November 13, 2007

Consolidated Financial Statements
for the Six Months Ended September 30, 2007

Company Name:	House Foods Corporation
Stock Code:	2810
Stock exchange listing(Section):	Tokyo Stock Exchange(First Section) Osaka Securities Exchange(First Section)
URL:	http://housefoods.jp
Representative:	Akira Oze President
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Planned Date of Issue of Semiannual Report: December 20, 2007
Planned Date of Dividend Payout: December 7, 2007

1. Consolidated Financial Results for the Six Months Ended September 30, 2007 (April 1, 2007 - September 30, 2007)

(1) Consolidated Results of Operations

(Amounts of less than one million yen are rounded to the nearest million yen; Percentages show year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Six Months Ended September 30, 2007	118,757	0.2%	4,923	16.2%	5,335	18.9%	2,381	(17.3%)
Six Months Ended September 30, 2006	118,555	24.5%	4,238	47.0%	4,489	29.5%	2,879	52.7%
Fiscal Year Ended March 31, 2007	232,478	—	8,260	—	8,872	—	4,834	—

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Six Months Ended September 30, 2007	21.68	—
Six Months Ended September 30, 2006	26.22	—
Fiscal Year Ended March 31, 2007	44.04	—

[Reference]
Equity in losses of affiliates accounted for by the equity method:
Six months ended September 30, 2007: ¥71 million
Six months ended September 30, 2006: ¥187 million
Fiscal year ended March 31, 2007: ¥452 million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
September 30, 2007	246,149	189,700	75.0	1,681.42
September 30, 2006	243,555	188,070	75.1	1,666.45
March 31, 2007	245,136	191,730	76.0	1,697.70

[Reference]
Shareholders' equity:
Six months ended September 30, 2007: ¥184,584 million
Six months ended September 30, 2006: ¥182,950 million
Fiscal year ended March 31, 2007: ¥186,376 million

(3) Consolidated Cash Flows Position

	Net cash provided by Operating Activities	Net cash used in Investing Activities	Net cash used in Financing Activities	Cash and Cash Equivalents at End of Period
Six Months Ended September 30, 2007	3,737	867	(2,037)	38,671
Six Months Ended September 30, 2006	3,529	(20,430)	(2,343)	27,483
Fiscal Year Ended March 31, 2007	13,701	(22,262)	(2,157)	36,057

2. Dividends

	Dividends per Share (Yen)		
Date of record	End of Interim Period	End of Fiscal Year	Full Year
Fiscal Year Ended March 31, 2007	—	22.00	22.00
Fiscal Year Ending March 31, 2008	11.00		22.00
Fiscal Year Ending March 31, 2008 (Forecast)		11.00	

3. Consolidated Business Performance Forecasts for the Fiscal Year Ending March 31, 2008

(April 1, 2007 - March 31, 2008)

(Percentages show year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Fiscal Year Ending March 31, 2008	239,000	2.8%	8,800	6.5%	9,500	7.1%	4,300	(11.1%)	39.17

4. Others

(1) Changes in major subsidiaries during the period (changes in specific subsidiaries affecting the scope of consolidation): No

(2) Changes in the method, procedure and presentation, etc. of accounting for the preparation of interim consolidated financial statements (recorded in changes to important items that form the basis for preparation of interim consolidated financial statements):

1. Changes due to revisions to accounting standards, etc.: Yes
2. Other changes: No

(3) Number of outstanding shares (common stock)

1. Shares outstanding at end of period (including treasury stock)

Six months ended September 30, 2007: 110,878,734 shares

Six months ended September 30, 2006: 110,878,734 shares

Fiscal year ended March 31, 2007: 110,878,734 shares

2. Shares of treasury stock outstanding at end of period

Six months ended September 30, 2007: 1,100,366 shares

Six months ended September 30, 2006: 1,094,638 shares

Fiscal year ended March 31, 2007: 1,097,461 shares

Note:For details on the number of shares used as the basis for calculating (consolidated) net income per share for the interim periods and fiscal year, please refer to “Per Share Data” on page 32.

[Reference] Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Six Months Ended September 30, 2007

(April 1, 2007 - September 30, 2007)

(1) Non-Consolidated Results of Operations

(Amounts of less than one million yen are rounded to the nearest million yen; Percentages show year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Six Months Ended September 30, 2007	84,306	1.4%	4,235	35.2%	6,628	73.9%	4,265	65.5%
Six Months Ended September 30, 2006	83,164	3.0%	3,133	37.0%	3,812	26.4%	2,578	49.0%
Fiscal Year Ended March 31, 2007	165,973	—	7,442	—	8,841	—	5,623	—

	Net Income per Share (Yen)
Six Months Ended September 30, 2007	38.85
Six Months Ended September 30, 2006	23.48
Fiscal Year Ended March 31, 2007	51.22

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
September 30, 2007	218,389	180,107	82.5	1,640.64
September 30, 2006	213,036	175,884	82.6	1,602.09
March 31, 2007	217,278	180,193	82.9	1,641.38

[Reference]
Shareholders' equity:
Six months ended September 30, 2007: ¥180,107 million
Six months ended September 30, 2006: ¥175,884 million
Fiscal year ended March 31, 2007: ¥180,193 million

2. Non-Consolidated Business Performance Forecasts for the Fiscal Year Ending March 31, 2008

(April 1, 2007 - March 31, 2008)

(Percentages show year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share (Yen)
Fiscal Year Ending March 31, 2008	173,000	4.2%	8,800	18.3%	11,800	33.5%	7,300	29.8%	66.50

Cautionary Statement Regarding Appropriate Use of Performance Forecasts, Other Items of Special Note
Performance forecasts for the full fiscal year have been adjusted in accordance with the performance forecast revisions announced May 15, 2007. The forecasts and future projections in this report have been produced based on rational assessment of the information available as of the date of announcement of this summary. Actual results could differ significantly from forecast figures, depending on operating performance and a variety of other factors that may occur hereafter.

Please refer to "1) Operating Results for the Interim Period under Review" in "(1) Analysis of Operating Results" on page 5 for information on performance forecasts.

1. Operating Results

(1) Analysis of Operating Results

1) Operating Results for the Interim Period under Review

In the consolidated interim fiscal period under review, uncertainty grew as to whether the recovery of the Japanese economy would continue. Although capital investment remained on a growth trend driven by improved corporate revenues, personal consumption was depressed by rising gasoline prices and deteriorating consumer sentiment due to pension-related concerns. Sectors supplying daily necessities faced ongoing difficulties as a lack of momentum in personal consumption and surging raw material costs brought on by higher flour and crude oil prices affected corporate earnings.

In this environment, the House Foods Group (the "Group") tackled an implementation plan for its Second Medium-Term Business Plan, which was launched in April 2006 to bring the Group closer to its 10-year goal of becoming a corporation that "creates new value and brings forth health and taste."

In its core curry, stew and spice businesses, the Group continued aggressive promotional activities and strove to enhance the brand value of existing products and raise awareness of "new value" products. We also expanded business by developing our lineup of individual-serving instant products to meet changes in customer lifestyles.

In the health foods business, which is being developed into a core business, the Group further developed health beverages that utilize the effective components of spices. We also worked to make Groupwide use of the technical and product development capabilities of House Wellness Foods Corporation, which was incorporated into the Group in April 2006, and to take advantage of resulting synergies.

In overseas operations, the Group established Korea Curry House Co., Ltd., in September, expanding its base of curry restaurants in Asia to Korea from existing restaurants in China and Taiwan to promote the spread of Japanese-style curry.

As a result, the House Foods Group posted consolidated net sales of ¥118,757 million, an increase of 0.2% compared with the same period of the preceding fiscal year. The revenue increase was mainly attributable to continued strong performance by the health foods business, which is being developed into a core business, and robust growth in the Group's core curry roux business.

Concerning profits, substantial growth in the health foods business, cost-cutting efforts and effective use of marketing costs boosted the Group's operating income 16.2%, to ¥4,923 million, and ordinary income 18.9%, to ¥5,335 million. Consolidated interim net income fell 17.3%, to ¥2,381 million, due to proceeds from the disposal of underutilized real estate in the same period in the previous fiscal year and accounting of impairment losses on fixed assets in the interim period under review.

Sales by Operating Segment

(Millions of yen)

		Consolidated Net Sales	Year on Year Changes (%)
	Curry and Spices	31,870	1.1
	Stew and Packaged Noodles	15,040	(3.7)
	Retort Pouched Foods and Tofu	19,641	(2.2)
	Drinks, Snacks and Other Products	46,665	1.4
Food Products		113,215	0.0
Transport and Warehouse Operations		5,542	4.3
Total		118,757	0.2

Food Products

Curry and Spices

The Group actively implemented sales promotions in the curry roux market, including a limited-time distribution of Instant House Curry, which reproduces the nostalgic flavor of Showa-era curries, the launch of Prime Curry—a low-calorie version of our long-selling Vermont Curry—and the Three-Generation Curry Campaign. In addition, the ongoing warm reception of Java Curry contributed to stronger overall performance than in the previous fiscal year. We also steadily expanded sales in the Chinese curry roux market, centered on in Shanghai and Beijing.

In spice products, despite healthy performance by the Gaban range of Western spices, sales fell short of the previous fiscal year due to soft sales of Tokusen Neri Spice and Reishabu Dressing.

Stew and Packaged Noodles

Concerning individual instant products served in cups, to follow Cup Stew and stimulate the market, the Group launched the authentically flavored and convenient Soup de Okoge in a limited-area distribution, along with Tonyu Wo Nerikonda Shiratakimen No Soup. In stew products, we enriched our lineup of Western stews with the release of Butaniku Ga Yawarakaku Shiagaru Pork Stew in the Bistro Chef series, but unseasonable weather and other factors resulted in overall reduced revenue.

Total earnings from packaged noodle products were also down, despite steadily growing sales of the flagship product Umakacchan.

Retort Pouched Foods and Tofu

With regard to retort pouched curry products, Kukure Curry struggled amid a market shrinking and fierce competition from rival products and other types of businesses, but continuing deep-rooted support for backbone products Curry Ya Curry and Curry Marche kept results on par with the prior fiscal year.

In prepared food and baked bread operations, despite solid sales of prepared salads and favorable sales of light foods, lackluster performance by dessert products resulted in an overall decrease in revenues.

Regarding the tofu business in the United States, as growing health consciousness enlarges the market, ventures into the East and Midwest buoyed sales of tofu-related products, leading overall performance to surpass that of the previous fiscal year.

Drinks, Snacks and Other Products

In the health foods segment, although House Wellness Foods Corporation’s healthy beverages Lemon Water and Vitamin Lemon floundered, aggressive promotional efforts to add new purchase points for Ukon No Chikara maintained the drink’s popularity, and Ninniku No Chikara also performed well. Additionally, sales of Uruoi Biritsu increased as customers praised its distinguished functional appeal. As a result, health food segment performance improved.

Sales of beverages also exceeded prior-year levels, as Rokko No Oishii Mizu sustained the previous year’s sales figures and the Group released Ty Nant mineral water from Wales, United Kingdom, in response to the expanding imported water market. Such sales growth efforts resulted in overall higher revenue.

In snack products, despite robust sales of various new flavors of perennial favorite Tongari Corn, weak sales of O’Zack and Gaban Potato Chips resulted in significantly reduced earnings.

Revenue from dessert products increased substantially, owing to brisk sales of the convenient Fruiche Handy type of fruit dessert.

Concerning overseas restaurants, steady expansion of chains in China and strong sales from restaurants in the United States lifted earnings overall.

With regard to the foodservice products sector, which spans all product groups, efforts to open new sales channels bolstered sales of curry roux flake products and increased sales substantially overall.

Transport and Warehouse Operations

The Company secured higher revenues from physical distribution operations as a result of increased transactions within the Group and sustained healthy business relationships with outside customers.

In the food products analysis business, revenues surpassed prior-year levels as the number of analysis projects contracted from companies outside the Group steadily increased.

2) Outlook for the Current Term

Concerns are mounting regarding the outlook for economic recovery, as a decelerating United States economy and fears about soaring crude oil prices spill over into personal consumption. Industries supplying daily necessities are facing increasing pressure to strengthen quality assurance systems and compliance frameworks amid rising interest in product safety and reliability.

The House Foods Group will respond to such changes in the business environment and societal demands, redoubling our efforts to deliver products of value to customers and enhance profitability. Although the Group has been working to streamline management and absorb cost pressures, rising oil prices in recent years have made product price maintenance more difficult. Under such circumstances, the Group decided to revise sale prices on certain products in November, for the first time in 17 years—since 1990.

For the full fiscal year, the Group predicts net sales of ¥239,000 million (up 2.8% year on year), operating income of ¥8,800 million (up 6.5%), ordinary income of ¥9,500 million (up 7.1%) and net income of ¥4,300 (down 11.1%).

Sales Forecasts by Business Sector

Food Products

Curry and Spices

We intend to reinvigorate existing curry roux products and conduct sales campaigns to raise customer awareness of the features of "new value" product Prime Curry. In addition, on the heels of the warm reception to the Restoration Edition Curry launched in April 2007, a limited-production run of Instant House Curry <Showa Restoration Edition> hit stores in October in a tie-in with the film *ALWAYS—Sunset on Third Street 2*.

The Group also continues to implement measures for more frequent updates to curry offerings.

In spice products, we will release the new Wakaori series of Japanese spices with packaging that commands attention and exudes quality, responding precisely to diversifying customer needs.

Stew and Packaged Noodles

For the stew, chowder and gratin product lines, we will create mealtime settings geared toward the winter months—the highest demand period—by running promotions such as those suggesting recipes that use seasonal vegetables.

The Group also aims to boost sales by enhancing its personal serving lineup, having released an improved version of Cup Stew with expanded menu offerings in August, in addition to Soup de Okoge and Tonyu Wo Nerikonda Shiratakimen No Soup.

Retort Pouched Foods and Tofu

Regarding retort curry products, we released the authentic Indian curry Delhi Premium Recipe and improved versions of Torouma Kakuni Curry and Azabu Juban Curry in August, enriching our high-end product line and expanding the curry roux lineup. Coupled with the limited-time distribution of Instant House Curry <Showa No Rice Curry> in October, these efforts strive to ensure steady sales.

In the face of concerns about movements in the price of soybeans—the main raw material in tofu products—we aim to improve the profitability of the tofu business in the United States and expand market share by utilizing more of the capacity of the New Jersey plant in the East.

Drinks, Snacks and Other Products

In health foods, on October 1 we purchased all shares of House Wellness Foods Corporation, making the company our wholly-owned subsidiary, and we will work to further strengthen the C1000 brand. During the current term we also plan to bring a beverage mini-bottle assembly line—which enables the manufacture of drinks like Ukon No Chikara—into operation at the subsidiary in pursuit of cost reduction for the Group.

We aim to elevate sales for beverages and snack products by raising customer awareness of new products to be released in the second half of the fiscal year.

Concerning the mail order business, in September the Group released Tennen Koka Kassei Aojiso Nyusankin, which utilizes House Wellness Foods Corporation technology, and we will continue to enhance the product lineup.

In the curry restaurant business, the Group will further promote the penetration of curry in the United States, China and Taiwan, while making a full-fledged foray into Korea.

Regarding the foodservice products sector, which spans all product groups, we will promote menu suggestions leveraging the House brand and step up efforts on sales routes for which growth is anticipated.

Transport and Warehouse Operations

In the physical distribution business, we will aggressively develop new customers outside the Group, such as by offering all-in-one services that cover all distribution functions, as we strive to further enlarge the scope of sales.

(2) Analysis of Financial Position

In the interim fiscal period under review, the Group's total assets rose ¥1,013 million compared with the end of the preceding fiscal period, owing in part to an increase in notes and accounts receivable—trade. At the same time, total liabilities grew ¥3,043 million due to increases in notes and accounts payable—trade, and accounts payable—other. A decrease in net unrealized gain on available-for-sale securities led total net assets to fall ¥2,030 million.

Concerning cash flows, net cash provided by operating activities amounted to ¥3,737 million, net cash provided by investing activities totaled ¥867 million—partially owing to proceeds from sale of marketable securities—and net cash used in financing activities came to ¥2,037 million, due in part to dividends paid. Consequently, cash and cash equivalents at the end of the interim fiscal period under review stood at ¥38,671 million, up ¥2,614 million from the beginning of the term.

(Millions of yen)

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2007	Year-on-Year Change	Fiscal Year Ended March 31, 2007
Net cash provided by operating activities	3,529	3,737	208	13,701
Net cash used in investing activities	(20,430)	867	21,297	(22,262)
Net cash used in financing activities	(2,343)	(2,037)	306	(2,157)
Effect of exchange rate changes on cash and cash equivalents	(26)	47	73	22
Increase (decrease) in cash and cash equivalents	(19,270)	2,614	21,883	(10,696)
Cash and cash equivalents at beginning of period	46,753	36,057	(10,696)	46,753
Cash and cash equivalents at end of period	27,483	38,671	11,188	36,057

Cash flow indicators for the Group are as follows:

	Six Months Ended September 30, 2005	Six Months Ended September 30, 2006	Six Months Ended September 30, 2007	Fiscal Year Ended March 31, 2006	Fiscal Year Ended March 31, 2007
Equity ratio (%)	81.4	75.1	75.0	81.9	76.0
Equity ratio (market value basis) (%)	86.7	87.9	89.4	94.2	90.0
Cash flow/interest bearing liabilities ratio (years)	0.1	0.2	0.3	0.0	0.1
Interest coverage ratio (times)	164.2	592.0	195.1	677.7	1,114.9

Notes:

Equity ratio: shareholders' equity/ total assets
Equity ratio (market value basis): Market capitalization/ total assets
Cash flow/interest bearing liabilities ratio: interest-bearing debt/ operating cash flow
Interest coverage ratio: operating cash flow/Interest payments

1. Each indicator is calculated based on consolidated financial statements.
2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury stock) as of the date.
3. Operating cash flow uses net cash provided by operating activities on the consolidated cash flow statements. Interest-bearing debt covers all liabilities with interest payments under the liabilities section of the consolidated balance sheets. Interest payments equal the amount of interest paid on the consolidated cash flow statements.

(3) Basic Policy on Profit Distribution and Dividends for the Current Term

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

The Group intends to utilize internal reserves to fund investment in manufacturing equipment, R&D and new business development.

Starting in the fiscal year under review, the Group is implementing an interim dividend system. Under the new system, the Company plans to pay an interim dividend of ¥11 per share and a year-end dividend of ¥11 per share.

2. Status of the Corporate Group

The Company's corporate group consists of the Company, 16 consolidated subsidiaries and four affiliates. The Group engages primarily in the manufacture and sale of food products, as well as related distribution and other services.
The position of each company within the operations of the Group and an organization chart are shown on the following page.

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

Food Products:

Within Japan, in addition to the manufacturing and sales performed by the Company, production of certain products is contracted to subsidiary Sun House Foods Corporation and affiliate Sanyo Can Corporation, after which the products are supplied to and sold by the Company. In addition, some ingredients are supplied by subsidiary Sun Supply Corporation and affiliate Vox Trading Co., Ltd., and some product package processing is outsourced to subsidiary S Pack Corporation.

Delica Chef Corporation is a subsidiary that produces prepared food, baked bread and desserts, while subsidiary Asaoka Spice K.K. sells spices. As a subsidiary, House Wellness Foods Corporation produces and sells health beverages and health foods, and affiliate Ichibanya Co., Ltd., operates restaurants.

Through sale of stock, the Group has released Japan Milk Vegetable Ltd. as an affiliate under the equity method.

In the United States, subsidiary House Foods America Corporation produces and sells tofu and related products, operates restaurants and imports and sells the Company's products. Meanwhile, subsidiary House Foods Holding USA Inc. presides over the Group's operations in the United States.

In China, subsidiary Shanghai House Foods Co., Ltd., produces and sells curry food products, and affiliate Shanghai House Ajinomoto Foods Co., Ltd., produces and sells retort pouched foods. As a subsidiary of the Group, Shanghai House Curry Coco Ichibanya Restaurant, Inc., operates restaurants.

In Taiwan, subsidiary Taiwan Curry House Restaurant, Inc. is engaged in restaurant operation.

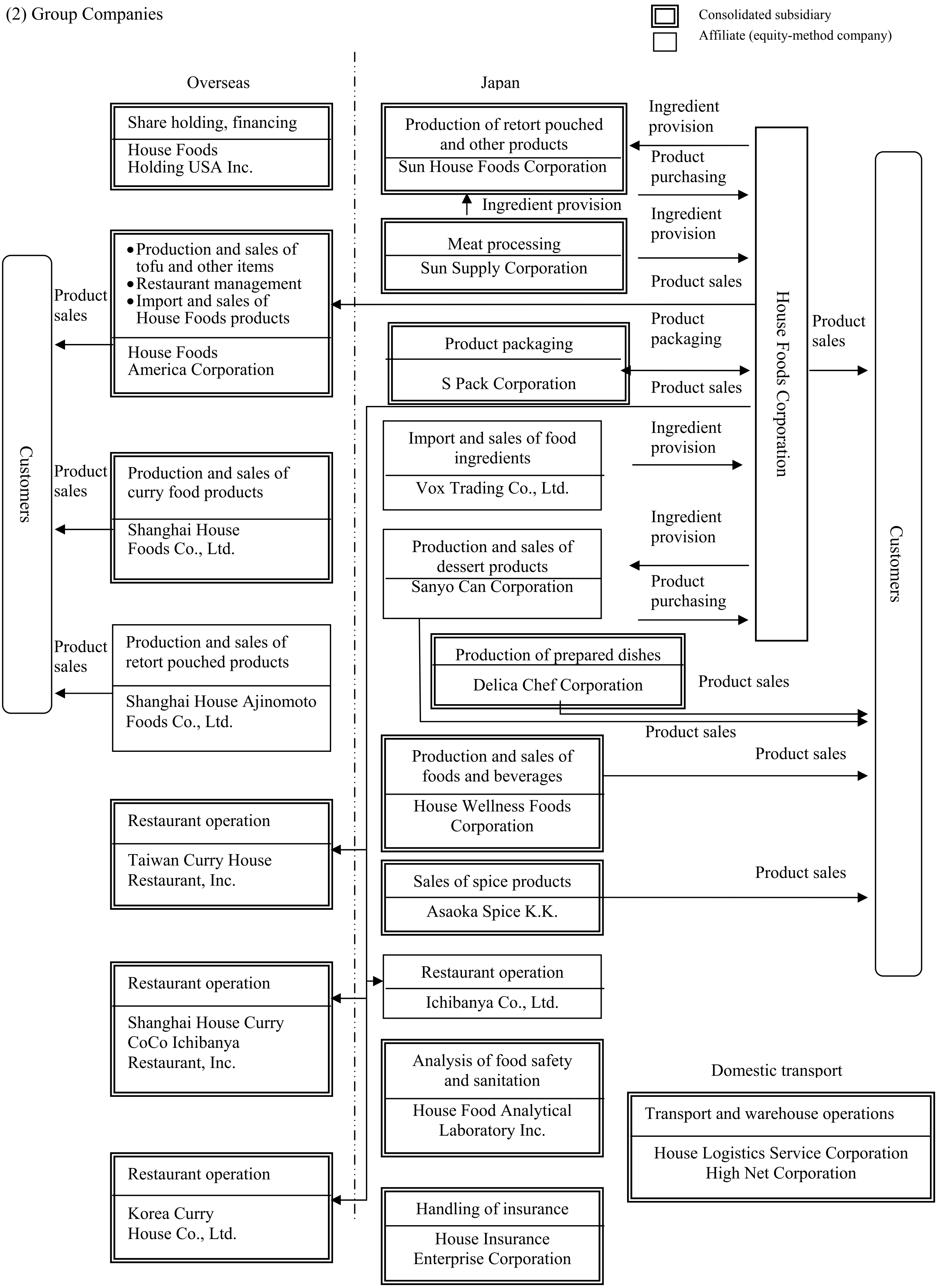
In Korea on September 14, 2007, the Group established Korea Curry House Co., Ltd., as a subsidiary to operate restaurants.

Transport and Warehouse Operations:

Shipping and storage of the Group's products within Japan is conducted primarily by subsidiaries House Logistics Service Corporation and High Net Corporation.

House Food Analytical Laboratory Inc. is a subsidiary mainly engaged in analysis relating to food safety and sanitation, while subsidiary House Insurance Enterprise Corporation handles insurance matters.

(2) Group Companies



(2) Status of Affiliated Companies

Affiliated companies that changed status during the interim period under review were as follows.

Company	Location	Capitalization	Principal Operations	Ownership of Voting Rights or Ratio of Holding	Nature of Relationship	Remarks
Consolidated subsidiary						
Korea Curry House Co., Ltd.	Seoul, Republic of Korea	W2.5 billion	Restaurant operation	60.00	Sharing of directors, etc.: No	Newly consolidated subsidiary

Note: Owing to the sale of stock, Japan Milk Vegetable Ltd. was excluded from the scope of consolidation as an affiliate under the equity method during the interim period under review.

3. Management Policy

(1) Basic Corporate Management Policy

By continuing to offer products and services whose value is recognized by customers, the Group aims to contribute to customers' eating habits and health with "Bringing greater joys to families through our foods" as its basic management policy. To achieve this, we seek to upgrade product development capabilities to deliver tastier, more convenient and healthier products and services that are driven by customer demand. Accordingly, we prioritize product quality and safety and endeavor to create products that customers can trust and rely on.

Along with ongoing efforts to raise capital efficiency, profitability and corporate value, the Group strives to provide stable return of earnings to shareholders and develop the Company into an attractive corporation that is deserving of long-term shareholder support and cooperation.

(2) Medium- to Long-Term Management Strategy and Management Indicators Targeted

Aiming to be a corporation that "creates new value and brings forth health and taste," in April 2006 the Group launched its three-year Second Medium-Term Business Plan, embodied by the three CSs: attaining true Customer Satisfaction, exhibiting a Challenge Spirit and increasing Change Speed through greater awareness of changes and faster actions. We will work to clearly define the Group's business structure of core businesses, businesses being developed into core businesses, peripheral businesses, new businesses, overseas businesses and related domestic businesses and their orientations to build an operational and organizational structure to accommodate changing customer needs. Combining such efforts with additional selection and concentration of management resources, we strive to further enhance corporate value. In terms of management indicators, the Group's goal is to improve operating income and return on equity (ROE: ratio of net income to shareholders' equity) through such selection and concentration of management resources.

Based on forecasts for the current term and other factors, the Group's goals for consolidated performance indicators for the fiscal year ending March 31, 2009—the final year of the Second Medium-Term Business Plan—are as follows: net sales of ¥250 billion and operating income of ¥10.2 billion, taking into account the amortization of negative goodwill accompanying the acquisition of House Wellness Foods Corporation stock.

(3) Issues Facing the Group

Based on the Second Medium-Term Business Plan started in April 2006, the Group will delineate the position of each of its core businesses, businesses being developed into core businesses and other businesses as it continues to review the distribution of management resources through selection and concentration, taking on the following specific action items.

1) Reinforcing Core Businesses and Invigorating Markets

We will create new demand for our key curry, stew and spice products by leveraging the technical capabilities we have cultivated to develop and enhance products with value that attracts customers. Through aggressive promotional campaigns to effectively convey the value of the Group's products to customers, we aim to revitalize the market and earn additional customer support.

2) Strengthening Efforts to Develop New Core Businesses

In health foods, we will develop more products that use the effective components of spices, such as Ukon No Chikara and Ninniku No Chikara. On October 1, we converted House Wellness Foods Corporation into a wholly owned subsidiary, after the firm took on the operations of Takeda Food Products, Ltd., in April 2006. Capitalizing on House Wellness Foods Corporation's technical expertise and product development capabilities, the Group intends to formulate new product strategies in the health foods business and pursue new synergies in procurement, production, sales, distribution and other areas as we accelerate efforts to develop the operation into a core business.

3) Expanding Overseas Operations

In the burgeoning Chinese market, where the Group produces and sells retort pouched curries and curry roux products, we will sustain aggressive marketing campaigns to help families to enjoy curry conveniently. Additionally, the curry restaurant business originating from the merger with Ichibanya Co., Ltd., launched activities in Korea in September, building on operations in China and Taiwan. We will use these restaurants as a base from which to popularize Japanese-style curry in other parts of Asia.

In the tofu business in the United States, which is steadily growing amid rising interest in health, production began at a new plant in New Jersey in the East in June 2006 to complement a production center on the West Coast. We aim to capture the top position in U.S. market share by expanding sales through these production centers on both coasts.

4) Increasing Cost Competitiveness

The Group considers creating products that satisfy customers at lower costs to be an essential element of its competitive edge. We will boost cost competitiveness by reviewing and streamlining systems and functions in all areas, from development and procurement to production and sales.

5) Extending Social Responsibility Efforts

As we work to ensure deeper penetration of compliance and corporate ethics, we recognize that a serious posture on social obligations is a prerequisite for gaining customers' trust and adoration. We will fortify our quality assurance framework as a food producer to ensure consistent delivery of safe and reliable products to our customers.

Based on the Group's environmental statement and environmental policy, we have undertaken implementation of the ISO 14001 environmental management system to advance our ongoing environmental preservation efforts. Adding to offices already certified, the certification of the Company's business departments in August completed the Companywide certification. Through effective use of this system, we will orient the environmental activities of the entire Company along the same vector as we strive to accommodate a recycling-based society.

6) Enhancing Group Management

We endeavor to ensure that each Group company raises its own corporate value through its business activities and consistently fulfills its role in the Group. Harnessing the concerted efforts of all the Group companies to effect greater synergies, we will augment the corporate value of the Group as a whole.

4. Interim Consolidated Financial Statements

(1)Interim Consolidated Balance Sheets

(Millions of yen, %)

	September 30, 2006	September 30, 2007	Change		[Reference] March 31, 2007
	Amount	Amount	Amount	%	Amount
ASSETS					
Current assets	**95,847**	**104,676**	**8,829**	**9.2**	**97,053**
Cash and bank deposits	27,483	38,671	11,188	40.7	36,057
Notes and accounts receivable—trade	48,713	47,578	(1,135)	(2.3)	41,781
Marketable securities	3,083	2,019	(1,064)	(34.5)	3,021
Inventories	10,848	11,096	248	2.3	10,766
Deferred tax assets	3,246	3,354	108	3.3	3,270
Other current assets	2,482	1,967	(515)	(20.8)	2,166
Allowance for doubtful accounts	(8)	(8)	(1)	7.9	(7)
Fixed assets	**147,708**	**141,473**	**(6,235)**	**(4.2)**	**148,083**
Property, plant and equipment	**64,076**	**62,130**	**(1,946)**	**(3.0)**	**63,347**
Buildings and structures	22,223	20,900	(1,323)	(6.0)	21,120
Machinery, equipment and vehicles	13,444	12,391	(1,052)	(7.8)	13,635
Land	26,957	27,171	214	0.8	27,145
Construction in progress	212	397	185	87.1	223
Other tangible fixed assets	1,241	1,271	30	2.5	1,224
Intangible fixed assets	**14,506**	**12,537**	**(1,969)**	**(13.6)**	**13,554**
Goodwill	12,596	9,844	(2,752)	(21.8)	11,220
Software	1,029	1,567	537	52.2	950
Software in progress	714	956	242	33.8	1,216
Other intangible fixed assets	166	171	5	3.0	168
Investments and other assets	**69,126**	**66,805**	**(2,321)**	**(3.4)**	**71,182**
Investment securities	63,220	59,174	(4,045)	(6.4)	64,577
Long-term loans receivable	43	52	9	21.1	40
Deferred tax assets	332	234	(98)	(29.5)	233
Long-term time deposits	2,600	2,600	—-	—-	2,600
Prepaid pension cost	462	2,327	1,865	404.4	1,253
Other investments	2,658	2,614	(44)	(1.7)	2,686
Allowance for doubtful accounts	(189)	(196)	(7)	3.6	(206)
TOTAL ASSETS	**243,555**	**246,149**	**2,594**	**1.1**	**245,136**

(Millions of yen, %)

	September 30, 2006	September 30, 2007	Change		[Reference] March 31, 2007
	Amount	Amount	Amount	%	Amount
LIABILITIES					
Current liabilities	**46,597**	**47,719**	**1,122**	**2.4**	**43,330**
Notes and accounts payable—trade	25,112	24,990	(122)	(0.5)	22,270
Short-term loans payable	76	504	428	563.3	230
Accounts payable—other	15,453	15,829	376	2.4	14,144
Accrued income taxes	1,532	1,732	200	13.0	2,122
Reserve for bonuses to directors and corporate auditors	30	33	3	10.8	81
Other current liabilities	4,393	4,630	237	5.4	4,484
Long-term liabilities	**8,889**	**8,730**	**(158)**	**(1.8)**	**10,075**
Long-term accounts payable—other	840	840	—	—	840
Deferred tax liabilities	3,941	4,285	344	8.7	5,329
Reserve for retirement benefits	3,434	2,989	(445)	(13.0)	3,219
Reserve for retirement benefits for directors and corporate auditors	—	13	13	—	32
Other long-term liabilities	673	602	(71)	(10.5)	654
Total liabilities	**55,485**	**56,449**	**964**	**1.7**	**53,406**
NET ASSETS					
Shareholders' equity	174,590	176,500	1,910	1.1	176,540
Common stock	9,948	9,948	—	—	9,948
Capital surplus	23,868	23,868	—	—	23,868
Retained earnings	142,069	143,990	1,921	1.4	144,025
Treasury stock	(1,296)	(1,307)	(11)	0.9	(1,301)
Valuation and translation adjustments	8,360	8,084	(275)	(3.3)	9,836
Net unrealized gain on available-for-sale securities	8,662	7,974	(687)	(7.9)	9,935
Foreign currency translation adjustments	(302)	110	412	(136.3)	(98)
Minority interests	5,120	5,116	(4)	(0.1)	5,354
Total net assets	**188,070**	**189,700**	**1,630**	**0.9**	**191,730**
Total liabilities and net assets	**243,555**	**246,149**	**2,594**	**1.1**	**245,136**

(2) Interim Consolidated Statements of Income

(Millions of yen, %)

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2007	Change		[Reference] Fiscal Year Ended March 31, 2007
	Amount	Amount	Amount	%	Amount
Net sales	**118,555**	**118,757**	**202**	**0.2**	**232,478**
Cost of sales	62,139	62,337	198	0.3	122,282
Gross profit	56,416	56,420	4	0.0	110,196
Selling, general and administrative expenses	**52,178**	**51,497**	**(681)**	**(1.3)**	**101,936**
Operating income	4,238	4,923	685	16.2	8,260
Non-operating income					
Interest and dividend received	395	436	42	10.5	822
Other	188	258	70	37.2	485
Non-operating expenses					
Interest expenses	5	16	11	223.1	15
Equity in losses of affiliates	187	71	(116)	(61.9)	452
Other	141	195	55	38.9	228
Ordinary income	**4,489**	**5,335**	**846**	**18.9**	**8,872**
Extraordinary gains					
Gain on sale of fixed assets	782	12	(770)	(98.5)	1,000
Reversal of allowance for doubtful accounts	28	8	(20)	(70.4)	29
Gain on sale of investment securities	244	11	(233)	(95.5)	245
Gain on sale of shares in affiliated company	—	220	220	—-	—-
Other	8	3	(5)	(66.0)	8
Extraordinary losses					
Loss on disposal of fixed assets	132	95	(37)	(28.2)	331
Loss on write-down of investment securities	386	364	(23)	5.8	386
Loss on write-down of golf club memberships	2	23	20	845.8	20
Advisory commissions	—	361	361	—-	—-
Other	29	10	(19)	65.5	78
Income before income taxes and minority interests	**5,001**	**4,736**	**(264)**	**5.3**	**9,338**
Income taxes—current	**1,424**	**1,640**	**215**	**15.1**	**3,046**
Income taxes—deferred	**(331)**	**199**	**530**	**—**	**265**
Minority interests	**1,028**	**517**	**(511)**	**(49.7)**	**1,193**
Net income	**2,879**	**2,381**	**(499)**	**(17.3)**	**4,834**

(3) Interim Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2006

(Millions of yen)

	Shareholders' Equity					Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Total Valuation and Conversions		
Balance as of March 31, 2006	9,948	23,868	141,687	(1,291)	174,213	10,172	(181)	9,991	1,014	185,218
Increase (decrease) during the period										
Dividends as profit appropriation			(2,415)		(2,415)					(2,415)
Bonuses to directors and corporate auditors as profit appropriation			(81)		(81)					(81)
Net income			2,879		2,879					2,879
Acquisition of treasury stock				(5)	(5)					(5)
Net changes during the period other than shareholders' equity					—	(1,510)	(122)	(1,632)	4,106	2,474
Total changes during the consolidated fiscal period	—	—	382	(5)	378	(1,510)	(122)	(1,632)	4,106	2,852
Balance as of September 30, 2006	9,948	23,868	142,069	(1,296)	174,590	8,662	(302)	8,360	5,120	188,070

Six months ended September 30, 2007

(Millions of yen)

	Shareholders' Equity					Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Total Valuation and Conversions		
Balance as of March 31, 2007	9,948	23,868	144,025	(1,301)	176,540	9,935	(98)	9,836	5,354	191,730
Increase (decrease) during the period										
Dividends as profit appropriation			(2,415)		(2,415)					(2,415)
Net income			2,381		2,381					2,381
Acquisition of treasury stock				(6)	(6)					(6)
Net changes during the period other than shareholders' equity					—	(1,960)	208	(1,752)	(238)	(1,990)
Total changes during the consolidated fiscal period	—	—	(35)	(6)	(40)	(1,960)	208	(1,752)	(238)	(2,030)
Balance as of September 30, 2007	9,948	23,868	143,990	(1,307)	176,500	7,974	110	8,084	5,116	189,700

Fiscal year ended March 31, 2007

(Millions of yen)

	Shareholders' Equity					Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Total Valuation and Conversions		
Balance as of March 31, 2006	9,948	23,868	141,687	(1,291)	174,213	10,172	(181)	9,991	1,014	185,218
Increase (decrease) during the period										
Dividends as profit appropriation			(2,415)		(2,415)					(2,415)
Bonuses to directors and corporate auditors as profit appropriation			(81)		(81)					(81)
Net income			4,834		4,834					4,834
Acquisition of treasury stock				(10)	(10)					(10)
Net changes during the period other than shareholders' equity					—	(237)	82	(155)	4,340	4,185
Total changes during the consolidated fiscal period	—	—	2,338	(10)	2,327	(237)	82	(155)	4,340	6,512
Balance as of March 31, 2007	9,948	23,868	144,025	(1,301)	176,540	9,935	(98)	9,836	5,354	191,730

(4) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2007	Fiscal Year Ended March 31, 2007
Cash flows from operating activities			
Income before income taxes and minority interests	5,001	4,736	9,338
Depreciation and amortization	2,545	2,776	5,370
Amortization of negative goodwill	1,382	1,382	2,764
Impairment losses	—	361	—
Equity in net losses of affiliated companies	187	71	452
Loss on write-down of investment securities and golf club memberships	388	364	404
Decrease in allowance for doubtful accounts	(19)	(9)	(2)
Decrease in reserve for retirement benefits	(634)	(230)	(850)
Increase (Decrease) in reserve for bonuses for directors and corporate auditors	30	(48)	81
Decrease in reserve for retirement benefits for directors and corporate auditors	(1,006)	(19)	(974)
Interest and dividend income	(395)	(436)	(822)
Interest expenses	5	16	15
Foreign exchange gain	(2)	6	(3)
Gain on sale of marketable and investment securities	(244)	(231)	(245)
Gain on sale of fixed assets	(778)	(12)	(992)
Loss on disposal of fixed assets	132	95	331
Increase in trade receivables	(8,582)	(5,771)	(1,630)
(Increase) decrease in inventories	437	(322)	527
Increase in trade payables	3,855	2,591	1,284
Increase (decrease) in accrued bonuses	48	(4)	(6)
Increase in other assets	(665)	(878)	(1,318)
Decrease in other liabilities	3,063	781	1,789
Bonuses paid to directors and corporate auditors	(81)	—	(81)
Subtotal	**4,667**	**5,219**	**15,430**
Interest and dividends received	496	560	952
Interest paid	(6)	(19)	(12)
Income taxes paid	(1,628)	(2,024)	(2,668)
Net cash provided by operating activities	**3,529**	**3,737**	**13,701**
Cash flows from investing activities			
Payment for acquisition of marketable securities	—	(599)	(25)
Proceeds from sale of marketable securities	1,100	2,200	2,175
Payment for acquisition of property, plant and equipment	(2,481)	(1,552)	(4,790)
Proceeds from sale of property, plant and equipment	1,012	14	1,459
Payment for acquisition of intangible fixed assets	(577)	(472)	(1,266)
Payment for acquisition of investment securities	(21)	(799)	(441)
Proceeds from sale of investment securities	416	1,529	418
Payment for acquisition of affiliated company shares accompanying changes in scope of consolidation	(19,800)	—	(19,800)
Proceeds from sale of affiliated company shares accompanying changes in scope of consolidation	—	500	—
Proceeds from liquidation of subsidiary	3	—	3
Additional investment in affiliated companies	(81)	—	(164)
Proceeds from collection of loans receivable	—	46	170
Net cash used in investing activities	**(20,430)**	**867**	**(22,262)**
Cash flows from financing activities			
Proceeds from short-term borrowings	76	504	230
Payment of short-term borrowings	—	(245)	—
Payment for acquisition of treasury stock	(5)	(6)	(10)
Dividends paid	(2,411)	(2,412)	(2,415)
Proceeds from issuance of stock to minority shareholders	—	124	41
Dividends paid to minority shareholders	(3)	(3)	(3)
Net cash used in financing activities	**(2,343)**	**(2,037)**	**(2,157)**
Effect of exchange rate changes on cash and cash equivalents	**(26)**	**47**	**22**
Increase (Decrease) in cash and cash equivalents	**(19,270)**	**2,614**	**(10,696)**
Cash and cash equivalents at beginning of period	**46,753**	**36,057**	**46,753**
Cash and cash equivalents at end of period	**27,483**	**38,671**	**36,057**

Significant Items Pertaining to the Preparation of the Consolidated Financial Statements

1. Matters Related to the Scope of Consolidation

Number of consolidated subsidiaries: 16 — Delica Chef Corporation, Sun House Foods Corporation, House Wellness Foods Corporation, House Logistics Service Corporation, House Food Analytical Laboratory Inc., Sun Supply Corporation, S Pack Corporation, High Net Corporation, Asaoka Spice K.K., House Insurance Enterprise Corporation, House Foods Holding USA Inc., House Foods America Corporation, Shanghai House Foods Co., Ltd., Taiwan Curry House Restaurant, Inc., Shanghai House Curry Coco Ichibanya Restaurant, Inc., Korea Curry House Co., Ltd.

The Group established Korea Curry House Co., Ltd., on September 14, 2007 (capital: 2.5 billion won; ratio of voting rights: 60%). The new company is included in the scope of consolidation from the period under review.

2. Matters Related to the Application of the Equity Method

Number of companies accounted for by the equity method: Four

Ichibanya Co., Ltd., Sanyo Can Corporation, Shanghai House Ajinomoto Foods Co., Ltd., Vox Trading Co., Ltd.

Through sale of stock, the Group has released Japan Milk Vegetable Ltd. as an affiliate under the equity method.

3. Matters Concerning the (Interim) Closing Dates of Consolidated Subsidiaries

Of the consolidated subsidiaries, the interim closing date for the settlement of accounts of House Foods Holding USA Inc., House Foods America Corporation, Shanghai House Foods Co., Ltd., Taiwan Curry House Restaurant, Inc., Shanghai House Curry Coco Ichibanya Restaurant, Inc., and Korea Curry House Co., Ltd. is June 30. The closing date of Asaoka Spice K.K. is August 31. The interim closing date for the settlement of accounts of all other consolidated subsidiaries is September 30, consistent with the closing date of consolidated accounts.

4. Matters Related to the Accounting Standards

1) Standards and method of assessment of significant assets

(a) Securities

･Bonds held to security: Amortized cost method

･Other securities

Securities with market values: The market value method based on market prices, etc., on the date of the interim settlement of accounts (The assessment difference is treated by the full capital inclusion method, and the cost of sale is calculated mainly by the moving average method.)

Securities without market values: The cost method by the gross average method

(b) Inventories: Primarily by the cost method by the gross average method

2) Method of depreciation of significant depreciable assets

(a) Tangible fixed assets: House Foods Corporation uses the straight-line method for buildings (excluding fixtures) and the declining-balance method for all other tangible fixed assets. Domestic consolidated subsidiaries use the declining-balance method (except for buildings acquired on or after April 1, 1998, which are accounted for using the straight-line method), and overseas consolidated subsidiaries use the straight-line method.

The service life of major items is as follows.

Buildings and structures: 3–50 years

Machinery, equipment and vehicles: 2–15 years

(Change in Accounting Method)

In accordance with revisions to the Corporate Tax Law, the depreciation method based on the revised Corporate Tax Law is applied to tangible assets acquired from April 1, 2007.

As a result, during the interim period under review, operating income, ordinary income and income before income taxes were each reduced by ¥16 million, compared to their level under the previous law. The impact of this change on segment information is noted in the relevant sections.

(Additional information)

Five-year, straight-line depreciation method is applied to assets that were acquired on or before March 31, 2007, and depreciated to the tax-basis limit, from the year after they were acquired.

As a result, operating income was reduced by ¥176 million, and ordinary income and income before income taxes were each reduced by ¥177 million.

(b) Intangible fixed assets: Straight-line method

However, software is accounted for using the straight-line method based on prospective availability period (five years)

3) Standards for appropriation of significant reserves

(a) Allowance for doubtful receivables: To prepare for losses due to uncollectible bad debts, we review the possibility of collecting debts in general based on the loan-loss ratio, and that of collecting special debts such as the debts that are likely to become bad debts, on an estimated amount of uncollectible debts.

(b) Allowance for retirement benefits: To prepare for retirement benefits for employees of House Foods Corporation and its domestic consolidated subsidiaries, we appropriate the liability for retirement benefits at an amount recognized to have accrued as of the interim closing date, based on the estimated amount of the liabilities of retirement benefits and that of pension assets at consolidated fiscal year end.

The Group’s contribution to retirement benefits exceeded the liability for these benefits as of the interim closing date, and the surplus is recorded as prepaid pension cost in the assets section of the consolidated balance sheets.

As for the recognized actuarial gain/loss, the amount proportionately divided by the straight-line method in a certain number of years (10 years in general) within the average remaining service period of an employee at the time of occurrence of such liabilities is treated as cost from the next consolidated accounting year.

(c) Allowance for bonuses to directors and corporate auditors

To prepare for bonuses to directors and corporate auditors, we appropriate a suitable amount for the interim period based on allowance projections for the fiscal year.

(d) Allowance for retirement benefits for directors and corporate auditors

To prepare for retirement benefits for directors and corporate auditors at certain domestic consolidated subsidiaries, we appropriate necessary payment at the end of the interim consolidated period.

4) Methods of treatment of significant lease transactions

Finance lease transactions other than those that transfer the ownership rights of leased properties to lessees are subject in principle to accounting treatment in conformance with the methods of normal lease transactions.

5. Other Significant Items Pertaining to the Preparation of the Consolidated Financial Statements

Accounting treatment of consumption tax: Tax exclusion method

6. Items Pertaining to Assessment of Assets and Liabilities of Consolidated Subsidiaries

The assessment of assets and liabilities of consolidated subsidiaries is carried out using the market value method.

7. Items Pertaining to Amortization of Goodwill

Amortization of goodwill is carried out by the five-year, straight-line depreciation method.

8. Scope of Funds in the Interim Consolidated Statements of Cash Flows

Funds (cash and cash equivalents) in the interim consolidated statements of cash flows are composed of funds on hand, savings that can be drawn at any time, and fixed deposits of a term of up to three months.

Notes

(Interim Consolidated Balance Sheets)

1. Accumulated Depreciation of Tangible Fixed Assets

Previous interim term (as of September 30, 2006):	¥103,838 million
Current interim term (as of September 30, 2007):	¥105,879 million
Previous fiscal year (as of March 31, 2007):	¥104,715 million

2. Contingent Liabilities

Debt guarantees for employees' housing loan credit

Previous interim term (as of September 30, 2006):	¥45 million
Current interim term (as of September 30, 2007):	¥31 million
Previous fiscal year (as of March 31, 2007):	¥35 million

3. Notes at Maturity as of September 30, 2007

Notes at maturity as of the settlement date of the interim consolidated period are treated as having been settled on the maturity date. Further, if the settlement date of the interim consolidated period is a holiday for the financial institution that issues the notes, they are excluded from the balance of the interim consolidated period.

Notes receivable: ¥26 million

Notes payable: ¥260 million

(Interim Consolidated Statements of Income)

1. Impairment Losses

Impairment losses (¥361 million) were recorded for the following asset groups during the interim consolidated term.

Location	Use	Type	Impairment Loss (Millions of yen)
Kanto plant, others	Idle assets	Machinery and equipment, others	297
Kanto plant, others	Food product production equipment	Machinery and equipment, others	64

The Group accounts for underperforming property on an individual basis and business assets by product group based managerial accounting business classifications according to the minimum unit that generates cash flows. In addition, business assets such as the head office are grouped as common assets. During the interim consolidated term, business assets with declining profitability and idle assets were written down to their recoverable value. Recoverable value is determined by value in use, but discounted accounting is not applied as it would lead to future negative cash flows.

(Interim Consolidated Statements of Changes in Shareholders' Equity)

Previous interim term (April 1, 2006, to September 30, 2006)

1. Items Pertaining to Outstanding Shares

Share Type	End of previous consolidated interim term	Increase	Decrease	End of current consolidated interim term
Common stock (thousands of shares)	110,879	—	—	110,879

2. Items Pertaining to Treasury Stock

Share Type	End of previous consolidated interim term	Increase	Decrease	End of current consolidated interim term
Common stock (thousands of shares)	1,092	3	—	1,095

3. Items Pertaining to Stock Acquisition Rights

None

4. Items Pertaining to Dividends

1) Dividend payout

The following resolutions were passed at an Ordinary General Meeting of Shareholders on June 28, 2006.

Items pertaining to common stock

(a) Total dividends paid: ¥2,415 million

(b) Dividends per share: ¥22

(c) Record date: March 31, 2006

(d) Effective date: June 29, 2006

Current interim term (April 1, 2007, to September 30, 2007)

1. Items Pertaining to Outstanding Shares

Share Type	End of previous consolidated interim term	Increase	Decrease	End of current consolidated interim term
Common stock (thousands of shares)	110,879	—	—	110,879

2. Items Pertaining to Treasury Stock

Share Type	End of previous consolidated interim term	Increase	Decrease	End of current consolidated interim term
Common stock (thousands of shares)	1,097	3	—	1,100

3. Items Pertaining to Stock Acquisition Rights

None

4. Items Pertaining to Dividends

1) Dividend payout

The following resolutions were passed at an Ordinary General Meeting of Shareholders on June 27, 2007.

Items pertaining to common stock

(a) Total dividends paid: ¥2,415 million

(b) Dividends per share: ¥22

(c) Record date: March 31, 2007

(d) Effective date: June 28, 2007

2) Dividends for which the record date falls within the current interim consolidated term, but the effective date is after the term's settlement date

The following resolutions were passed at a Meeting of the Board of Directors on November 13, 2007.

Items pertaining to common stock

(a) Total dividends paid: ¥1,208 million

(b) Dividends per share: ¥11

(c) Record date: September 30, 2007

(d) Effective date: December 7, 2007

Previous fiscal year (April 1, 2006, to March 31, 2007)

1. Items Pertaining to Outstanding Shares

Share Type	End of previous consolidated interim term	Increase	Decrease	End of current consolidated interim term
Common stock (thousands of shares)	110,879	—	—	110,879

2. Items Pertaining to Treasury Stock

Share Type	End of previous consolidated interim term	Increase	Decrease	End of current consolidated interim term
Common stock (thousands of shares)	1,092	5	—	1,097

3. Items Pertaining to Stock Acquisition Rights

None

4. Items Pertaining to Dividends

1) Dividend payout

The following resolutions were passed at an Ordinary General Meeting of Shareholders on June 28, 2006.

Items pertaining to common stock

(a) Total dividends paid: ¥2,415 million

(b) Dividends per share: ¥22

(c) Record date: March 31, 2006

(d) Effective date: June 29, 2007

2) Dividends for which the record date falls within the consolidated fiscal year, but the effective date is in the next fiscal year

The following resolutions were passed at an Ordinary General Meeting of Shareholders on June 27, 2007.

Items pertaining to common stock

(a) Total dividends paid: ¥2,415 million

(b) Dividends per share: ¥22

(c) Record date: March 31, 2007

(d) Effective date: June 28, 2007

(Interim Consolidated Statements of Cash Flows)

1. Relationship between Cash and Cash Equivalents at End of Period for the Interim Term and Amounts Recorded for Items in the Consolidated Balance Sheets

The scope of Cash and cash equivalents is consistent with cash on hand at banks.

(Lease transactions)

Finance lease transactions other than those that transfer the ownership rights of leased properties to lessees

1. Leased Property Acquisition Price Equivalents, Accumulated Depreciation Equivalents and Accumulated Impairment Loss Equivalents and Interim Term-End Balance Equivalents

Leased Property Acquisition Price Equivalents	(Previous interim term)	(Current interim term)	(Previous fiscal year)
Machinery, equipment and vehicles	¥1,374 million	¥1,187 million	¥1,141 million
Tools & fixtures	¥1,353 million	¥1,383 million	¥1,487 million
Total	¥2,728 million	¥2,570 million	¥2,628 million

Accumulated Depreciation Equivalents	(Previous interim term)	(Current interim term)	(Previous fiscal year)
Machinery, equipment and vehicles	¥846 million	¥627 million	¥600 million
Tools & fixtures	¥581 million	¥658 million	¥674 million
Total	¥1,427 million	¥1,285 million	¥1,274 million

Accumulated Depreciation Equivalents	(Previous interim term)	(Current interim term)	(Previous fiscal year)
Machinery, equipment and vehicles	¥3 million	¥— million	¥3 million
Total	¥3 million	¥— million	¥3 million

Interim Term-End Balance Equivalents	(Previous interim term)	(Current interim term)	(Previous fiscal year)
Machinery, equipment and vehicles	¥525 million	¥560 million	¥538 million
Tools & fixtures	¥772 million	¥725 million	¥813 million
Total	¥1,297 million	¥1,285 million	¥1,351 million

2. Prepaid Interim Term-End Balance Equivalents

	(Previous interim term)	(Current interim term)	(Previous fiscal year)
One year or less	¥469 million	¥485 million	¥483 million
More than one year	¥829 million	¥800 million	¥868 million
Total	¥1,297 million	¥1,285 million	¥1,351 million
Leased asset impairment balance	¥1 million	¥— million	¥0 million

3. Lease Payments, Reversal of Lease Asset Impairments, Depreciation Allowance Equivalents and Impairment Losses

	(Previous interim term)	(Current interim term)	(Previous fiscal year)
Lease payments	¥265 million	¥265 million	¥544 million
Lease asset impairments Reversal of settlement	¥1 million	¥0 million	¥1 million
Depreciation allowance equivalents	¥265 million	¥265 million	¥544 million
Impairment losses	¥— million	¥— million	¥— million

4. Method of Calculation for Depreciation Allowance Equivalents

Depreciation allowance equivalents are calculated using the straight-line method, taking the period of the lease as the period of depreciation and the residual value as zero.

5. In the above notes, calculations are carried out inclusive of interest paid, as the proportion this represents in the term-end balance for tangible fixed assets and other figures is negligible.

(Securities)

(As of September 30, 2007)

1. Bonds Held to Maturity with Market Values

	(Interim Consolidated Balance Sheet value)	(Market value)	(Difference)
Government bonds, municipal bonds, etc.	¥0 million	¥0 million	¥0 million
Corporate bonds	¥1,424 million	¥1,411 million	(¥13 million)
Others	¥15,500 million	¥14,975 million	(¥525 million)
Total	¥16,924 million	¥16,387 million	(¥538 million)

2. Other Securities with Market Values

	(Acquisition cost)	(Interim Consolidated Balance Sheet value)	(Difference)
Shares	¥21,029 million	¥34,493 million	¥13,464 million
Bonds			
Government bonds, municipal bonds, etc.	¥3,357 million	¥3,321 million	(¥37 million)
Corporate bonds	¥2,314 million	¥2,293 million	(¥21 million)
Others	¥500 million	¥497 million	(¥3 million)
Others	¥0 million	¥0 million	¥0 million
Total	¥27,201 million	¥40,603 million	¥13,402 million

3. Securities Without Market Values

1) Other securities

	(Interim Consolidated Balance Sheet value)
Unlisted shares	¥336 million

(Segment Information)

1. Segment Information by Type of Business

Previous interim term (April 1, 2006, to September 30, 2006)

(Millions of yen)

	Food Products	Transport and Warehouse Operations	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income					
Net sales					
(1) Sales to outside customers	113,242	5,313	118,555	—	118,555
(2) Intersegment sales and transfers	1	5,781	5,783	(5,783)	—
Total	113,244	11,094	124,338	(5,783)	118,555
Operating expenses	108,384	10,575	118,959	(4,642)	114,317
Operating income	4,860	519	5,379	(1,141)	4,238
II. Assets, depreciation expense and capital expenditure					
Assets	249,847	7,065	256,913	(13,358)	243,555
Depreciation expense	2,462	83	2,545	—	2,545
Capital expenditure	2,545	163	2,708	—	2,708

Current interim term (April 1, 2007, to September 30, 2007)

(Millions of yen)

	Food Products	Transport and Warehouse Operations	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income					
Net sales					
(1) Sales to outside customers	113,215	5,542	118,757	—	118,757
(2) Intersegment sales and transfers	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 expense and capital expenditure					
Assets	257,761	7,665	265,426	(19,277)	246,149
Depreciation expense	2,671	105	2,776	—	2,776
Capital expenditure	1,870	108	1,978	—	1,978

Previous fiscal year (April 1, 2006, to March 31, 2007)

(Millions of yen)

	Food Products	Transport and Warehouse Operations	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income					
Net sales					
(1) Sales to outside customers	221,832	10,645	232,478	—	232,478
(2) Intersegment sales and transfers	3	10,920	10,924	(10,924)	—
Total	221,836	21,566	243,401	(10,924)	232,478
Operating expenses	211,989	20,791	232,780	(8,562)	224,218
Operating income	9,846	774	10,621	(2,361)	8,260
II. Assets, depreciation expense and capital expenditure					
Assets	253,722	7,201	260,923	(15,787)	245,136
Depreciation expense	5,182	188	5,370	—	5,370
Capital expenditure	5,033	345	5,378	—	5,378

Notes: 1. Operating segments are classified by similarities in product types and properties.
2. Primary products for each operating segment
1) Food products: Foods, drinks, restaurants
2) Transport and warehouse operations: Transportation and warehousing
3. There are no unclassifiable expenses as all operating costs are distributed among operating segments.
4. The scale of insurance agency and other businesses that we recognize as "other businesses" is negligible so they are included in Transport and warehouse operations.
5. Changes to the method of depreciation for tangible fixed assets
As recorded in "Significant Items Pertaining to the Preparation of the Consolidated Financial Statements," from this interim consolidated term the depreciation method based on the revised Corporate Tax Law is applied to tangible assets. As a result of these changes, operating expenses for food products was ¥12 million higher than it would have been using the former method, and operating income decreased by the same amount. Similarly, operating expenses increased ¥4 million for transport and warehouse operations, with a corresponding decrease in operating income.

2. Segment Information by Geographical Area

The current interim term (April 1, 2007, to September 30, 2007), and the previous interim term (April 1, 2006, to September 30, 2006) and previous fiscal year (April 1, 2006, to March 31, 2007)

Segment information by geographical area has been omitted as more than 90% of net sales and total assets for all segments are derived in Japan.

3. Overseas Sales

The current interim term (April 1, 2007, to September 30, 2007), and the previous interim term (April 1, 2006, to September 30, 2006) and previous fiscal year (April 1, 2006, to March 31, 2007)

Overseas sales data has been omitted as they account for less than 10% of consolidated net sales.

(Production, Orders and Sales)

1. Production

Production results by product category are as follows.

(Millions of yen)

Category	Previous Interim Term (April 1, 2006, to September 30, 2006)		Current Interim Term (April 1, 2007, to September 30, 2007)		Previous Fiscal Year (April 1, 2006, to March 31, 2007)	
		(%)		(%)		(%)
Curry and Spices	29,819	31.1	29,649	32.1	58,171	31.6
Stew and Packaged Noodles	14,325	15.0	13,587	14.7	30,383	16.5
Retort Pouched Foods and Tofu	17,097	17.9	17,223	18.7	35,121	19.1
Drinks, Snacks and Other Products	34,442	36.0	31,907	34.5	60,221	32.8
Total	95,682	100.0	92,366	100.0	183,896	100.0

Note: Figures do not include consumption tax.

2. Orders

The Group does not carry out production on order of any major products.

3. Sales

Sales results by product category are as follows.

(Millions of yen)

Category	Previous Interim Term (April 1, 2006, to September 30, 2006)		Current Interim Term (April 1, 2007, to September 30, 2007)		Previous Fiscal Year (April 1, 2006, to March 31, 2007)	
		(%)		(%)		(%)
Curry and Spices	31,531	26.6	31,870	26.8	60,862	26.2
Stew and Packaged Noodles	15,617	13.2	15,040	12.7	35,067	15.1
Retort Pouched Foods and Tofu	20,090	16.9	19,641	16.5	40,168	17.2
Drinks, Snacks and Other Products	46,005	38.8	46,665	39.3	85,735	36.9
Food Products	113,242	95.5	113,215	95.3	221,832	95.4
Transport and Warehouse Operations	5,313	4.5	5,542	4.7	10,645	4.6
Total	118,555	100.0	118,757	100.0	232,478	100.0

Note: Figures do not include consumption tax.

(Per Share Data)

	Previous Interim Term (From April 1, 2006, to September 30, 2006)	Current Interim Term (From April 1, 2007, to September 30, 2007)	Previous Fiscal Year (From April 1, 2006, to March 31, 2007)
Net assets per share	¥1,666.45	¥1,681.42	¥1,697.70
Net income per share	¥26.22	¥21.68	¥44.04

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

	Previous Interim Term (From April 1, 2006, to September 30, 2006)	Current Interim Term (From April 1, 2007, to September 30, 2007)	Previous Fiscal Year (From April 1, 2006, to March 31, 2007)
Net income per share	¥2,879 million	¥2,381 million	¥4,834 million
Amount not attributed to common shareholders	¥— million	¥— million	¥— million
Net income related to common stock	¥2,879 million	¥2,381 million	¥4,834 million
Average number of shares of common stock during the period	109,785 thousand shares	109,780 thousand shares	109,784 thousand shares

(Major Subsequent Events)

Acquisition of shares in House Wellness Foods Corporation

On October 1, 2007, we acquired from Takeda Food Products, Ltd., all outstanding shares in House Wellness Foods Corporation, amounting to approximately ¥10 billion, converting this company to a wholly owned subsidiary.

4. Interim Non-Consolidated Financial Statements

(1) Interim Non-Consolidated Balance Sheets

(Millions of yen, %)

	September 30, 2006	September 30, 2007	Change		[Reference] March 31, 2007
	Amount	Amount	Amount	%	Amount
ASSETS					
Current assets	**69,532**	**78,277**	**8,745**	**12.6**	**72,103**
Cash and bank deposits	18,627	26,650	8,023	43.1	25,209
Notes receivable	36	22	(14)	(39.1)	28
Accounts receivable—trade	35,190	35,439	249	0.7	31,415
Marketable securities	2,908	1,494	(1,414)	(48.6)	2,996
Finished products and merchandise	6,201	5,451	(750)	(12.1)	5,601
Raw materials	1,483	1,884	401	27.1	1,631
Work in process	505	904	400	79.2	539
Supplies	633	636	3	0.5	636
Deferred tax assets	1,933	2,032	99	5.1	1,965
Other current assets	2,024	3,772	1,749	86.4	2,088
Allowance for doubtful accounts	(8)	(8)	(1)	8.4	(7)
Fixed assets	**143,504**	**140,112**	**(3,392)**	**2.4**	**145,176**
Property, plant and equipment	**44,833**	**42,531**	**(2,301)**	**(5.1)**	**43,763**
Buildings	14,928	14,417	(511)	(3.4)	14,577
Structures	966	863	(102)	(10.6)	921
Machinery and equipment	10,025	8,550	(1,475)	(14.7)	9,592
Vehicles and transportation equipment	97	82	(14)	(14.9)	95
Tools, furniture and fixtures	721	768	47	6.5	736
Land	17,893	17,788	(105)	(0.6)	17,788
Construction in progress	204	63	(141)	(68.9)	55
Intangible fixed assets	**1,604**	**2,334**	**731**	**45.5**	**2,043**
Telephone subscription rights	45	45	(0)	(0.1)	45
Software	827	1,318	491	59.4	765
Software in progress	714	956	242	33.8	1,216
Other intangible fixed assets	18	16	(2)	(11.9)	17
Investments and other assets	**97,067**	**95,247**	**(1,821)**	**(1.9)**	**99,369**
Investment securities	58,021	54,492	(3,529)	(6.1)	59,348
Affiliated companies' stocks	30,446	30,133	(314)	(1.0)	30,446
Equity investments in non-stock companies	985	1,130	145	14.7	1,130
Long-term loans receivable	3,528	3,580	52	1.5	3,579
Guarantee money deposits	1,200	1,170	(30)	(2.5)	1,200
Long-term prepaid expenses	12	10	(2)	(17.3)	17
Long-term time deposits	2,500	2,500	—	—	2,500
Prepaid pension cost	462	2,327	1,865	404.0	1,253
Other investments	69	69	(0)	(0.1)	69
Allowance for doubtful accounts	(155)	(164)	(9)	5.5	(173)
TOTAL ASSETS	**213,036**	**218,389**	**5,354**	**2.5**	**217,278**

(Millions of yen, %)

	September 30, 2006	September 30, 2007	Change		[Reference] March 31, 2007
	Amount	Amount	Amount	%	Amount
LIABILITIES					
Current liabilities	**32,117**	**32,897**	**780**	**2.4**	**30,660**
Notes payable	2,694	2,613	(80)	(3.0)	2,189
Accounts payable—trade	12,998	13,252	254	2.0	12,140
Accounts payable—other	12,565	12,795	230	1.8	11,632
Accrued income taxes	1,228	1,458	230	18.7	1,906
Accrued expenses	2,148	2,177	29	1.3	2,057
Deposits	116	117	1	1.1	141
Reserve for bonuses to directors and corporate auditors	30	32	2	5.0	73
Other current liabilities	338	453	115	33.8	523
Long-term liabilities	5,034	5,386	351	7.0	6,425
Long-term accounts payable—other	840	840	—	—	840
Guarantee money deposits	263	269	6	2.3	263
Deferred tax liabilities	3,931	4,276	345	8.8	5,321
Total liabilities	**37,151**	**38,282**	**1,131**	**3.0**	**37,086**
NET ASSETS					
Shareholders' equity	**167,246**	**172,129**	**4,884**	**2.9**	**170,285**
Common stock	**9,948**	**9,948**	**—**	**—**	**9,948**
Capital surplus	**23,815**	**23,815**	**—**	**—**	**23,815**
Additional paid-in capital	23,815	23,815	—	—	23,815
Retained earnings	**134,778**	**139,672**	**4,895**	**3.6**	**137,823**
Retained earnings	2,487	2,487	—	—	2,487
Other retained earnings	132,290	137,185	4,895	3.7	135,335
General reserve	127,900	129,900	2,000	1.6	127,900
Deferred tax liabilities	4,390	7,285	2,895	65.9	7,435
Treasury stock	**(1,296)**	**(1,307)**	**(11)**	**0.9**	**(1,301)**
Valuation, currency translation and other adjustments	**8,639**	**7,978**	**(661)**	**(7.7)**	**9,908**
Net unrealized gain on available-for-sale securities	**8,639**	**7,978**	**(661)**	**(7.7)**	**9,908**
Total net assets	**175,884**	**18,107**	**4,223**	**2.4**	**180,193**
Total liabilities and net assets	**213,036**	**218,389**	**5,354**	**2.5**	**217,278**

(2) Interim Non-Consolidated Statements of Income

(Millions of yen, %)

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2007	Change		[Reference] Fiscal Year Ended March 31, 2007
	Amount	Amount	Amount	%	Amount
Net sales	**83,164**	**84,306**	**1,142**	**1.4**	**165,973**
Cost of sales	**38,179**	**38,372**	**194**	**0.5**	**76,321**
Gross profit	44,985	45,934	949	2.1	89,652
Selling, general and administrative expenses	**41,852**	**41,699**	**(153)**	**(0.4)**	**82,211**
Operating income	3,133	4,235	1,102	35.2	7,442
Non-operating income					
Interest and dividend received	568	2,341	1,772	311.9	1,018
Rental income	207	208	1	0.5	413
Other	71	81	11	15.0	257
Non-operating expenses					
Interest expenses	4	4	0	4.6	8
Expense of real-estate leasing	58	52	(5)	(9.3)	114
Other	105	180	76	72.2	167
Ordinary income	**3,812**	**6,628**	**2,816**	**73.9**	**8,841**
Extraordinary gains					
Gain on sale of fixed assets	780	10	(769)	(98.7)	995
Reversal of allowance for doubtful accounts	26	0	(26)	(99.2)	26
Gain on sale of investment securities	244	11	(233)	(95.5)	244
Extraordinary losses					
Loss on disposal of fixed assets	120	83	(38)	(31.3)	214
Loss on write-down of investment securities	360	364	4	1.0	360
Loss on write-down of golf club memberships	2	23	20	845.8	20
Loss on impairment of fixed assets	—	361	361	—	—
Other	1	1	(0)	(8.9)	33
Income before income taxes	**4,378**	**5,819**	**1,441**	**32.9**	**9,480**
Income taxes—current	**1,109**	**1,342**	**233**	**21.0**	**2,678**
Income taxes—deferred	**692**	**212**	**(480)**	**(69.4)**	**1,179**
Net income	**2,578**	**4,265**	**1,687**	**65.5**	**5,623**

(3) Interim Non-Consolidated Statement of Changes in Net Assets
Six Months Ended September 30, 2006

(Millions of yen)

	Shareholders' Equity							Valuation, Currency Translation and Other Adjustments	Total Net Assets
	Common stock	Capital surplus	Retained earnings			Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	
		Additional paid-in capital	Legal reserves	Other retained earnings					
				General reserves	Unappro-priated income				
Balance as of March 31, 2006	9,948	23,815	2,487	126,900	5,304	(1,291)	167,164	10,135	177,299
Increase (decrease) during the period									
Dividends as profit appropriation					(2,415)		(2,415)		(2,415)
Bonuses to directors and corporate auditors as profit appropriation					(76)		(76)		(76)
General reserves				1,000	(1,000)		—		—
Net income					2,578		2,578		2,578
Acquisition of treasury stock						(5)	(5)		(5)
Net changes during the period other than shareholders' equity								(1,496)	(1,496)
Total changes during the consolidated fiscal period	—	—	—	1,000	(914)	(5)	81	(1,496)	(1,415)
Balance as of September 30, 2006	9,948	23,815	2,487	127,900	4,390	(1,296)	167,246	8,639	175,884

Six Months Ended September 30, 2007

(Millions of yen)

	Shareholders' Equity							Valuation, Currency Translation and Other Adjustments	Total Net Assets
	Common stock	Capital surplus	Retained earnings			Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	
		Additional paid-in capital	Legal reserves	Other retained earnings					
				General reserves	Unappro-priated income				
Balance as of March 31, 2007	9,948	23,815	2,487	127,900	7,435	(1,301)	170,285	9,908	180,193
Increase (decrease) during the period									
Dividends as profit appropriation					(2,415)		(2,415)		(2,415)
General reserves				2,000	(2,000)		—		—
Net income					4,265		4,265		4,265
Acquisition of treasury stock						(6)	(6)		(6)
Net changes during the period other than shareholders' equity								(1,930)	(1,930)
Total changes during the fiscal period	—	—	—	2,000	(150)	(6)	1,844	(1,930)	(86)
Balance as of September 30, 2007	9,948	23,815	2,487	129,900	7,285	(1,307)	172,129	7,978	180,107

Fiscal Year Ended March 31, 2007

(Millions of yen)

	Shareholders' Equity							Valuation, Currency Translation and Other Adjustments	Total Net Assets
	Common stock	Capital surplus	Retained earnings			Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	
		Additional paid-in capital	Legal reserves	Other retained earnings					
				General reserves	Unappro-priated income				
Balance as of March 31, 2006	9,948	23,815	2,487	126,900	5,304	(1,291)	167,164	10,135	177,299
Increase (decrease) during the period									
Dividends as profit appropriation					(2,415)		(2,415)		(2,415)
Bonuses to directors and corporate auditors as profit appropriation					(76)		(76)		(76)
Net income				1,000	(1,000)		—		—
General reserves					5,623		5,623		5,623
Acquisition of treasury stock						(10)	(10)		(10)
Net changes during the period other than shareholders' equity								(227)	(227)
Total changes during the consolidated fiscal period	—	—	—	1,000	2,131	(10)	3,121	(227)	2,893
Balance as of March 31, 2007	9,948	23,815	2,487	127,900	7,435	(1,301)	170,285	9,908	180,193

Significant Items Pertaining to the Preparation of the Interim Consolidated Financial Statements

1. Standards and Method of Assessment of Assets

(i) Securities

Held-to-maturity securities:	The amortized cost method
Shares of subsidiaries and affiliates:	The cost method by the moving average method
Other securities	
Securities with market values:	The market value method based on market prices, etc., on the date of the interim settlement of accounts (the assessment difference is treated by the full capital inclusion method, and the cost of sale is calculated mainly by the moving average method)
Securities without market values:	The cost method by the moving average method

(ii) Inventories:

a. Finished products and merchandise, raw materials, work in process
The cost method by the moving average method

b. Supplies — The cost method by the first-in, first-out method

2. Methods of Depreciating Fixed Assets

(i) Property, plant and equipment — Buildings and structures (excluding fixtures) use the straight-line method; other property, plant and equipment uses the declining-balance method.

The service life of major items is as follows

Buildings and structures:	3–50 years
Machinery, equipment and vehicles:	7–15 years

(Change in Accounting Method)

For domestic companies, in accordance with revisions to the Corporate Tax Law (Law 6 of March 30, 2007, partially revising the Income Tax Law and other laws) and (Ordinance 83 of March 30, 2007, partially revising the Corporate Tax Law Enforcement Ordinance), the depreciation method based on the revised Corporate Tax Law is applied to tangible assets acquired from April 1, 2007.

As a result, during the interim period under review, operating income, ordinary income and income before income taxes were each reduced by ¥9 million, compared to their level under the previous law. The impact of this change on segment information is noted in the relevant sections.

(Additional Information)

Domestic companies apply five-year, straight-line deprecation to assets that were acquired on or before March 31, 2007, and depreciated to the tax-basis limit, from the year after they were acquired.

As a result, operating income was reduced by ¥144 million, and ordinary income and income before income taxes were each reduced by ¥146 million.

(ii) Intangible fixed assets — The straight-line method. Software, however, is depreciated using the straight-line method, based on its estimated service life (five years)

3. Standards for Appropriation of Significant Reserves

(i) Allowance for doubtful receivables

To prepare for the losses due to uncollectible bad debts, we review the possibility of collecting debts in general based on the loan-loss ratio, and that of collecting special debts such as the debts that are likely to become bad debts, on an individual basis, and appropriate an estimated amount of uncollectible debts.

(ii) Allowance for retirement benefits

To prepare for employee severance and retirement benefits, we appropriate the liability for retirement benefits at an amount recognized to have accrued as of the interim closing date, based on the estimated amount of the liabilities of severance and retirement benefits and that of pension assets as of March 31, 2008.

As pension asset contributions exceeded past service liabilities as of the end of the interim closing date, the excess amount is posted as a prepaid pension cost in the assets section of the balance sheets.

As for the recognized actuarial gain/loss, the amount proportionately divided by the straight-line method in a certain number of years (10 years) within the average remaining service period of an employee at the time of occurrence of such liabilities is treated as cost from the next consolidated accounting year.

(iii) Reserve for bonuses to directors and corporate auditors

To prepare for the payment of bonuses to directors and corporate auditors, we appropriate the amount of bonuses to directors and corporate auditors estimated to have accrued as of the interim closing date, based on the amount of expected payment corresponding to the fiscal year under review.

4. Standards for Conversion to Japanese Yen Assets and Liabilities Denominated in Foreign Currencies

Liabilities denominated in foreign currencies are converted to yen at the spot exchange rate as of the interim closing date, and exchange differences are recognized as foreign exchange gains or losses.

5. Methods of Handling Lease Transactions

Finance lease transactions other than those that transfer the ownership rights of leased properties to lessees are subject in principle to accounting treatment in conformance with the methods of normal lease transactions.

6. Accounting Treatment of Consumption Taxes

Accounting for consumption taxes is performed using the tax exclusion method.

Notes

(Interim Non-Consolidated Balance Sheets)

1. Accumulated Depreciation of Tangible Fixed Assets

Previous interim term (as of September 30, 2006): ¥86,066 million
Current interim term (as of September 30, 2007): ¥86,969 million
Previous fiscal year (as of March 31, 2007): ¥86,520 million

2. Contingent Liabilities

Debt guarantees for employees' housing loan credit

Previous interim term (as of September 30, 2006): ¥45 million
Current interim term (as of September 30, 2007): ¥31 million
Previous fiscal year (as of March 31, 2007): ¥35 million

3. Notes at Maturity as of September 30, 2007

Notes at maturity as of the settlement date of the interim consolidated period are treated as having been settled on the maturity date. Further, if the settlement date of the interim consolidated period is a holiday for the financial institution that issues the notes, they are excluded from the balance of the interim consolidated period.

Notes receivable: ¥26 million
Notes payable: ¥260 million

(Interim Non-Consolidated Statements of Income)

1. Impairment Losses

Impairment losses (¥361 million) were recorded for the following asset groups during the interim consolidated term.

Location	Use	Type	Impairment Loss (Millions of yen)
Kanto plant, others	Idle assets	Machinery and equipment, others	297
Kanto plant, others	Food product production equipment	Machinery and equipment, others	64

The Company accounts for underperforming property on an individual basis and business assets by product group based managerial accounting business classifications according to the minimum unit that generates cash flows. In addition, business assets such as the head office are grouped as common assets. During the interim non-consolidated term, business assets with declining profitability and idle assets were written down to their recoverable value. Recoverable value is determined by value in use, but discounted accounting is not applied as it would lead to future negative cash flows.

(Major Subsequent Events)

Acquisition of Shares in House Wellness Foods Corporation

On October 1, 2007, we acquired from Takeda Food Products, Ltd., all outstanding shares in House Wellness Foods Corporation, amounting to approximately ¥10 billion, converting this company to a wholly owned subsidiary.

Appendix

▪ Income and Expenses

<Consolidated> (Millions of yen)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Targets for the Fiscal Year Ending March 31, 2008	Actual Results for the Fiscal Year Ended March 31, 2007
Net sales	118,757	118,555	239,000	232,478
Operating income	4,923	4,238	8,800	8,260
Ordinary income	5,335	4,489	9,500	8,872
Net income	2,381	2,879	4,300	4,834

	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Curry and Spices	31,870	26.8%	31,531	26.6%	63,000	26.3%	60,862	26.2%
Stew and Packaged Noodles	15,040	12.7%	15,617	13.2%	35,500	14.9%	35,067	15.1%
Retort Pouched Foods and Tofu	19,641	16.5%	20,090	16.9%	386,00	16.1%	40,168	17.2%
Drinks, Snacks and Other Products	46,665	39.3%	46,005	38.8%	91,000	38.1%	85,735	36.9%
Food Products	113,215	95.3%	113,242	95.5%	228,100	95.4%	221,832	95.4%
Transport and Warehouse Operations	5,542	4.7%	5,313	4.5%	10,900	4.6%	10,645	4.6%

<Non-Consolidated> (Millions of yen)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Targets for the Fiscal Year Ending March 31, 2008	Actual Results for the Fiscal Year Ended March 31, 2007
Net sales	84,306	83,164	173,000	165,973
Operating income	4,235	3,133	8,800	7,442
Ordinary income	6,628	3,812	11,800	8,841
Net income	4,265	2,578	7,300	5,623

	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Curry and Spices	31,394	37.2%	31,204	37.5%	62,100	35.9%	60,050	36.2%
Stew and Packaged Noodles	15,040	17.8%	15,617	18.8%	35,500	20.5%	35,067	21.1%
Retort Pouched Foods and Tofu	11,035	13.1%	11,639	14.0%	22,200	12.8%	22,999	13.9%
Drinks, Snacks and Other Products	26,837	31.8%	24,704	29.7%	53,200	30.8%	47,858	28.8%

Principal Products

Curry and Spices
Curry sauce mixes, including Vermont Curry, Kokumaro Curry, Kokumaro Curry Special, Java Curry, The Curry and Prime Curry; spices and spice mixtures, including Curry Partner, Soup Curry No Takumi (paste-type curry sauce mix), Kosho (black pepper), Togarashi (red pepper), cooking spices, Tokusen Neri Spice (spice paste), Yofu Spice (mixes of Western spices and of Western herbs), Gaban Spice, New Crown Ace Spice, Wakaori (Japanese spices); Reishabu Dressing; others

Stew and Packaged Noodles
Stew and chowder mixes, including Stew Mix, Hokkaido Stew, Kokumaro Stew, Bistro Chef, Stew De-Veau, Cup Stew, Soup de Okoge (a soup with a crusty rice cake), Tonyu wo Nurikonda Shiraktaki Men no Soup (a soup featuring thin noodles of yam, infused with soy milk), Hokkaido Chowder, Kanjuku Tomato no Chowder (a chowder mix using ripe tomatoes), Kanjuku Tomato no Hayashi Rice Sauce (a hashed beef and rice sauce that uses ripe tomatoes), Kansei Demiglace Sauce no Hashed Beef (a hashed beef sauce featuring a rich demiglace sauce); Gratin (a cheese sauce mix); Mugicha (barley tea) teabags; Ummakkachan packaged noodles, others

Retort Pouched Foods and Tofu
Retort pouched curry sauces, such as Kukure Curry, Curry Marche, Soup Curry no Takumi (packaged in retort pouches and cups), Curry Ya (curry restaurant) Curry, Curry Ya Hayashi (for hashed beef sauce, Java Curry Spice Extra, Azabu Juban (a Tokyo locale), Torouma Kakuni Curry (with beef chunks), Deli Premium Recipe; Pasta Koko pasta sauce, Pasta Ya (pasta restaurant) retort pouched pasta sauce, others

Drinks, Snacks and Other Products
Rokko No Oishi Mizu mineral water, Tongari Corn snack, O'Zack potato snack, Salad O'Zack flavored potato snack, Gaban Potato Chips, Soy chips, Fruiche fruit desert, pudding, cold soups; functional beverages such as Ukon no Chikara and Uruoi Biritsu; Kuromame Cocoa powder; Sawayaka Toiki mints, Natural Brown cereal snacks, Pure-In functional snacks, and Tennen Koka health drinks—available over the Internet—among others.

▪ Balance Sheet and Income Statement Items

<Consolidated> (Millions of yen)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Targets for the Fiscal Year Ending March 31, 2008	Actual Results for the Fiscal Year Ended March 31, 2007
Cost of sales	62,337	62,139	124,900	122,282
Cost of sales ratio	52.49%	52.41%	52.26%	52.60%
Selling, general and administrative expenses	51,497	52,178	105,300	101,936
Advertising and promotional expenses	6,575	6,812	13,485	13,069
Sales commissions	7,530	7,511	15,640	14,719
Sales promotion expenses	17,260	17,707	34,726	34,024
Net assets	189,700	188,070		191,730
Total assets	246,149	243,555		245,136
Employees	4,142	4,144		4,144

Note: Excludes employees on leave, workers on short-term contracts and part-time employees

Consolidated subsidiaries	16	15		15
Affiliates accounted for under the equity method	4	5		5

<Non-Consolidated> (Millions of yen)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Targets for the Fiscal Year Ending March 31, 2008	Actual Results for the Fiscal Year Ended March 31, 2007
Cost of sales	38,372	38,179	78,255	76,321
Cost of sales ratio	45.52%	45.91%	45.23%	45.98%
Selling, general and administrative expenses	41,699	41,852	85,945	82,211
Advertising and promotional expenses	5,474	5,644	11,341	10,731
Sales commissions	7,530	7,511	15,640	14,719
Sales promotion expenses	13,785	14,123	28,268	27,560
Net assets	180,107	175,884		180,193
Total assets	218,389	213,036		217,278
Employees	2,351	2,427		2,375

Note: Excludes employees on leave, workers on short-term contracts and part-time employees

Dividends per share	¥11.00	—	¥22.00	¥22.00

▪ Major Management Indicators

<Non-Consolidated>

	Six Months Ended September 30, 2007		Actual Results for the Fiscal Year Ended March 31, 2007
Net income per share	¥77.70	*	¥51.22
Net assets per share	¥1,640.64		¥1,641.38
Net worth ratio	4.7%	*	3.2%
Ratio of ordinary income to total assets	6.1%	*	4.1%
Ratio of ordinary income to net sales	7.9%		5.3%
Asset turnover ratio	0.77 time	*	0.77 time
Current ratio	237.9%		235.2%
Fixed cost ratio	77.8%		80.6%
Debt ratio	21.3%		20.6%
Equity ratio	82.5%		82.9%

* Figures for the six months ended September 30, 2007, are annualized.

▪ Capital Investment

<Consolidated> (Millions of yen)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Targets for the Fiscal Year Ending March 31, 2008	Actual Results for the Fiscal Year Ended March 31, 2007
Capital investment	1,978	2,708	7,500	5,378
Leases	294	442	700	799
Total	2,272	3,150	8,200	6,177

<Non-Consolidated> (Millions of yen)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Targets for the Fiscal Year Ending March 31, 2008	Actual Results for the Fiscal Year Ended March 31, 2007
Capital investment	1,394	1,769	3,700	3,396
Leases	162	250	400	427
Total	1,556	2,019	4,100	3,823

▪ Depreciation and Amortization Expenses

<Consolidated> (Millions of yen)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Targets for the Fiscal Year Ending March 31, 2008	Actual Results for the Fiscal Year Ended March 31, 2007
Depreciation and amortization expense	2,776	2,545	6,100	5,370
Lease expense	554	552	1,100	1,090
Total	3,330	3,097	7,200	6,460

<Non-Consolidated> (Millions of yen)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Targets for the Fiscal Year Ending March 31, 2008	Actual Results for the Fiscal Year Ended March 31, 2007
Depreciation and amortization expense	1,958	1,885	4,300	3,869
Lease expense	308	308	600	599
Total	2,266	2,193	4,900	4,468