Business Plan

Guideline: Cash flow in the three years under the Third Medium-Term Business Plan: Invest aggressively in growth drivers, namely the Health Food Business, the Direct Retail (Mail Order) Business and the International Business.

- The Company was unable to make effective use of the total amount of the expected surplus funds of 30 billion yen.
- The Company established House Foods (Shanghai) Corporation in China and started new businesses including an entry into Southeast Asia (Thailand and Vietnam).
- For the Health Food Business and Direct Retail (Mail Order) Business, the Company invested in new business models, but did not achieve results.

● Guideline concerning return of profits under the Third Medium-Term Business Plan

Guideline: Consolidated payout ratio = 30% or higher

- In FY2011, the Company planned to increase the annual dividend by 6 yen to 28 yen (13 yen for the midterm dividend + 15 yen for the year-end dividend) and maintain the consolidated payout ratio at 30% or higher.
- * Bought 3 million shares of treasury stock valued at around 4 billion yen in FY2010.

Changes in dividend and payout ratio

(Yen/%)

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Midterm	–	11	11	11	11	13
Year-end	22	11	11	11	11	15
Annual	22	22	22	22	22	28
Consolidated payout ratio	50.0	67.5	51.1	50.1	45.5	37.7

The Company introduced the interim dividend system in FY2007.

Concept of the Future Business Framework Envisioned by the Company

Corporate philosophy: “Bringing greater joy to families through our foods”
Corporate vision: “A Company that creates new value by promoting a healthy lifestyle for consumers through our flavorful and high-quality products”

Medium- and Long-Term Vision:
The House Foods Group aims for this Business Framework in the future

- Realize one of the highest ROA among food corporations in Japan
- Realize robust profit growth by effectively utilizing capital
- Accelerate shift to the International Business

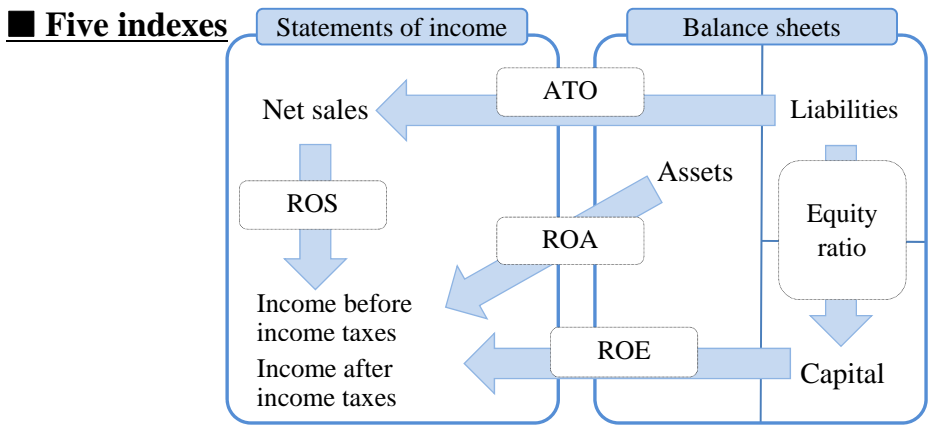
Reviews based on past medium-term business plan
 Increase development capability and cost competitiveness to develop an organizational structure based on the Group’s perspective and realize growth strategies.

External environment: Important data

- 1) (Downsizing + diversification of trends in the domestic market) x Rapid strengthening of deflation
- 2) Expansion of prepared foods market as mid-income groups grow in China, Southeast Asia
- 3) Global trend of tightening supply and rising prices of raw materials
- 4) Changes in customer awareness due to the earthquake

..... <Targeted proportions>

ATO	Asset turnover	Above 1.0 or more
ROS	Return on sales	Above 10%
ROA	Return on assets	Above 10%
ROE	Return on equity	At least 10%
Proportion of the International Business	Net sales	Above 20%
	Operating income	Above 30%



Basic Concept of the Fourth Medium-Term Business Plan

● *Basic concept and initiatives*

1) Position the two domestic businesses as core businesses and accelerate overseas expansion by positioning the International Business as a growing business

■ *Increasing profitability by envisioning how each of the two domestic businesses will grow (two core businesses)*

Spice / Seasoning / Prepared Food Business

- Maintain and increase brand power
- Realize business growth by fully developing existing businesses and providing new value
- Strengthen cost competitiveness across the Group to absorb the impact of rising raw material prices, thereby increasing profitability

Health Food Business

- Expand the lineup of functional drinks and foods by launching products that could serve as the next *C1000* and *Ukon No Chikara*
- A renewed start for the Direct Retail (Mail Order) Business

■ *Bolster and develop the foundation of the International Business (growing business)*

United States (tofu business) - Further expansion of the existing businesses and establishing a new tofu business that satisfies local needs

China (curry business) - Expand the size of the curry business and improve its profitability (accelerate expansion of products for commercial use and strategies to enter market in the inland area)

Southeast Asia - Promote the establishment of businesses and the creation of bases in Thailand and Vietnam

Restaurant business - Aim to have the No. 1 curry restaurant chain in each country where the Company operates its business

■ *Proactively promote sound investments in businesses and create new demand*

Basic Concept of the Fourth Medium-Term Business Plan

● *Basic concept and initiatives*

2) Establish an optimal organizational structure for consolidated management to continue growth and expansion

■ *Establish an organizational structure aimed at independent and continuous growth of domestic businesses and the International Business*
[Domestic businesses]

Integrate business organizations and functions (establish an optimal organizational structure) to secure growth and respond promptly to changes in the environment

- Establish a structure that will allow the Spice / Seasoning / Prepared Food Business and Health Food Business to grow and expand individually
- Enhance capability of creating new businesses and functions to foster them

[International Business]

Reinforce the structure of the International Business by dividing the regions into three areas: United States, China and Southeast Asia

- For the Global Headquarters, establish a “Center” in each area to serve as the parent organization for promoting respective businesses.

3) Continue to bolster initiatives to increase development capability, cost competitiveness and CSR initiatives

- “Development capability” is the source of “creation of new value”
 - Bolster “technical development capability x product development capability x commercialization capability”
- Reduce costs by 3 billion yen in three years by increasing cost competitiveness in an optimal manner for the Group by reaching beyond the boundaries between Group companies and divisions
 - Absorb the impact of rising raw material prices through initiatives aimed at increasing cost competitiveness
 - Reform the production and logistics system and develop a new framework that would be optimal for the Group’s perspective
- CSR as the main business
 - Promote CSR activities with three pillars of 1) quality (promise with customers), 2) environment (role to play in society), and 3) compliance and risk management (business continuity)

Targeted Performance and Management Indexes for the Final Year of the Fourth Medium-Term Business Plan

● Targeted performance and management indexes for the final year (FY2014)	FY2014 target	Comparison vs FY2011
Consolidated net sales	¥230.0bn	107.3%
Consolidated operating income	¥18.0bn	128.1%
Return on sales (ROS)	7.8%	+1.2 pt
Return on equity (ROE)	+1pt or more <compared with FY2011>	(FY2011: 4.3%)

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

Business segment	Position of the business	Net sales target	Comparison with FY2011	Operating income target	Comparison with FY2011	ROS	Difference from FY2011
Spice / Seasoning / Prepared Food Business (incl. the Food Service Business)	Core business	¥132.4bn	102.4%	¥10.5bn	105.7%	7.9%	+0.2
Health Food Business (incl. the Direct Retail (Mail Order) Business)		¥50.0bn	108.7%	¥5.5bn	217.2%	11.0%	+5.5
International Business	Growing business	¥20.0bn	170.0%	¥1.0bn	153.6%	5.0%	-0.5
Transport and Other Businesses		¥27.6bn	101.0%	¥1.0bn	107.0%	3.6%	+0.2

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

● Guidelines concerning business investments

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

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

[Changes in dividend and payout ratio]

(Yen/%)

● Guidelines concerning retained earnings

Secure consolidated payout ratio at 30% or higher

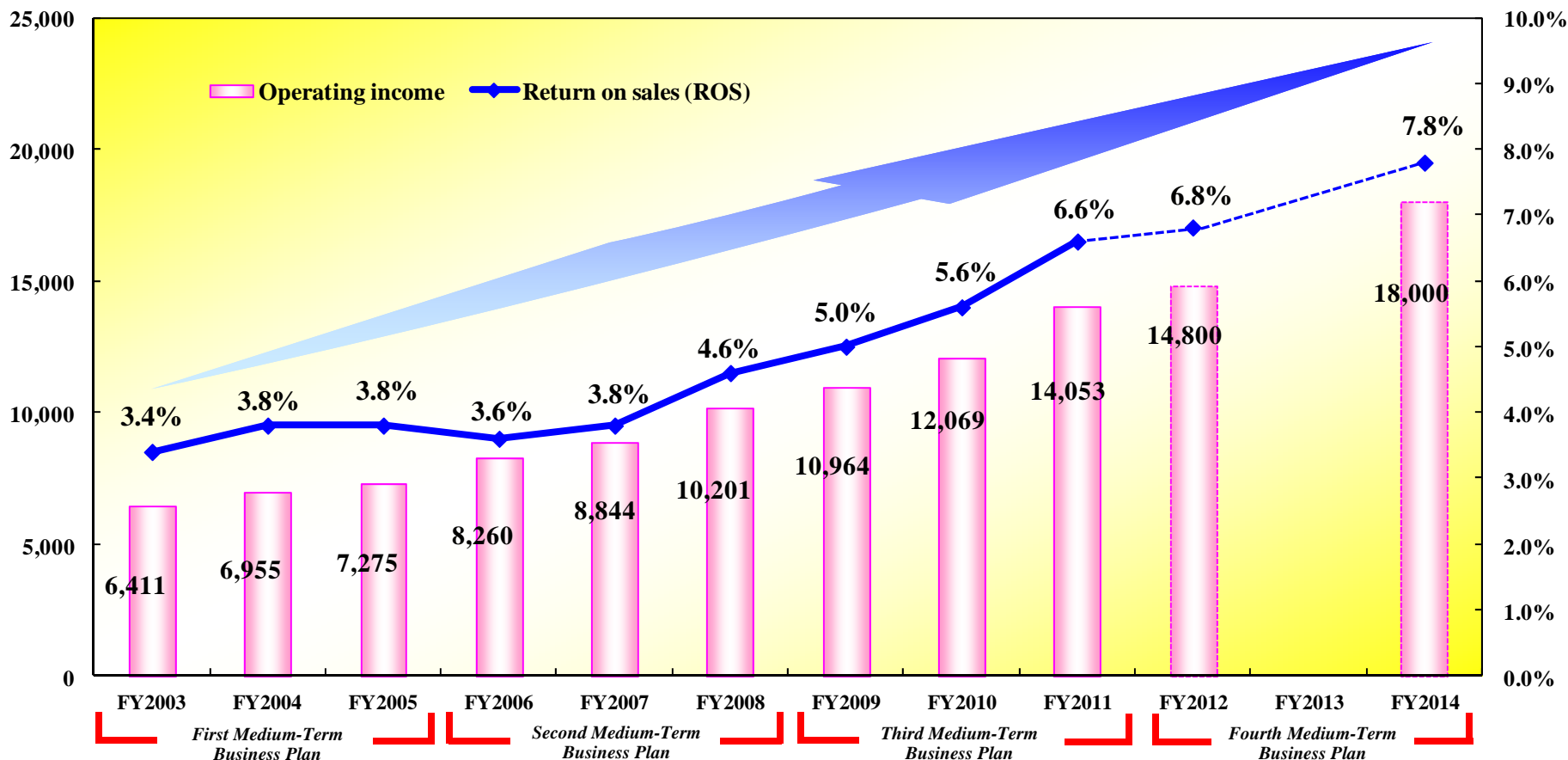
Flexibly implement stock buybacks by considering the business environment, capital needs and trends in share prices and the stock market.

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 (Forecast)
Midterm	-	11	11	11	11	13	15
Year-end	22	11	11	11	11	15	15
Annual	22	22	22	22	22	28	30
Consolidated payout ratio	50.0	67.5	51.1	50.1	45.5	37.7	30.8

Aim to Improve Profitability by Steadily Promoting Business Improvement and Expansion by Promoting Initiatives under the Medium-Term Business Plan

(Million yen)

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2014
Consolidated net sales (YoY changes)	<u>188,384</u> (98.4%)	<u>184,981</u> (98.2%)	<u>191,591</u> (103.6%)	<u>232,478</u> (121.3%)	<u>233,826</u> (100.6%)	<u>222,549</u> (95.2%)	<u>220,622</u> (99.1%)	<u>216,713</u> (98.2%)	<u>214,317</u> (98.9%)	<u>218,000</u> (101.7%)	<u>230,000</u>
ROS	3.4%	3.8%	3.8%	3.6%	3.8%	4.6%	5.0%	5.6%	6.6%	6.8%	7.8%



<<Major past events>>

- FY2004: Liquidated House Foods Hawaii Corporation
- FY2006: Made House Wellness Foods a subsidiary
- * Goodwill amortization period: FY2006 – FY2012
- FY2007: Revised prices of mainstay products
- FY2008: Implemented “simplification of sales system” under which sales commissions, etc. are offset from selling prices
- FY2010: Transferred the mineral water business



Full-Year Plan for FY2012

The domestic market is expected to see a reaction to the special demand seen in the previous year due to the earthquake, a rise in raw material prices and intensifying sales competition, but the Company will aim to increase sales by aggressively launching products with new value. In the overseas markets, the Company will aim to increase both sales and income in the first year of the Fourth Medium-Term Business Plan by bolstering its revenue base through accelerated expansion of businesses.

Amid a rise in raw material prices and intensifying sales competition, the Company aims to increase income by curbing promotion expenses and reducing costs

● Consolidated net sales and income

★ Non-consolidated

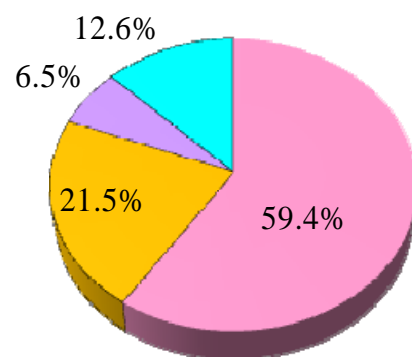
(Million yen)

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Ordinary income	13,031(*)	15,502(*)	16,200(*)	+698 (104.5)	15,100	+766 (105.3)
Net income	5,252(*)	7,928(*)	10,400(*)	+2,472 (131.2)	9,800	+1,916 (124.3)

(*) Amortization of the goodwill of House Wellness Foods Corporation: ¥4,106m in FY2010, ¥1,345m in FY2011, ¥673m in FY2012

● Breakdown of sales by business segment

(Million yen)



Business segment	FY2012 target	Year on year (%)
Spice / Seasoning / Prepared Food Business	129,400	+154 (100.1)
Health Food Business	46,900	+908 (102.0)
International Business	14,200	+2,438 (120.7)
Transport and Other Businesses	27,500	+185 (100.7)

● Breakdown of sales by product type	FY2012 target	YOY
Spice / Seasoning / Prepared Food Business	¥129,400m	100.1%
Curry roux	38,210	99.4
Stew roux (excl. cup-type products)	14,000	102.4
Hashed beef sauce roux	4,250	98.8
Cup-type products	17,260	103.9
Spice	14,040	99.1
Retort pouched curry	6,700	96.4
Packaged noodles	8,000	101.3
Snack	4,300	102.2
Dessert	16,800	102.6
Health Food Business	¥46,900m	102.0%
Health foods (excl. direct retail products)	20,690	105.9
Direct retail products	810	123.8
House Wellness Foods (consolidated)	27,760	104.4
International Business	¥14,200m	120.7%
House Foods America	6,950 (\$86,920,000)	113.6 (110.4)
Shanghai House Foods	1,030	102.1
Restaurants in Asia (China, Taiwan, South Korea)	2,790	160.3
Transport and Other Businesses	¥27,500m	100.7%
House Logistics Service (consolidated)	13,850	101.5
Delica Chef (deli products)	13,520	102.3
Consolidated sales	¥218,000m	101.7%

Main points of initiatives in FY2012
<p>Spice / Seasoning / Prepared Food Business</p> <ul style="list-style-type: none"> ◆ For curry roux, the Company will secure sales from mainstay products by clarifying the position of each product within the category and differentiating initiatives among brands. ◆ For stew roux, the Company will promote initiatives to boost demand and revitalize the market, focusing on promotional activities that are appropriate for the time of the year. ◆ The Company will maintain an upward sales trend from spices by strengthening the presence of renewed popular products and new products at stores. ◆ As for retort pouched curry products, the Company will launch mid-priced products that have a specific brand image and provide an impression of them being reasonably priced. It will also continue to launch products associated with strong demand for stockpiled foods and those with seasonal demand for the summer. ◆ The Company will continue to increase sales of food service products by continuing to seek new customers.
<p>Health Food Business</p> <ul style="list-style-type: none"> ◆ For health foods, the Company will drive the market by carrying out aggressive promotions to boost purchases of <i>Ukon No Chikara</i> in addition to continuous development of sales channels. ◆ For direct retail products, the Company will promote measures to bolster its direct marketing base by focusing on <i>Tennen Koka Kassei Ukon</i>. ◆ House Wellness Foods Corporation will give top priority to establishing and strengthening the <i>C1000</i> series brand and fully developing its growth businesses, including fortified rice.
<p>International Business</p> <ul style="list-style-type: none"> ◆ In the U.S. soybean business, the Company will aim to increase sales by expanding production facilities and intensively implementing marketing initiatives. ◆ In the curry business in China, the Company will revise the sales system by incorporating sales expenses into prices (comparison of actual value vs previous year's level: 111.3%). The Company will aim to bolster sales by promoting activities to seek new customers for its food service products and further bolstering sales promotions in the inland area. ◆ In the restaurant business in Asia, the Company will further accelerate new restaurant openings and focus its efforts on establishing the foundation for expanding the business. ◆ The Company will promote the development of business bases in Thailand and Vietnam that it has entered, thereby accelerating overseas expansion.
<p>Transport and Other Businesses</p> <ul style="list-style-type: none"> ◆ In the logistics business, the Company will maintain its upward trend in sales by continuing to promote new logistics operations for companies outside the Group. ◆ Delica Chef Corporation will promote improved profitability by changing the profit-loss structure.

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.

Company to accelerate International Business growth; to ensure increase in sales and income by fostering brands in the Health Food Business

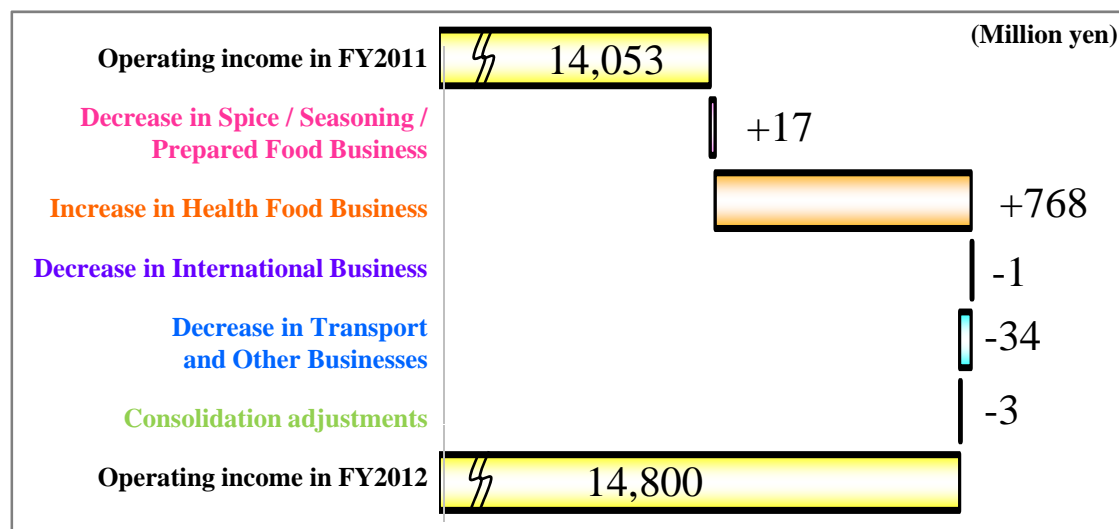
● Net sales and operating income by business segment

(Million yen)

	Net sales		Operating income		ROS (%)
	FY2012 target	Year on year (%)	FY2012 target	Year on year (%)	
Spice / Seasoning / Prepared Food Business	129,400	+154 (100.1)	9,950	+17 (100.2)	7.7
Health Food Business	46,900	+908 (102.0)	3,300	+768 (130.3)	7.0
International Business	14,200	+2,438 (120.7)	650	-1 (99.9)	4.6
Transport and Other Businesses	27,500	+185 (100.7)	900	-34 (96.3)	3.3
Total	218,000	+3,683 (101.7)	14,800	+747 (105.3)	6.8

- The amortization of the goodwill of House Wellness Foods Corporation (¥673m) affects operating income in the Health Food Business (real ROS: 8.5%).
- The total operating income is affected by consolidation adjustments (+¥3m in FY2011).

● Changes in operating income by business segment (from FY2011 to FY2012)

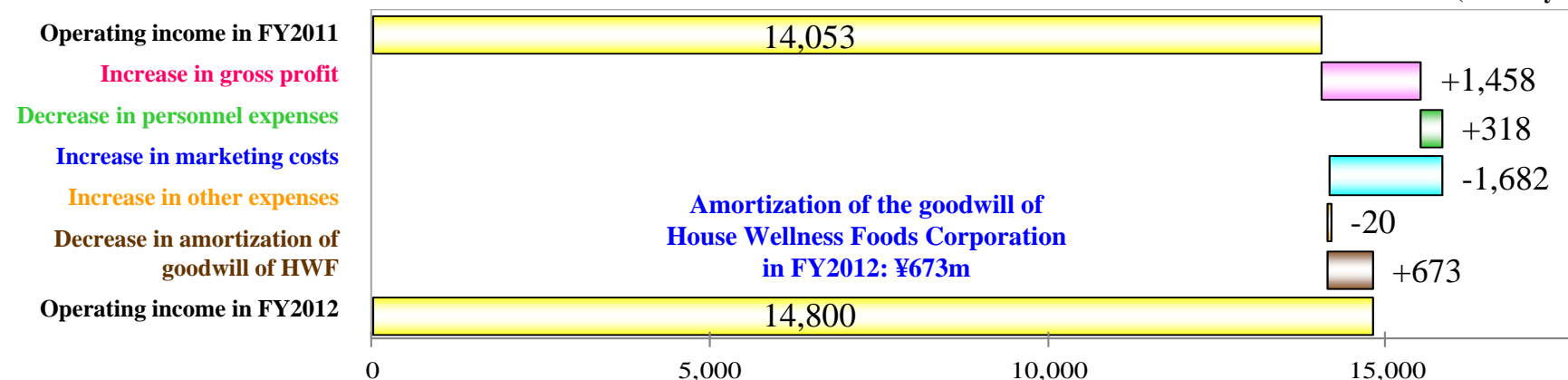


● Main factors of changes in operating income by business segment

- ◆ In the Spice / Seasoning /Prepared Food Business, the Company will maintain the income level posted in the previous year by absorbing the impact of rising raw material prices with cost-cutting initiatives.
- ◆ In the Health Food Business, income is expected to rise thanks to cost reduction related to goodwill amortization in addition to the strengthening of the *C1000* brand and the aggressive launch of new products.
- ◆ In the International Business, the Company aims to achieve a surplus in the curry business in China through further expansion of the business. It expects to offset initial losses posted by Southeast Asian businesses by increasing revenues in the U.S. tofu business and restaurant businesses in various countries.
- ◆ In the Transport and Other Businesses, the Company will secure income in the Delica Chef Corporation deli product business and expects results to be similar to those posted in the previous year.

The Company will absorb the impact of rising raw material prices with cost cutting; profit increase ensured thanks to a reduction in goodwill amortization

● Change in consolidated operating income in FY2012 **Increase of ¥747m** (Million yen)



● Breakdown of expenses

	Main factors (non-consolidated)	Main factors (consolidated subsidiaries)
Gross profit +¥1,458m Cost to sales ratio: 54.22% (% of sales: up 0.11)	Gross profit: +¥2,063m Cost to sales ratio: 48.66% to 47.71% (down 0.95 percentage point) Material cost rate: down 0.38 percentage point; Labor cost rate: down 0.32 percentage point; Manufacturing expense rate: down 0.11 percentage point	Gross profit: -¥605m
Personnel expenses -¥318m (% of sales: down 0.31)	Personnel expenses: -¥433m (% of sales: down 0.36) Personnel expenses include those for the Somatech Center (research institute).	Personnel expenses: +¥115m House Logistics Service: +¥41m House Wellness Foods: +¥32m
Marketing costs +¥1,682m (% of sales: up 0.42)	Marketing costs: +¥1,077m (% of sales: up 0.51) Promotion expenses: +¥117m (% of sales: down 0.04) Sales commissions: +¥209m (% of sales: up 0.11) Advertising expenses: +¥752m (% of sales: up 0.44)	Marketing costs: +¥604m House Wellness Foods: +¥376m
Other expenses +¥20m (% of sales: down 0.13)	Other expenses: +¥613m Increase in experiment and research expenses	Other expenses: -¥593m

● **Non-operating income (expenses)** FY2011: +¥1,449m → FY2012: +¥1,400m (down ¥49m year on year)

● **Extraordinary income (loss)** FY2011: -¥2,616m → FY2012: -¥200m (up ¥2,416m year on year)

Major Businesses: Status and Strategies

(1)	Spice / Seasoning / Prepared Food Business	Core business	Curry products (roux, retort pouched products, curry-related products)
(2)			Spice, liquid seasoning
(3)	Health Food Business	Growing business	Health food products (House Foods Corporation) Direct retail (mail order) business (House Foods Corporation) House Wellness Foods Corporation
(4)	International Business		U.S. business, businesses in southeast Asia
(5)			China curry business , restaurant business in Asia

(1) Spice / Seasoning / Prepared Food Business: Curry products (roux, retort pouched products, curry-related products)

Promote market revitalization through total promotions and enhancement of mid-priced products

		FY2010 performance	FY2011 performance	FY2012 target
Sales (Year-on-year change)	Curry roux	¥38,354m (-¥693m)	¥38,425m (+¥71m)	¥38,210m (-¥215m)
	Retort pouched curry products	¥15,384m (-¥113m)	¥15,355m (-¥29m)	¥15,260m (-¥95m)
	Food service curry	¥10,381m (+¥384m)	¥11,026m (+¥645m)	¥11,360m (+¥334m)
	Curry total	¥64,120m (-¥421m)	¥64,806m (+¥686m)	¥64,830m (+¥24m)

Enhancing mid-priced products

Café Curry
(roux/retort pouched curry)



These products allow customers to enjoy fragrant, tasty Asian curry – just like the ones served at cafés – at home.

Launched nationwide on Jan. 30, 2012 (roux)
Launched nationwide on Feb. 20, 2012 (retort)

The Hotel Curry



Retort pouched curry is classy and authentic with a luxurious flavor that cannot be made at home

Launched nationwide on Feb. 20, 2012

Retort pouched curry does not have to be heated at all. It is suitable as a stockpiled food and also good for hot summer days.

Major trends in FY2011

- ◆ Although sales of the low-priced product *Kokumaro* struggled, the Company secured earnings at the previous year's level because sales of *Vermont Curry* and *Java Curry*, mainstay products, were solid thanks in part to market revitalization measures, including Curry Action Nippon that the Company implemented throughout the year, and the effect of the growing trend of eating at home.
- ◆ Sales of retort pouched curry products, for which value was reaffirmed, were solid because sales of the mainstay product *Curry Ya Curry* remained at the previous year's level and new products made positive contributions.
- ◆ Sales of curry for commercial use remained strong as the Company found new major customers.

Initiatives in FY2012

- ◆ Given the continuous downward trend in selling prices due to deflation, the Company will renew its products and launch new ones in the mid-priced curry roux and retort pouched curry product categories. The Company will differentiate these initiatives from those for mainstay products and for low-priced products respectively, in a bid to become a leader in different categories.
- ◆ The Company will aggressively implement total promotions and in-store events to boost demand. The Company will also implement initiatives to appeal to consumers with its brand value through area marketing of local fresh foods, which involves local communities and governments, and continuous efforts to communicate the attractiveness of curry menus, such as by promoting smart cooking that encourages eco-friendly ways of cooking.

2012 CURRY ACTION NIPPON

Renewal of existing brands <Prime Curry series and Java Curry> and launch of new product <Java Retort>

Launched nationwide on Feb. 20, 2012

Promote curry products to volume retailers through TV commercials in tandem with collaboration with the government.



Realized 50% less calories while retaining deliciousness



More heat in the flavor and spiciness



Well-known Java curry can be enjoyed easily at home

Atatamezuni Oishii Curry



Natsu No Curry

(s) Spice / Seasoning / Prepared Food Business: Spice, liquid seasoning

Sales of both “Neri Spice” and “powdered” spices increased steadily; Company to renew all popular spices for further growth

		FY2010 performance	FY2011 performance	FY2012 target
Sales (Year-on-year change)	Spices	¥15,370m (+¥1,014m)	¥16,619m (+¥1,249m)	¥17,260m (+¥641m)
	Of spices, liquid seasoning	¥755m (+¥50m)	¥1,358m (+¥603m)	¥1,750m (+¥392m)

Major trends in FY2011

- ◆ With regard to spices, sales of *Neri Spice* increased steadily, and the Company completely renewed popular spices via new production processes and containers. In addition, the Company also launched a new, easy-to-use series of spices by proposing a new style of cooking and enjoying food. These promotions contributed to sales.
- ◆ In the liquid seasoning category, *Nokkete Gelee*, a gelee-type product, has firmly taken root in the market. The Company continued to win support from customers by expanding this product lineup.

Initiatives in FY2012

- ◆ For spices, the Company will transfer and consolidate production lines of popular spices to increase production capacity and improve quality. The Company will thus strive to increase competitiveness and secure profits.
- ◆ As for marketing activities aimed at boosting purchases, the Company will implement web promotions by using SNS, etc. and work on increasing awareness of spices as a type of seasoning that adds flavor to home-cooked meals.

Nokkete Gelee

Variety



An oil-free, gelee-type seasoning that has been highly acclaimed since its launch. The Company has added variety to the ponzu taste product lineup, suggesting more varied menu options and styles of cooking and eating.

Lemon & Basil and Onion & Consomme for Western-style dishes
Launched nationwide on Feb. 20, 2012

Increasing awareness of spices

A website page that shows the world of spices



A usage example of spice

Renewal of all House brand spices

Renewed production process, containers and package designs

Introduction of the new *Pita Bin* bottle
The square-shaped bottle fits in your hand and is easy to handle and store.



The new function *Skatto Open*
Can be opened by tearing along the perforated line, making it easy to refill.



Launch of seasoning spices which enrich life with spices

A line up of five items of blended sugar and 12 items of seasoning spices

Granulated sugar blended with a spice that has a sweet aroma, which makes it easy to obtain flavor



A seasoning spice that comes in single-use packaging, which makes it unwasteful.



Launched nationwide on Feb. 20, 2012

(3) Health Food Business: Health food products, direct retail (mail order) business, House Wellness Foods Corporation

Implement aggressive promotions of *Ukon No Chikara* to boost purchases; launch new *C1000* products

		FY2010 performance	FY2011 performance	FY2012 target
Sales (Year-on-year change)	Health food products (House Foods Corporation)	¥21,363m (+¥1,033m)	¥19,534m (-¥1,829m)	¥20,690m (+¥1,156m)
	Direct retail (mail order) business (House Foods Corporation)	¥968m (+¥281m)	¥656m (-¥312m)	¥810m (+¥154m)
	House Wellness Foods Corporation	¥32,904m (+¥732m)	¥31,490m (-¥1,414m)	¥32,820m (+¥1,330m)

Enhance functional drinks

C1000 1-Nichi Bun No Vitamin (Tansan Type)

New



A new C1000 brand grapefruit-flavored sparkling drink that contains the daily required amount of vitamins (13 types) but still with the great flavor and freshness of a sparkling drink

Launched nationwide on Feb. 13, 2012

Nama Royal Jelly 500 Drink

New



A refreshing yogurt-flavored sparkling drink that contains 500mg of raw royal jelly, vitamins B1 and D

Launched nationwide on Mar. 12, 2012

Full development of the fortified rice business

New



Fortified rice as an easy means to provide active children with nutrients

Launched nationwide on Feb. 20, 2012

Direct Retail (Mail Order) Business

Tennen Koka Kassei Ukon



Major trends in FY2011

- In time with the renewal of *Ukon No Chikara*, the Company aired TV commercials intensively and focused its efforts on strengthening the presence of the products in stores. However, sales of the product declined due in part to the launch of competitors' products and changes in the way customers drink alcohol, in addition to the mood of voluntary restraint in the wake of the earthquake.
- With regard to the *C1000* series, sales of the *C1000 Vitamin Lemon*, a mainstay product, were solid. However, total sales were weak as a result of initiatives aimed at improving profitability of made-to-order products.

Initiatives in FY2012

- To increase sales of the *Ukon No Chikara* series, the Company will continuously develop new sales channels and implement a variety of sales promotions aimed at boosting purchases, thereby driving the market.
- The Company will enhance functional drink sales through measures including new product launches. At the same time, the Company will implement initiatives to make *C1000 Vitamin Lemon* a regular product as a way to establish the *C1000* series brand. In addition, the Company will also focus its efforts on fully developing and increasing awareness of the fortified rice business, which is a growing business.

Renewal of *Ukon No Chikara*

As the No.1 *ukon* health food product, renewed the existing three *Ukon No Chikara* items (regular, cassis flavors and granular type) by enhancing their freshness by renewing its function and flavor



Launched nationwide on Jun. 20, 2011

Initiatives to boost demand for *Ukon No Chikara* and revitalizing the market

Intensive TV commercial campaign, bolster storefront sales promotions to boost purchases ahead of the traditional season of welcome/farewell parties, etc.



Outdoor advertisement

(4) International Business: U.S. business, businesses in southeast Asia

Sales continue on an upward trend in the United States mainly in the soybean business; entry into Southeast Asia (Thailand and Vietnam).

● Businesses in the United States

House Foods America Corporation

■ Sales in the soybean and restaurant business of House Foods America Corporation

(Million yen)

	FY2010 performance	FY2011 performance	FY2012 target
House Foods America total	5,706 (98.4%)	6,123 (107.3%)	6,950 (113.6%)
Soybean business	4,189 (99.9%)	4,494 (107.3%)	5,220 (116.3%)
Restaurant business	981 (92.7%)	1,019 (103.9%)	1,080 (106.3%)
Exchange rate	¥81.49	¥77.74	¥80.00

House Foods America Corporation has a soybean business and a restaurant business, described above, and imports and sells House Foods Corporation's products.

- In the soybean business, product prices rose by about 7% in June last year in response to the rise in the soybean price. The new prices have been accepted and sales remained strong.
- Sales increased mainly in eastern United States. Among tofu-related products, sales of *Tofu Shirataki* grew significantly, far exceeding the previous year's result.
- In addition to using advertisements effectively, the Company will carry out sales promotions in collaboration with the media, such as in movies, to increase product presence and the quantity of products in stores.
- In the restaurant business, the Company closed the unprofitable San Diego branch in April last year, thereby improving profitability. Sales in dollar terms reached both the target and the previous year's level.



Bus advertisement



Products displayed at a store

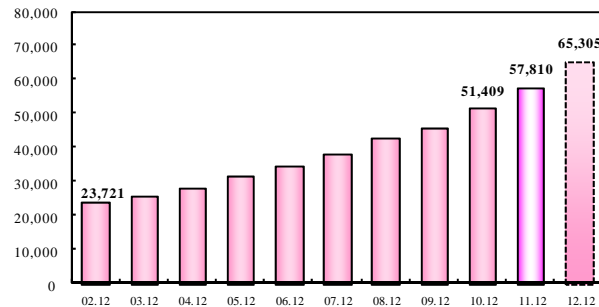


Tofu Shirataki

Sales in U.S. soybean business

Double-digit sales growth

(Thousand dollars)



Product presence steadily Strengthening in stores

● Businesses in Southeast Asia

House Osotspa Foods / House Foods Vietnam

Establishment of House Osotspa Foods Co., Ltd.

Established a joint venture with Osotspa Co., Ltd. of Thailand. Drink products will be launched in the coming summer.



[Company profile]

Established	July 2011
Capital	167 million bahts (House Foods: 60%, Osotspa Co., Ltd.: 40%)
Business	Sales, imports and exports of processed foods and drinks in Thailand
Location	Bangkok, Thailand
Number of employees	6 (including 1 dispatched from Japan) * As of March 31, 2012

Establishment of House Foods Vietnam Co., Ltd.

Operating businesses in processed foods, etc. by making use of House Foods' skills.

Construction of a plant began in April.

[Company profile]

Established	January 2012
Capital	14 million USD (House Foods: 100%)
Business	Production and sales of processed foods, etc. in Vietnam
Location	Ho Chi Minh, Vietnam
Number of employees	3 (including 1 dispatched from Japan) * As of March 31, 2012


(5) International Business: China curry business, restaurant business in Asia

Aim to further expand the curry business in China; aim for increased profits and accelerated new restaurant openings in the restaurant business


● China curry business

Shanghai House Foods Co., Ltd.

■ Sales at Shanghai House Foods Co., Ltd.



(Million yen)



	FY2010 performance	FY2011 performance	FY2012 target
Sales	779	1,012	1,030
(Year-on-year change)	(151.8%)	(129.8%)	(102.1%)

- Sales of products for household use were strong as the Company actively carried out sales promotions and aggressively aired TV commercials and ran bus advertisements, etc. The Company aims to increase sales further by bolstering sales promotions in local cities and the inland area, where the economy has been growing.


- For food service products, the Company is committed to seeking new customers among Japanese convenience store chains and factory canteens, in addition to providing continuous support to existing customers.

- In April last year, the Company established House Foods (Shanghai) Corporation, a sales subsidiary, to promote sales activities in China.


- The Company revised the sales system to improve the precision of managing sales expenses.

* A portion of sales expenses is included in the FY2012 net sales target due to the revision of the sales system; the actual rate of increase in sales in terms of quantity is 111.3% compared with the previous year.

Educational activities aimed at making people more familiar with the curry and rice





Cooking class



Outdoor PR activities

In-store activities aimed at bolstering sales







In-store event

Establishment of House Foods (Shanghai) Corporation


Established	April 2011
Capital	1.5 million dollars (House Foods: 100%)
Business	Sale of products from the House Foods Group in China and import and sale of the products in China
Location	Changning District, Shanghai City
Number of employees	19 (including 2 dispatched from Japan) * As of December 31, 2011

Introduction to industrial catering and school canteens

Promoting provision of raw materials by proposing menus for factory and college canteens, industrial catering, and school lunch

Commercial-use Vermont Curry (1 kg)



● The restaurant business in Asia

Companies in China, South Korea, and Taiwan

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



	FY2010 performance	FY2011 performance	FY2012 target	Number of restaurants
China	668 (119.2%)	993 (148.7%)	1,700 (171.0%)	21
South Korea	269 (122.3%)	312 (116.0%)	490 (156.4%)	15
Taiwan	316 (139.1%)	436 (138.1%)	610 (138.8%)	11
Total	1,252 (124.3%)	1,741 (139.0%)	2,800 (160.3%)	47

(The number of restaurants is as of March 31, 2012)

- Restaurants in Asian countries continued to win great support from customers, thereby steadily improving results. Income in the business has been on an upward trend and the Company will continue to bolster its revenue base.
- In China, the Company will accelerate new restaurant openings through franchising. In South Korea and Taiwan, the Company will promote development of a small restaurant model with low investment and high profits, thereby focusing efforts on improving profitability.
- The Company will aim at fostering human resources, improving production bases and enhancing quality control in addition to opening new restaurants.









Restaurants in China, South Korea, and Taiwan










Menu book



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
2011	Entry into Thailand
2012	Entry into Vietnam
	<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

Major new products and varieties for the spring and summer 2012



● New product

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

	Product	Content	Area	Suggested retail price	Sale date
Curry	Café Curry (Mild Green Curry, Kaori Yutaka Na Keema Curry)	54 g	Nationwide	Open (¥170)	Jan. 30
Curry-related products	Curry Partner (Fond de Veau Paste, Demiglace Paste, Turmeric Rice You Paste, Saffron Rice You Paste, Garlic Rice You Paste, Gyunyu De Tsukuru Chai, Karami Oil)	22 g - 40 g	Nationwide	Open (¥75 - ¥150)	Feb. 20
Pasta sauce	Pasta de Yasai (Penne Bolognese, Penne Cheese Cream)	132 g/135 g	Nationwide	Open (¥238)	Feb. 20
Pasta sauce	Kamatama Spa (Carbonara, Wafu Curry, Butter Shoyu)	28 g - 35.8 g	Nationwide	Open (¥150)	Feb. 20
Retort pouched curry	Retort Java Curry (Chu-Kara, Kara Kuchi)	210 g	Nationwide	¥246	Feb. 20
Retort pouched curry	Retort Café Curry (Toriniku To Nasu No Mild Green Curry, Shiro Ingen Mame To Hikiniku No Kaori Keema Curry)	200 g/180 g	Nationwide	Open (¥246)	Feb. 20
Retort pouched curry	The Hotel Curry (Houjun Wine Jitate, Houkou Spice Jitate)	200 g	Nationwide	Open (¥227)	Feb. 20
Spice	Blend Sugar (Cinnamon Sugar, Caramel Cinnamon Sugar, Vanilla Sugar, Cacao Sugar, Chai You Blend Sugar)	28 g - 31 g	Nationwide	¥130	Feb. 20
Spice	Spice Cooking (Hamburg, Steak, Chicken No Herb Yaki, Chicken Curry, Tandoori Chicken, Minestrone, Sakana No Herb Yaki, Toriniku No Tomato Ni, Ratatouille, Indo Shiki Yasai Itame, Seafood Marine, Pickles)	8.4 g - 13.6 g	Nationwide	Open (¥110)	Feb. 20
House Wellness Foods	C1000 1-Nichi Bun No Vitamin (Tansan Type)	150 ml	Nationwide	¥160	Feb. 13
House Wellness Foods	C1000 SAVILEAR	500 ml	Nationwide	¥140	Mar. 12
House Wellness Foods	Nama Royal Jelly 500 Drink	150 ml	Nationwide	¥150	Mar. 12

● Variety

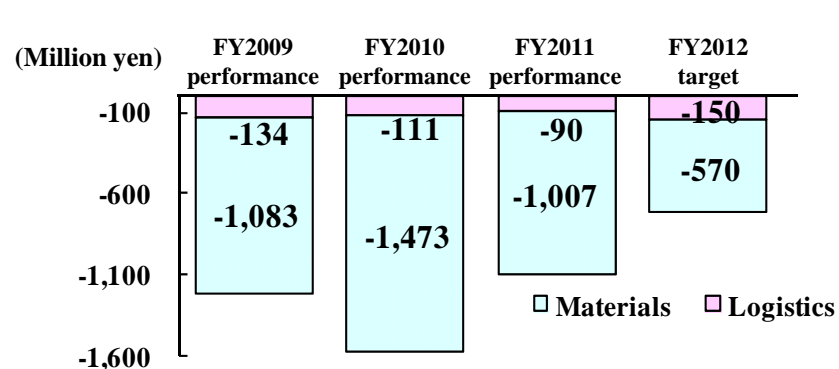
	Product	Content	Area	Suggested retail price	Sale date
Other	Curry Na Okazu (Curry Ebi Mayo Itame, Nasu To Sausage No Curry Tomato Itame)	120 g/130 g	Nationwide	Open (¥189)	Feb. 20
Seasoning	Nokkete Gelee (Onion & Consomme, Lemon & Basil)	185 g	Nationwide	Open (¥225)	Feb. 20
Dessert	Fruiche Sweets (Rare Cheese Fumi No Blue Berry)	200 g	Nationwide	¥180	Jan. 30
Snack	The Smoky (Usu Shio Aji, Smoke Cheese Aji)	53 g/75 g	Nationwide	¥120/¥141	Mar. 5

● Renewal

Prime Vermont Curry, Prime Java Curry, Java Curry, Curry Partner, Kanjuku Tomato No Hayashi Rice Sauce, Hashed Beef, Jukusei Demiglace Sauce No Hashed Beef, Pasta Ya, Kosho, Cooking Kosho, Arabiki Garlic, Ichimi Togarashi, Shichimi Togarashi, Cinnamon, Red Pepper, Paprika, Nutmeg, Turmeric, Garam Masala, Oregano, Parsley, Basil, Kaori Shichimi, Sansho, Yuzu, Ajitsuke Shio Kosho, Kaori Salt, Wagaori, and Gaban Mill Tsuki Black Pepper and all the other spices were renewed.

Trends of cost reductions and sales promotion expenses

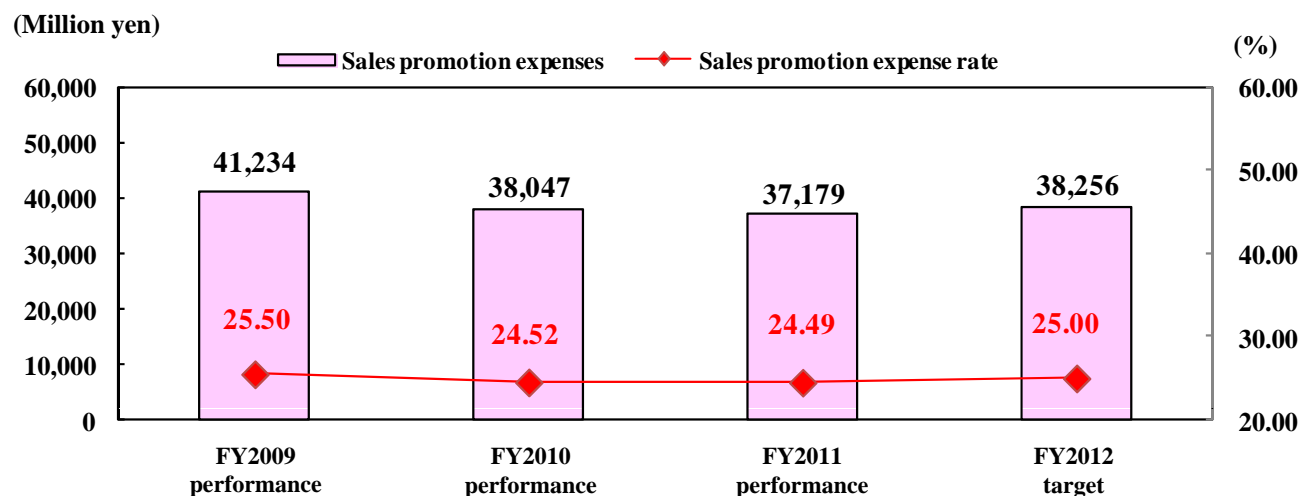
● Trends of cost reductions (from the year-ago level, non-consolidated)



(Million yen)

	Materials cost	Logistics cost	Total
FY2009 performance	1,083	134	1,217
FY2010 performance	1,473	111	1,584
FY2011 performance	1,007	90	1,097
FY2012 target	570	150	720

● 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	FY2011	Year on year
Interest income	402	441	+39
Dividend income	494	518	+24
Equity in earnings of affiliates	350	399	+49
Other (incl. income from leasehold properties)	247	238	-9
Total non-operating income	1,493	1,596	+103
Interest expenses	35	40	+5
Foreign exchange losses	400	42	-358
Other (incl. expenses for leasehold properties)	97	65	-32
Total non-operating expenses	531	147	-384

(Million yen)

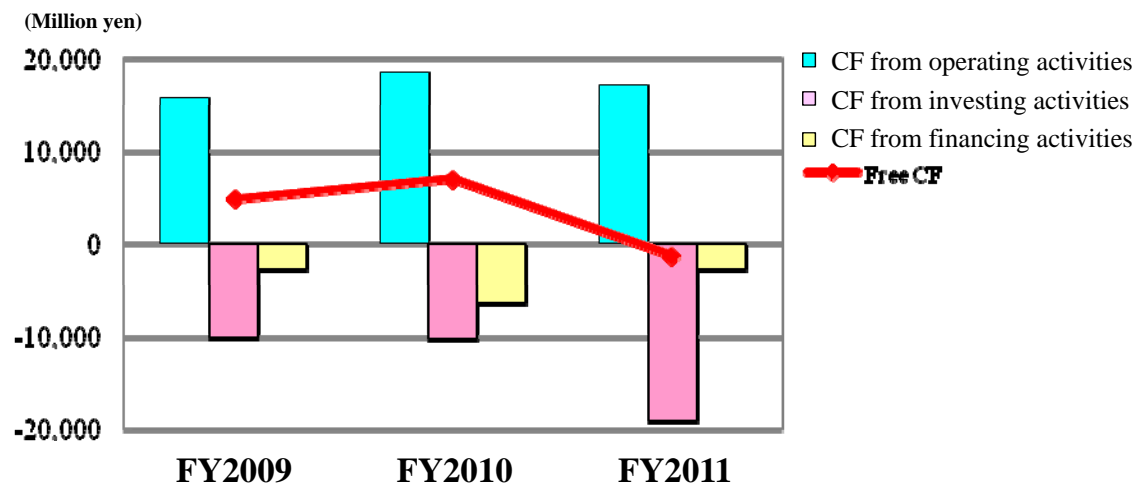
● Extraordinary income and loss	FY2010	FY2011	Year on year	Remarks
Gain on sales of noncurrent assets	30	295	+265	FY2010 Reversal of provision for loss on guarantees → Reversal of provision for loss on guarantees for Shanghai House Ajinomoto Foods
Reversal of allowance for doubtful accounts	–	1	+1	
Gain on sales of investment securities	7	1	-6	
Gain on change in equity	51	–	-51	FY2011 Gain in sales of noncurrent assets → Sales gain related to land sand buildings of House Foods' branches
Reversal of provision for loss on guarantees	92	–	-92	
Other	11	7	-4	
Total extraordinary income	191	304	+112	
Loss on retirement of noncurrent assets	284	327	+43	FY2010 Loss on valuation of investment securities → Including a loss on valuation of listed shares Impairment loss
Loss on sales of noncurrent assets	48	21	-27	
Loss on valuation of investment securities	1,541	26	-1,516	
Loss on valuation of membership	11	31	+20	→ Including an impairment loss for manufacturing facilities at the Kanto Plant
Impairment loss	982	445	-537	
Loss on adjustment for changes of accounting standard for asset retirement obligations	177	–	-177	FY2011 Cost of early retirement support → Expenses for assisting in changing course aimed at assisting employees' life plan Impairment loss → Impairment loss for Osaka Head Office buildings, etc.
Loss on disaster	516	186	-330	
Cost of early retirement support	–	1,534	+1,534	
Other	82	350	+268	
Total extraordinary loss	3,641	2,920	-721	

Changes in consolidated cash flows

● Changes in consolidated cash flows

	(Million yen)		
	FY2009	FY2010	FY2011
Cash flows from operating activities	15,813	18,568	17,098
Cash flows from investing activities	-10,129	-10,228	-19,069
Cash flows from financing activities	-2,771	-6,466	-2,836
Cash and cash equivalents at end of period	44,570	46,091	41,190
Free cash flow*	5,684	8,340	-1,971

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



● Major factors of changes in consolidated cash flows (Comparison of FY2010 and FY2011)

(Million yen)

Cash flows from operating activities	-1,470
Major factors	
Reduction in goodwill amortization	-2,760
Change in inventory assets	-1,648
Increase in net income before income taxes	+3,305

Cash flows from investing activities	-8,841
Major factors	
Rise in expenses due to payments into time deposits	-10,504
Revenue reduction due to business transfer	-5,300
Rise in expenses due to acquisition of investment securities	+7,480

Cash flows from financing activities	+3,630
Major factors	
Reduction in outflows for acquisition of treasury stock	+3,979

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	
FY2009	4,734	424	5,158	2,716	158	2,874	Remodeling and replacement of equipment for snacks and retort pouched curry New construction and consolidation of logistics facilities for 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	4,889	597	5,485	3,066	165	3,231	Transfer of facilities and replacement of production facilities for the Higashi-Osaka Plant Introduction of equipment for fortified rice for House Wellness Foods
FY2012 plan	8,100	600	8,700	4,300	200	4,500	Construction of new building for the Osaka Head Office Replacement of building and production facilities for House Foods America Corporation

● Trends of depreciation and amortization

(Million yen)

	Consolidated			Non-consolidated		
	Depreciation and amortization	Lease expenses	Total	Depreciation and amortization	Lease expenses	Total
FY2009	6,102	824	6,926	3,771	405	4,176
FY2010	5,704	566	6,269	3,501	318	3,819
FY2011	5,356	458	5,814	3,192	231	3,423
FY2012 plan	5,100	400	5,500	2,800	200	3,000

Content of Business Segments in the Fourth 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)</p>
International Business	<p>United States [House Foods America Corporation] China [Shanghai House Foods Co., Ltd.] [Shanghai House Curry Coco Ichibanya Restaurant, Inc.] [House Foods (Shanghai) Corporation] South Korea [Korea Curry House Co., Ltd.] Taiwan [Taiwan Curry House Restaurant, Inc.] Thailand [House Osotspa Foods Co., Ltd.] Vietnam [House Foods Vietnam Co., Ltd.] <Exports of products></p>
Transport and Other Businesses	<p>[House Logistics Service Corporation] [High Net Corporation] [Delica Chef Corporation] [House Business Partners Corporation] [House Food Analytical Laboratory Inc.]</p>

<Product group/business> [Subsidiary]