

## Consolidated Financial Results for the Six Months Ended September 30, 2008 (2Q FY2008)

Company name: House Foods Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Osaka Securities Exchange  
 Stock code: 2810  
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 Scheduled date for filing of securities report: November 14, 2008  
 Scheduled date for dividend payment: December 8, 2008

(Amounts of less than one million yen are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Six months Ended September 30, 2008 (April 1, 2008 , to September 30, 2008)

#### (1) Consolidated Results of Operations (Accumulated Total) (Percentage show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2008	113,406	-	5,944	-	6,493	-	3,459	-
September 30, 2007	118,757	0.2	4,923	16.2	5,335	18.9	2,381	(17.3)

	Net income per share (basic)		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
Six months ended				
September 30, 2008	31.51	-	-	-
September 30, 2007	21.68	-	-	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
September 30, 2008	233,021	182,459	78.2	1,659.54
March 31, 2008	228,261	180,940	78.8	1,639.23

(Reference) Shareholders' equity: As of September 30, 2008: 182,173 million yen  
 As of March 31, 2008: 179,949 million yen

### 2. Dividends

(base date)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2008	-	11.00	-	11.00	22.00
Year ending March 31, 2009	-	11.00	-	-	-
Year ending March 31, 2009 (forecasts)	-	-	-	11.00	22.00

Note: Revisions to dividend forecasts made during the current quarter: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Percentage show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	227,000	(2.9)	10,600	19.9	11,700	30.5	5,500	53.8	50.10

Note: Revisions to consolidated financial forecasts made during the current quarter: Yes

4. Others

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Application of concise accounts procedures and particular accounts procedures in the preparation of the quarterly consolidated financial statements: Yes

Note: For details, please refer to “【Qualitative information, financial statements, etc.】 4. Other” on page 6.

(3) Changes in accounting principles, procedures, and the method of presentation associated with the preparation of the quarterly consolidated financial statements (matters to be included in the section: “Basic, Important Matters for the Preparation of Quarterly Consolidated Financial Statements”)

(i) Changes caused by revision of accounting standards: Yes

(ii) Changes other than (i): Yes

Note: For details, please refer to “【Qualitative information, financial statements, etc.】 4. Other” on page 6.

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

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

As of September 30, 2008: 110,878,734 shares

As of March 31, 2008: 110,878,734 shares

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

As of September 30, 2008: 1,106,013 shares

As of March 31, 2008: 1,102,461 shares

(iii) Average number of shares during the period (quarterly consolidated year-to-date period):

Six months ended September 30, 2008: 109,774,726 shares

Six months ended September 30, 2007: 109,779,740 shares

\*Explanations and other special notes concerning the appropriate use of business performance forecasts

- From this consolidated fiscal year, the Company is applying the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 14). In addition, it is preparing the quarterly consolidated financial statements in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”
- The consolidated and non-consolidated business performance forecasts given in this document are based on assumptions, prospects, and future business plans, currently available on the date this document was published. Actual results may differ from these forecasts for a variety of reasons.
- Due to the use of a simplified sales system since April 1, 2008, a part of selling, general and administrative expenses are included in sales prices. This change has the effect of reducing consolidated and non-consolidated results and forecasts of net sales for the fiscal year ending March 31, 2009, compared to the old method. There is little impact on results and forecasts of operating income, ordinary income, and net income.
- For details of business performance forecasts other than the above, please refer to “【Qualitative information, financial statements, etc.】 3. Qualitative information concerning consolidated business performance forecasts” on page 5.

## 【Qualitative information, financial statements, etc.】

### 1. Qualitative information concerning the consolidated operating results

During the first six-month period of the current consolidated fiscal year, the Japanese economy experienced a further slowdown, including deterioration in the growth of capital investment and individual consumption due to the impact of the U.S. financial crisis resulting from the subprime loan issue and a decrease of corporate earnings due to the steep rise in resource prices. In fields related to daily necessities, a number of concerns about food safety have arisen, and it is essential for companies to take sincere actions for quality and safety.

In these circumstances, House Foods Corporation Group entered the final fiscal year of its second three-year medium-term business plan, which was launched in April, 2006, and strived for the improvement of its performance through the promotion of specific action plans.

Sales in the core businesses, including curry, stew, spices, and retort pouched products, increased steadily through active sales promotion activities such as the *Fight Curry Project* for curry roux products and retort pouched curry products, and pushed by the returning trend of people eating at home rather than dining out and increasing the amount of rice in their diet. In addition, in the health food, beverage, and tofu businesses in U.S., which are being developed into core businesses, while *Ukon No Chikara* continued to show good sales performance, beverages struggled in the market. As a result, consolidated sales for the first six-month period of the current consolidated fiscal year decreased 4.5% from the same period in the previous fiscal year, to 113,406 million yen. From April 1 of this year, the Company modified its sales system to post net amounts by deducting a part of selling, general and administrative expenses from selling prices. For this reason, the accounting base for net sales in this period differs from that for the same period in the previous fiscal year, and when compared on the same basis, the comparison of consolidated net sales with the same period would show a rise in revenue of 0.1%.

Meanwhile, in terms of income, while raw material prices rose, *Ukon No Chikara* and the Company's main curry products revenue increased, and the Company worked to reduce costs and took steps to effectively manage marketing expenses, which resulted in the absorption of the raw material price increases. Because of this and other factors, consolidated operating income increased to 5,944 million yen, which represents a 20.7% increase over the same period of the previous fiscal year; consolidated ordinary income increased to 6,493 million yen, representing a 21.7% increase; and consolidated net income for the six first six-month period increased to 3,459 million yen, a 45.3% increase.

## 【Sales by operating segment】

### **Foods**

Due to the growing trend toward eating at home rather than eating out in order to save money because of the high cost of living and aggressive campaign activities, sales of *Kokumaro Curry* (roux curry products) and *Curry Ya Curry* (retort pouched curry products) steadily increased. As for stew products, major products, *Stew Mix* and *Hokkaido Stew*, showed good results with the efforts to boost demands by proposing menus, and the cup-type product *Soup De Okoge* increased revenues.

In the health foods segment, *Ukon No Chikara* greatly expanded sales on a continuous basis supported by aggressive promotion activities focusing on the features of turmeric (ukon) and product palatability. Sales of the beverage *Rokko No Oishii Mizu* finished below the level of the same period in the previous fiscal year under the influence of a severe price competition.

In overseas operations, the tofu business in the U.S. steadily expanded USD-based sales supported by the increase of new transactions, and the roux curry business in China also showed a strong performance. In addition, the curry restaurant business, currently promoting expansion in the U.S. and Asia, contributed to the expansion of the sales.

With regard to food service products, continual efforts to propose menus steadily bolstered the sales of curry roux and flake products.

As a result, the overall net sales of foods were 107,820 million yen, which represents a 4.8% decrease over the same period of the previous fiscal year and operating income was 7,674 million yen, a 37.5% increase.

### **Transport and Warehouse Operations**

With regard to the distribution business, in spite of the transactions within the Group seeing sluggish growth due to a decrease in the sales of Group beverage products, external transactions were developed, and this bolstered the performance to exceed prior-year levels.

In the food products analysis business, revenues increased as the number of both internal and external transactions of the Group steadily increased.

As a result, net sales in transport and warehouse operations totaled 5,586 million yen, which represents a 0.8% increase over the same period of the previous fiscal year; however, operating income dropped to 265 million yen, representing a 46.8% decrease, due to an increase in transport costs for the logistics business along with a steep rise in the cost of crude oil.

\*Year-on-year increase-decrease ratios are posted as reference because the accounting base applied in this fiscal year is different from that for the previous fiscal year.

## 2. Qualitative information concerning the Company's consolidated financial situation

The consolidated financial situation during the second quarter of the term under review is as follows.

Total assets were 233,021 million yen, an increase of 4,760 million yen in comparison to the end of the previous consolidated fiscal year.

Current assets increased 9,061 million yen, to 99,867 million yen. Although cash and bank deposits fell on factors such as the payment of taxes and dividends, etc., marketable securities increased with increases in negotiable deposits, and trade notes and accounts receivable increased. Fixed assets finished at 133,154 million yen, a fall of 4,301 million yen on factors such as a decline in goodwill and tangible fixed assets due to amortization and depreciation, and the shift of the current portion of bonds from investment securities to marketable securities.

Liabilities were 50,562 million yen, an increase of 3,241 million yen in comparison to the end of the previous consolidated fiscal year. Current liabilities increased 3,111 million yen, to 44,366 million yen. This was because notes and accounts payable - trade increased, while accounts payable - other fell. Long-term liabilities increased 130 million yen, to 6,196 million yen due to increase of deferred tax liabilities, etc., while reserve for retirement benefits and long-term accounts payable decreased.

Net assets increased 1,519 million yen, to 182,459 million yen from the end of the previous consolidated fiscal year. This was because retained earnings and net unrealized gain on available-for-sale securities increased, but minority interests decreased.

As a result, equity ratio decreased to 78.2%, down from 78.8% at the end of the previous consolidated fiscal year; however, net assets per share rose from 1,639.23 yen to 1,659.54 yen.

3. Qualitative information concerning consolidated business performance forecasts

The future economy is expected to remain in severe conditions, and also there is a risk of further decline depending on the global economic conditions. With regard to individual consumption, it is expected that consumers will take a cautious stance for the time being. In addition, raw material prices have risen suddenly and are unpredictable. In consideration of these factors and business performance for the first six-month period of the current consolidated fiscal year, the company has made a downward revision of our forecasts for the business performance for the fiscal year announced on May 13, 2008 as follows. The Group continues striving for a reduction in costs in addition to the effective management of marketing costs to work on the improvement of profitability.

Revisions to consolidated business performance forecasts

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	234,000	9,700	10,900	5,200	47.37
Newly revised forecast (B)	227,000	10,600	11,700	5,500	50.10
Difference (B-A)	(7,000)	900	800	300	-
Increase-decrease rate (%)	(3.0)	9.3	7.3	5.8	-
Actual performance in the previous term* (fiscal year ended March 2008)	233,826	8,844	8,969	3,575	32.57

\*The company modified the sales system from April 1, 2008. Consolidated net sales in the previous fiscal year according to calculations with the new accounting base after the modification of the sales system are 222,441 million yen, which represents an increase of 4,559 million yen (2.0%) over the revised forecast of sales (B).

Reference: Revisions to non-consolidated business performance forecasts

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	168,000	10,600	12,500	7,200	65.59
Newly revised forecast (B)	163,000	11,900	13,800	7,600	69.23
Difference (B-A)	(5,000)	1,300	1,300	400	-
Increase-decrease rate (%)	(3.0)	12.3	10.4	5.6	-
Actual performance in the previous term* (fiscal year ended March 2008)	169,687	9,496	12,416	7,451	67.87

\*The company modified the sales system from April 1, 2008. Non-consolidated net sales in the previous fiscal year according to calculations with the new accounting base after the modification of the sales system are 158,302 million yen, which represents an increase of 4,698 million yen (3.0%) over the revised forecast of sales (B).

#### 4. Other

- (1) Transfers of important subsidiaries during the financial period (transfers of specific subsidiaries in accordance with changes in the scope of consolidation)

None

- (2) Application of concise accounts procedures and particular accounts procedures in the preparation of the quarterly consolidated financial statements

- (i) Method for calculating tax expenses

The company has adopted a method of calculating tax expenses using a reasonable estimate of the effective tax rate following the application of tax effect accounting on current term net income before taxes and other adjustments for the consolidated fiscal year, and multiplying quarterly net income before taxes and other adjustments by this estimated effective tax rate.

Also, “Income inhabitant taxes and enterprise taxes” and “Income taxes deferred” are unified and referred to as “Income taxes.”

- (3) Changes in accounting principles, procedures, and the method of presentation associated with the preparation of the quarterly consolidated financial statements

- (i) From this consolidated fiscal year, the Company is applying the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.14). In addition, it is preparing the quarterly consolidated financial statements in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”

- (ii) From the consolidated first quarter, the Company is applying the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9). The evaluation standard has changed to a cost accounting method (book price devaluation based on decreases in profitability). Also, in association with this change, losses on abandonment of raw materials, etc., which were previously posted in non-operating expenses, are now posted in sales expenses.

As a result, in comparison to the results calculated using the previous method, operating income for the first six-month period of current consolidated fiscal year has decreased 160 million yen, and ordinary income and income before income taxes and minority interests have decreased 13 million yen, respectively.

The impacts on segment information are described in the relevant sections.

- (iii) The company is applying the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force No. 18) from the first quarter of current consolidated fiscal year and has made the necessary corrections in the consolidated financial settlement of accounts.

As a result, retained earnings have decreased 171 million yen in comparison to the results calculated using the previous method, but there is no impact on profit and loss.

- (iv) The company is applying the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16) promptly from the first quarter of current consolidated fiscal year. Under these standards, the Company will change from accounting procedures conforming to methods related to normal lease transactions to accounting procedures conforming to methods related to normal sales and purchase transactions in regard to finance lease transactions not involving the transfer of ownership, and will post them as lease assets. In addition, the method for depreciating lease assets will be to make the lease period the period of depreciation and calculate depreciation on a straight line basis with a residual value of 0.

The company will continue to use accounting procedures that conform to methods related to normal lease transactions with respect to finance lease transactions not involving the transfer of ownership with a lease transaction start date prior to the initial year of application of the new method.

As a result, in comparison to the results calculated using the previous method, the Company has posted lease assets of 280 million yen in tangible fixed assets, and lease liabilities of 61 million yen in current liabilities and 219 million yen in fixed liabilities, but impact on profit and loss due to this change will be minor.

(4) Additional information

- (i) Responding to the corporate tax law amendment in 2008 concerning the useful life of depreciable assets, etc., the Company and its consolidated subsidiaries in Japan reviewed the useful life of machinery and made adjustments corresponding to the amended corporate tax law from the first quarter of the current consolidated fiscal year.

As a result, in comparison to the results calculated using the previous useful life, operating income, ordinary income, and net income before income taxes and minority interests for this first six-month period increased 87 million yen, respectively.

The impacts on segment information are described in the relevant sections.

5. Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of second quarter of current fiscal year (As of September 30, 2008)	End of previous fiscal year (As of March 31, 2008)
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank deposits	14,749	31,409
Notes and accounts receivable - trade	43,265	39,817
Marketable securities	25,794	4,371
Merchandise and products	7,279	6,623
Work in process	839	840
Raw materials and supplies	3,115	3,023
Deferred tax assets	2,993	3,041
Other current assets	1,843	1,690
Allowance for doubtful accounts	(9)	(8)
<b>Total current assets</b>	<b>99,867</b>	<b>90,806</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	21,044	21,395
Machinery, equipment and vehicles, net	11,555	12,628
Land	27,063	27,113
Construction in progress	746	274
Other tangible fixed assets, net	1,442	1,257
<b>Total Property, plant and equipment</b>	<b>61,850</b>	<b>62,667</b>
<b>Intangible fixed assets</b>		
Goodwill	12,335	14,503
Software	2,936	1,879
Software in progress	113	1,166
Other intangible fixed assets	168	191
<b>Total intangible fixed assets</b>	<b>15,553</b>	<b>17,739</b>
<b>Investments and other assets</b>		
Investment securities	46,807	48,932
Long-term loans receivable	165	34
Deferred tax assets	313	208
Long-term deposits	2,100	2,100
Prepaid pension cost	3,896	3,191
Other investments	2,661	2,779
Allowance for doubtful accounts	(190)	(195)
<b>Total investments and other assets</b>	<b>55,752</b>	<b>57,049</b>
<b>Total fixed assets</b>	<b>133,154</b>	<b>137,455</b>
<b>Total assets</b>	<b>233,021</b>	<b>228,261</b>

(Million yen)

	End of second quarter of current fiscal year (As of September 30, 2008)	End of previous fiscal year (As of March 31, 2008)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	23,702	20,156
Short-term loans payable	657	603
Accounts payable - other	12,524	14,719
Accrued income taxes	2,769	1,748
Reserve for bonuses for directors and corporate auditors	28	76
Other current liabilities	4,685	3,954
<b>Total current liabilities</b>	<b>44,366</b>	<b>41,255</b>
<b>Long-term liabilities</b>		
Long-term accounts payable - other	676	846
Deferred tax liabilities	2,197	1,871
Reserve for retirement benefits	2,519	2,731
Reserve for retirement benefits for directors and corporate auditors	29	20
Other long-term liabilities	775	598
<b>Total long-term liabilities</b>	<b>6,196</b>	<b>6,066</b>
<b>Total liabilities</b>	<b>50,562</b>	<b>47,321</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	9,948	9,948
Capital surplus	23,868	23,868
Retained earnings	146,057	143,977
Treasury stock	(1,317)	(1,311)
<b>Total Shareholders' equity</b>	<b>178,557</b>	<b>176,483</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gain on available-for-sale securities	4,226	3,755
Foreign currency translation adjustments	(610)	(289)
<b>Total valuation and translation adjustments</b>	<b>3,616</b>	<b>3,465</b>
<b>Minority interests</b>	<b>287</b>	<b>992</b>
<b>Total net assets</b>	<b>182,459</b>	<b>180,940</b>
<b>Total liabilities and net assets</b>	<b>233,021</b>	<b>228,261</b>

## (2) Quarterly Consolidated Statements of Income

## (i) First six-month period

(Million yen)

	First six-month period of current fiscal year (April 1, 2008 - September 30, 2008)
<b>Net sales</b>	113,406
<b>Cost of sales</b>	61,757
<b>Gross profit</b>	51,649
<b>Selling, general and administrative expenses</b>	
Advertising expenses	6,537
Transport and warehouse expenses	3,902
Sales commissions	2,487
Sales promotion expenses	15,044
Salaries, allowances and bonuses	6,074
Provision of reserve for bonuses for directors and corporate auditors	28
Provision of reserve for retirement benefits for directors and corporate auditors	8
Depreciation and amortization	549
Amortization of goodwill	2,055
Rental charges	677
Experiment and research expenses	1,857
Other	6,487
<b>Total selling, general and administrative expenses</b>	45,704
<b>Operating income</b>	5,944
<b>Non-operating income</b>	
Interest received	199
Dividends received	209
Gain on equity of affiliated companies	162
Other	151
<b>Total non-operating income</b>	720
<b>Non-operating expenses</b>	
Interest expenses	25
Foreign exchange loss	121
Other	24
<b>Total non-operating expenses</b>	170
<b>Ordinary income</b>	6,493
<b>Extraordinary gains</b>	
Gain on sale of fixed assets	1
Gain on sale of investment securities	2
Other	2
<b>Total extraordinary gains</b>	5
<b>Extraordinary losses</b>	
Loss on disposal of fixed assets	111
Loss on revision of retirement benefit plan	129
Other	37
<b>Total extraordinary losses</b>	277
<b>Income before income taxes and minority interests</b>	6,221
Income taxes	2,792
Minority interest in net losses of consolidated subsidiaries	(30)
<b>Net income</b>	3,459

## (ii) Second quarter

(Million yen)

	Second quarter of current fiscal year (July 1, 2008 - September 30, 2008)
<b>Net sales</b>	59,495
<b>Cost of sales</b>	32,443
<b>Gross profit</b>	27,052
<b>Selling, general and administrative expenses</b>	
Advertising expenses	3,127
Transport and warehouse expenses	2,058
Sales commissions	1,394
Sales promotion expenses	8,200
Salaries, allowances and bonuses	3,018
Provision of reserve for bonuses for directors and corporate auditors	14
Provision of reserve for retirement benefits for directors and corporate auditors	8
Depreciation and amortization	288
Amortization of goodwill	1,027
Rental charges	332
Experiment and research expenses	969
Other	3,272
<b>Total selling, general and administrative expenses</b>	23,708
<b>Operating income</b>	3,345
<b>Non-operating income</b>	
Interest received	96
Dividends received	178
Gain on equity of affiliated companies	78
Other	105
<b>Total non-operating income</b>	458
<b>Non-operating expenses</b>	
Interest expenses	17
Foreign exchange loss	153
Other	14
<b>Total non-operating expenses</b>	183
<b>Ordinary income</b>	3,619
<b>Extraordinary gains</b>	
Gain on sale of investment securities	2
Other	2
<b>Total extraordinary gains</b>	3
<b>Extraordinary losses</b>	
Loss on disposal of fixed assets	30
Other	25
<b>Total extraordinary losses</b>	55
<b>Income before income taxes and minority interests</b>	3,568
Income taxes	1,420
Minority interest in net losses of consolidated subsidiaries	(17)
<b>Net income</b>	2,165

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	First six-month period of current fiscal year (April 1, 2008 - September 30, 2008)
<b>Cash flows from operating activities</b>	
Income before income taxes and minority interests	6,221
Depreciation and amortization	2,933
Amortization of goodwill	2,055
Loss (Gain) on equity of affiliated companies	(162)
Loss (Gain) on write-down of investment securities	0
Increase (Decrease) in allowance for doubtful accounts	(4)
Increase (Decrease) in reserve for bonuses for directors and corporate auditors	(47)
Increase (Decrease) in reserve for retirement benefits for directors and corporate auditors	8
Increase (Decrease) in reserve for retirement benefits	(212)
Interest and dividend income	(408)
Interest expenses	25
Foreign exchange loss (gain)	(18)
Loss (Gain) on sale of marketable and investment securities	(1)
Loss (Gain) on sale of fixed assets	(0)
Loss on disposal of fixed assets	111
Decrease (Increase) in trade receivables	(3,491)
Decrease (Increase) in inventories	(755)
Increase (Decrease) in trade payables	3,186
Increase (Decrease) in accrued bonuses	44
Decrease (Increase) in other assets	(802)
Increase (Decrease) in other liabilities	333
<b>Subtotal</b>	<b>9,018</b>
Interest and dividends received	545
Interest paid	(19)
Income taxes paid	(1,710)
<b>Net cash provided by operating activities</b>	<b>7,834</b>
<b>Cash flows from investing activities</b>	
Proceeds from withdrawal of time deposit account	20
Payment for acquisition of marketable securities	(1,098)
Proceeds from sale of marketable securities	3,798
Payment for acquisition of property, plant and equipment	(3,409)
Proceeds from sale of property, plant and equipment	4
Payment for acquisition of intangible fixed assets	(551)
Payment for acquisition of investment securities	(21)
Proceeds from sale of investment securities	6
Payment for acquisition of treasury stock of subsidiaries	(668)
Payment for long-term loans receivable	(120)
<b>Net cash used in investing activities</b>	<b>(2,039)</b>
<b>Cash flows from financing activities</b>	
Proceeds from short-term borrowing	657
Repayment of short-term borrowing	(597)
Repayment of lease obligation	(19)
Payment for acquisition of treasury stock	(6)
Dividends payments	(1,208)
Dividends paid to minority shareholders	(17)
<b>Net cash used in financing activities</b>	<b>(1,191)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(121)</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>4,483</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>31,389</b>
<b>Cash and cash equivalents at end of period</b>	<b>35,873</b>

From this consolidated fiscal year, the Company is applying the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 14). In addition, it is preparing the quarterly consolidated financial statements in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”

(4) Notes on Assumptions as a Going Concern

None

(5) Segment Information

【Segment information by operating segment】

Second quarter of current consolidated fiscal year (July 1, 2008 - September 30, 2008)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales - outside customers	56,716	2,779	59,495	-	59,495
(2) Sales and transfer - inter-segment	2	3,394	3,396	(3,396)	-
Total	56,718	6,172	62,891	(3,396)	59,495
Operating income	4,198	151	4,349	(1,004)	3,345

First six-month period of current consolidated fiscal year (April 1, 2008 - September 30, 2008)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales - outside customers	107,820	5,586	113,406	-	113,406
(2) Sales and transfer - inter-segment	3	6,452	6,455	(6,455)	-
Total	107,823	12,037	119,860	(6,455)	113,406
Operating income	7,674	265	7,939	(1,995)	5,944

Notes:

- Operating segments are classified by product category and product similarity.
- Major products by operating segment
  - Foods: Food, beverages and restaurants
  - Transport and Warehouse Operations: Transport and warehousing, etc.
- Because all operating expenses are allocated to each operating segment, there are no undistributed operating expenses.
- The food analysis business and insurance agency business, which were previously recognized in the “Other business” segment, are included in the “Transport and Warehouse Operations” operating segment due to its minor significance.
- As described in “Changes in accounting principles, procedures, and the method of presentation associated with the preparation of the quarterly consolidated financial statements,” from the consolidated first quarter, the Company is applying the “Accounting Standard for Measurement of Inventories.” As a result, in comparison to the results calculated using the previous method, foods in the operating income for the first six-month period of current consolidated fiscal year decreased 160 million yen.
- As described in “Additional Information,” responding to the corporate tax law amendment in 2008, the Company and its consolidated subsidiaries in Japan reviewed the useful life of machinery and made adjustments corresponding to the amended corporate tax law from the consolidated first quarter. As a result, in comparison with the business performance based on the existing useful life, foods in the operating income for the first six-month period of the current consolidated fiscal year increased 87 million yen.

(6) Notes in the event of material changes in the value of shareholder’s equity

None

**【Reference】 Summary of Quarterly Consolidated Statements of Income**

(Million yen)

Item	First six-month period of previous fiscal year (April 1, 2007 - September 30, 2007)		Second quarter of previous fiscal year (July 1, 2007 - September 30, 2007)		Reference Previous fiscal year (April 1, 2007 - March 31, 2008)	
	Amount	(%)	Amount	(%)	Amount	(%)
<b>Net sales</b>	118,757	100.0	61,822	100.0	233,826	100.0
<b>Cost of sales</b>	62,337	52.5	32,382	52.4	123,060	52.6
<b>Gross profit</b>	56,420	47.5	29,440	47.6	110,766	47.4
<b>Selling, general and administrative expenses</b>	51,497	43.4	27,016	43.7	101,922	43.6
<b>Operating income</b>	4,923	4.1	2,424	3.9	8,844	3.8
<b>Non-operating income</b>	694	0.6	501	0.8	1,273	0.5
Interest and dividends received	436		360		838	
Gain on equity of affiliated companies	-		8		-	
Other	258		133		435	
<b>Non-operating expenses</b>	282	0.2	182	0.3	1,148	0.5
Interest expenses	16		10		38	
Loss on disposal of raw materials	158		146		238	
Loss on equity of affiliated companies	71		-		491	
Foreign exchange loss	-		-		242	
Other	37		26		139	
<b>Ordinary income</b>	5,335	4.5	2,743	4.4	8,969	3.8
<b>Extraordinary gains</b>	254	0.2	240	0.4	562	0.2
Gain on sale of fixed assets	12		12		13	
Reversal of allowance for doubtful accounts	8		8		0	
Gain on sale of investment securities	11		0		318	
Gain on sale of affiliated companies' stock	220		220		220	
Other	3		1		10	
<b>Extraordinary losses</b>	852	0.7	482	0.8	992	0.4
Loss on disposal of fixed assets	95		87		203	
Loss on write-down of investment securities	364		364		373	
Loss on write-down of golf club memberships	23		23		23	
Impairment loss on fixed assets	361		-		361	
Other	10		9		32	
<b>Income before income taxes and minority interests</b>	4,736	4.0	2,502	4.0	8,538	3.7
Income inhabitant taxes and enterprise taxes	1,839	1.5	1,057	1.7	4,479	1.9
Minority interests	517	0.4	194	0.3	484	0.2
<b>Net income</b>	2,381	2.0	1,251	2.0	3,575	1.5

Note: "Income taxes deferred" is presented including "Income inhabitant taxes and enterprise taxes."

**[Reference] Quarterly Consolidated Statements of Cash Flows**

(Million yen)

Item	First six-month period of previous fiscal year (April 1, 2007 - September 30, 2007)	<u>Reference</u> Previous fiscal year (April 1, 2007 - March 31, 2008)
	Amount	Amount
<b>I Cash flows from operating activities</b>		
Income before income taxes and minority interests	4,736	8,538
Depreciation and amortization	2,776	5,822
Amortization of goodwill	1,382	3,436
Impairment loss	361	361
Loss on equity of affiliated companies	71	491
Loss on write-down of investment securities and golf club memberships	364	373
Decrease in allowance for doubtful accounts	(9)	(10)
Decrease in reserve for bonuses for directors and corporate auditors	(48)	(5)
Decrease in reserve for retirement benefits for directors and corporate auditors	(19)	(12)
Decrease in reserve for retirement benefits	(230)	(488)
Interest and dividend income	(436)	(838)
Interest expenses	16	38
Foreign exchange loss (gain)	6	40
Gain on sale of investment securities	(231)	(318)
Gain on sale of affiliated companies' stock	-	(220)
Gain on sale of fixed assets	(12)	(13)
Loss on disposal of fixed assets	95	203
Decrease (Increase) in trade receivables	(5,771)	1,939
Decrease (Increase) in inventories	(322)	273
Increase (Decrease) in trade payables	2,591	(2,278)
Decrease in accrued bonuses	(4)	(40)
Increase in other assets	(878)	(1,664)
Increase (Decrease) in other liabilities	781	(1,716)
<b>Subtotal</b>	<b>5,219</b>	<b>13,914</b>
Interest and dividends received	560	951
Interest paid	(19)	(37)
Income taxes paid	(2,024)	(3,865)
<b>Net cash provided by operating activities</b>	<b>3,737</b>	<b>10,963</b>
<b>II Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposit account	-	500
Payment for deposit in time deposit account	-	(20)
Payment for acquisition of marketable securities	(599)	(2,421)
Proceeds from sale of marketable securities	2,200	4,125
Payment for acquisition of property, plant and equipment	(1,552)	(3,508)
Proceeds from sale of property, plant and equipment	14	28
Payment for acquisition of intangible fixed assets	(472)	(1,284)
Payment for acquisition of investment securities	(799)	(1,096)
Proceeds from sale of investment securities	1,529	3,042
Proceeds from sales of affiliated companies' stock accompanying changes in scope of consolidation	500	500
Payment to minority shareholders for additional acquisition of consolidated subsidiaries' stock	-	(10,805)
Additional investment in affiliated companies	-	(600)
Proceeds from collection of loans receivable	46	35
<b>Net cash used in investing activities</b>	<b>867</b>	<b>(11,504)</b>
<b>III Cash flows from financing activities</b>		
Proceeds from short-term borrowing	504	1,084
Repayment of short-term borrowing	(245)	(716)
Payment for acquisition of treasury stock	(6)	(9)
Dividends paid	(2,412)	(3,619)
Proceeds from issuance of stock to minority shareholders	124	124
Dividends paid to minority shareholders	(3)	(896)
<b>Net cash used in financing activities</b>	<b>(2,037)</b>	<b>(4,032)</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>47</b>	<b>(95)</b>
<b>V Increase (Decrease) in cash and cash equivalents</b>	<b>2,614</b>	<b>(4,668)</b>
<b>VI Cash and cash equivalents at beginning of period</b>	<b>36,057</b>	<b>36,057</b>
<b>VII Cash and cash equivalents at end of period</b>	<b>38,671</b>	<b>31,389</b>

**【Reference】 Segment Information**

**【Segment Information by Operating Segment】**

Second quarter of previous consolidated fiscal year (July 1, 2007 - September 30, 2007)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
I. Net sales and operating income (loss)					
Net sales					
(1) Sales - outside customers	59,022	2,800	61,822	-	61,822
(2) Sales and transfer - inter-segment	0	3,527	3,527	(3,527)	-
Total	59,022	6,328	65,350	(3,527)	61,822
Operating expenses	56,258	6,082	62,340	(2,943)	59,398
Operating income	2,764	245	3,009	(585)	2,424

First six-month period of previous consolidated fiscal year (April 1, 2007 - September 30, 2007)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
I. Net sales and operating income (loss)					
Net sales					
(1) Sales - outside customers	113,215	5,542	118,757	-	118,757
(2) Sales and transfer - inter-segment	0	6,952	6,953	(6,953)	-
Total	113,215	12,494	125,710	(6,953)	118,757
Operating expenses	107,632	11,996	119,629	(5,794)	113,834
Operating income	5,583	498	6,081	(1,158)	4,923
II. Assets, depreciation cost, and capital expenditures					
Assets	257,761	7,665	265,426	(19,277)	246,149
Depreciation cost	2,671	105	2,776	-	2,776
Capital expenditures	1,870	108	1,978	-	1,978

Previous consolidated fiscal year (April 1, 2007 - March 31, 2008)

(Million yen)

	Foods	Transport and Warehouse Operations	Total	Eliminations and corporate	Consolidated
I. Net sales and operating income (loss)					
Net sales					
(1) Sales - outside customers	222,757	11,069	233,826	-	233,826
(2) Sales and transfer - inter-segment	1	13,044	13,045	(13,045)	-
Total	222,757	24,113	246,871	(13,045)	233,826
Operating expenses	211,656	23,321	234,977	(9,996)	224,982
Operating income	11,101	792	11,893	(3,049)	8,844
II. Assets, depreciation cost, impairment loss and capital expenditures					
Assets	244,629	7,818	252,447	(24,186)	228,261
Depreciation cost	5,584	238	5,822	-	5,822
Impairment loss	361	-	361	-	361
Capital expenditures	6,368	231	6,599	-	6,599

Notes:

1. Operating segments are classified by product category and product similarity.
2. Major products by operating segment
  - (1) Foods: Food, beverages and restaurants
  - (2) Transport and Warehouse Operations: Transport and warehousing, etc.
3. Because all operating expenses are allocated to each operating segment, there are no undistributed operating expenses.
4. The food analysis business and insurance agency business, which were previously recognized in the "Other business" segment, are included in the "Transport and Warehouse Operations" operating segment due to its minor significance.

**【Reference】 Quarterly Non-Consolidated Financial Statements**

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

Item	End of second quarter of current fiscal year (As of September 30, 2008)		End of previous fiscal year (As of March 31, 2008)	
	Amount	(%)	Amount	(%)
<b>Assets</b>				
<b>Current assets</b>	76,663	35.5	67,869	32.4
Cash and bank deposits	7,781		22,935	
Notes and accounts receivable - trade	32,727		30,670	
Marketable securities	23,001		2,502	
Merchandise and products	6,177		5,414	
Work in process	755		733	
Raw materials and supplies	2,174		2,108	
Deferred tax assets	1,859		1,859	
Other current assets	2,199		1,658	
Allowance for doubtful accounts	(9)		(8)	
<b>Fixed assets</b>	139,325	64.5	141,740	67.6
<b>Property, plant and equipment</b>	40,915	18.9	41,838	20.0
Buildings	14,031		14,231	
Structures	780		803	
Machinery and equipment	7,482		8,142	
Vehicles and transportation equipment	67		78	
Tools, furniture, and fixtures	673		740	
Land	17,788		17,788	
Construction in progress	83		56	
Other tangible fixed assets	11		-	
<b>Intangible fixed assets</b>	2,842	1.3	2,869	1.4
Goodwill	8		8	
Telephone subscription right	45		45	
Utility rights	1		1	
Land leasehold	6		6	
Software	2,671		1,642	
Software in progress	111		1,166	
<b>Investments and other assets</b>	95,569	44.2	97,034	46.3
Investment securities	42,305		44,490	
Affiliated companies' stock	41,436		41,538	
Investments in capital	29		29	
Investments in capital of affiliates	1,282		1,102	
Long-term loans receivable	3,560		3,561	
Guarantee money deposits	1,135		1,200	
Long-term loans receivable	14		17	
Long-term time deposits	2,000		2,000	
Prepaid pension cost	3,896		3,191	
Other investments	69		69	
Allowance for doubtful accounts	(157)		(162)	
<b>Total assets</b>	215,989	100.0	209,610	100.0

(Million yen)

Item	End of second quarter of current fiscal year (As of September 30, 2008)		End of previous fiscal year (As of March 31, 2008)	
	Amount	(%)	Amount	(%)
<b>Liabilities</b>				
<b>Current liabilities</b>	31,573	14.6	28,746	13.7
Notes and accounts payable - trade	15,682		13,307	
Accounts payable - other	10,594		11,337	
Accrued income taxes	2,546		1,515	
Accrued expenses	2,173		1,931	
Deposits received	118		122	
Accrued consumption tax	410		427	
Reserve for bonuses for directors and corporate auditors	25		67	
Other current liabilities	25		40	
<b>Long-term liabilities</b>	3,138	1.5	2,972	1.4
Long-term accounts payable - other	670		840	
Guarantee deposits received	268		268	
Deferred tax liabilities	2,191		1,864	
Other long-term liabilities	9		-	
<b>Total liabilities</b>	<b>34,711</b>	<b>16.1</b>	<b>31,718</b>	<b>15.1</b>
<b>Net assets</b>				
<b>Shareholders' equity</b>	177,013	82.0	174,104	83.1
Common stock	9,948	4.6	9,948	4.7
Capital surplus	23,815	11.0	23,815	11.4
Capital reserve	23,815		23,815	
Retained earnings	144,566	66.9	141,651	67.6
Earned reserve	2,487		2,487	
Other retained earnings	142,079		139,163	
Contingent reserve	133,900		129,900	
Earned surplus carried forward	8,179		9,263	
Treasury stock	(1,317)	(0.6)	(1,311)	(0.6)
<b>Valuation and translation adjustments</b>	4,265	2.0	3,788	1.8
Net unrealized gain on available-for-sale securities	4,265	2.0	3,788	1.8
<b>Total net assets</b>	<b>181,278</b>	<b>83.9</b>	<b>177,891</b>	<b>84.9</b>
<b>Total liabilities and net assets</b>	<b>215,989</b>	<b>100.0</b>	<b>209,610</b>	<b>100.0</b>

## (2) Quarterly Non-Consolidated Statements of Income

## (i) First six-month period

(Million yen)

Item	First six-month period of previous fiscal year (April 1, 2007 - September 30, 2007)		First six-month period of current fiscal year (April 1, 2008 - September 30, 2008)		Reference Previous fiscal year (April 1, 2007 - March 31, 2008)	
	Amount	(%)	Amount	(%)	Amount	(%)
<b>Net sales</b>	84,306	100.0	79,929	100.0	169,687	100.0
<b>Cost of sales</b>	38,372	45.5	39,077	48.9	77,180	45.5
<b>Gross profit</b>	45,934	54.5	40,853	51.1	92,506	54.5
<b>Selling, general and administrative expenses</b>	41,699	49.5	34,916	43.7	83,011	48.9
Advertising expenses	5,474		5,528		10,519	
Transport and warehouse expenses	2,992		2,827		5,734	
Sales commissions	7,530		2,487		14,883	
Sales promotion expenses	13,785		11,899		27,837	
Compensations for directors and corporate auditors	136		131		275	
Employee salaries, allowances and bonuses	4,509		4,433		8,973	
Provision of reserve for bonuses for directors and corporate auditors	32		25		67	
Retirement benefit expenses	727		832		1,453	
Fringe benefit expenses	868		858		1,873	
Travel expenses and communication expenses	756		729		1,465	
Depreciation and amortization	226		389		477	
Rental charges	552		553		1,093	
Experiment and research expenses	1,531		1,558		3,107	
Market research expenses	412		437		823	
Other	2,170		2,230		4,432	
<b>Operating income</b>	4,235	5.0	5,937	7.4	9,496	5.6
<b>Non-operating income</b>	2,630	3.1	1,380	1.7	3,443	2.0
Interest received	241		201		435	
Dividends received	2,099		898		2,316	
Income from real-estate leasing	208		133		416	
Other	81		148		276	
<b>Non-operating expenses</b>	236	0.3	67	0.1	522	0.3
Interest expenses	4		4		8	
Real-estate leasing expenses	52		47		101	
Loss on disposal of raw materials	155		-		229	
Foreign exchange loss	14		-		100	
Other	12		15		84	
<b>Ordinary income</b>	6,628	7.9	7,250	9.1	12,416	7.3

(Million yen)

Item	First six-month period of previous fiscal year (April 1, 2007 - September 30, 2007)		First six-month period of current fiscal year (April 1, 2008 - September 30, 2008)		<u>Reference</u> Previous fiscal year (April 1, 2007 - March 31, 2008)	
	Amount	(%)	Amount	(%)	Amount	(%)
<b>Extraordinary gains</b>	22	0.0	2	0.0	329	0.2
Gain on sale of fixed assets	10		0		11	
Reversal of allowance for doubtful accounts	0		-		0	
Gain on sale of investment securities	11		2		318	
<b>Extraordinary losses</b>	831	1.0	474	0.6	1,355	0.8
Loss on disposal of fixed assets	83		95		127	
Loss on write-down of investment securities	364		-		373	
Loss on write-down of affiliated companies' stock	-		246		-	
Loss on write-down of golf club memberships	23		-		23	
Loss on revision of retirement benefit plan	-		129		-	
Impairment losses on fixed assets	361		-		361	
Support to subsidiaries	-		-		465	
Other	1		4		6	
<b>Income before income taxes</b>	5,819	6.9	6,778	8.5	11,390	6.7
Income inhabitant taxes and enterprise taxes	1,554	1.8	2,655	3.3	3,940	2.3
<b>Net income</b>	4,265	5.1	4,123	5.2	7,451	4.4

Notes:

1. The quarterly non-consolidated financial statements are not subject to review in legal disclosure.
2. The company prepares the quarterly non-consolidated financial statements based on the "Regulations for Quarterly Financial Statements."
3. "Income taxes deferred" is presented including "Income inhabitant taxes and enterprise taxes."

## (ii) Second Quarter

(Million yen)

Item	Second quarter of previous fiscal year (July 1, 2007 - September 30, 2007)		Second quarter of current fiscal year (July 1, 2008 - September 30, 2008)	
	Amount	(%)	Amount	(%)
<b>Net sales</b>	44,074	100.0	42,001	100.0
<b>Cost of sales</b>	19,990	45.4	20,570	49.0
<b>Gross profit</b>	24,084	54.6	21,431	51.0
<b>Selling, general and administrative expenses</b>	21,742	49.3	18,223	43.4
Advertising expenses	2,731		2,800	
Transport and warehouse expenses	1,577		1,523	
Sales commissions	3,949		1,394	
Sales promotion expenses	7,442		6,424	
Compensations for directors and corporate auditors	69		62	
Employee salaries, allowances and bonuses	2,264		2,177	
Provision of reserve for bonuses for directors and corporate auditors	32		13	
Retirement benefit expenses	364		414	
Fringe benefit expenses	515		516	
Travel expenses and communication expenses	361		339	
Depreciation and amortization	114		199	
Rental charges	273		270	
Experiment and research expenses	784		826	
Market research expenses	232		244	
Other	1,034		1,023	
<b>Operating income</b>	2,342	5.3	3,209	7.6
<b>Non-operating income</b>	635	1.4	435	1.0
Interest received	193		101	
Dividends received	292		177	
Income from real-estate leasing	104		66	
Other	46		91	
<b>Non-operating expenses</b>	206	0.5	55	0.1
Interest expenses	2		2	
Real-estate leasing expenses	26		23	
Loss on disposal of raw materials	144		-	
Other	34		29	
<b>Ordinary income</b>	2,771	6.3	3,589	8.5

(Million yen)

Item	Second quarter of previous fiscal year (July 1, 2007 - September 30, 2007)		Second quarter of current fiscal year (July 1, 2008 - September 30, 2008)	
	Amount	(%)	Amount	(%)
<b>Extraordinary gains</b>	11	0.0	2	0.0
Gain on sale of fixed assets	10		-	
Reversal of allowance for doubtful accounts	0		-	
Gain on sale of investment securities	1		2	
<b>Extraordinary losses</b>	467	1.1	270	0.6
Loss on disposal of fixed assets	80		21	
Loss on write-down of investment securities	364		-	
Loss on write-down of affiliated companies' stock	-		246	
Loss on write-down of golf club memberships	23		-	
Other	1		3	
<b>Income before income taxes</b>	2,314	5.3	3,321	7.9
Income inhabitant taxes and enterprise taxes	927	2.1	1,347	3.2
<b>Net income</b>	1,387	3.1	1,974	4.7

Notes:

1. The quarterly non-consolidated financial statements are not subject to review in legal disclosure.
2. The company prepares the quarterly non-consolidated financial statements based on the "Regulations for Quarterly Financial Statements."
3. "Income taxes deferred" is presented including "Income inhabitant taxes and enterprise taxes."