



SFoods News

Interim Annual Report for the period ended August 31, 2010

March 1 - August 31, 2010



Report on Corporate Group's Business Processes and Results

Shinnosuke Murakami
President, Representative Director

Business Environment

During the second quarter of the fiscal year ending February 28, 2011, the appreciating yen caused a slowdown in exports, threatening Japan's export-driven economic recovery. In addition, the year-on-year change rate in the consumer price index in Japan continued in negative territory for more than ten months. The Japanese economy remained stuck in deflationary mode. The business environment for the Japanese meat industry also remained severe, with continued consumer pullback on spending and inclination toward lower prices.

Under these circumstances, S Foods Group pursued sound management practices and made steady efforts to ensure stable supply of safe foods to consumers.

Overview

S Foods has three core businesses: wholesaling, food processing, and retail & food services.

In the wholesale meat business, we carried out aggressive sales promotion activities, acquiring new customers while capturing a greater share of existing customers. We also focused our efforts on expansion of our market share in pork products.

In our product manufacturing (food processing) business, as part of our efforts to expand our Kotetchan product lineup, we renewed the Kotetchan Beef Variety Meat for Stir-fry series and launched a consumer sales promotion campaign.

In the retail & food service business, we implemented scrap-and-build of outlets, cost reduction and other measures to maintain and improve profitability, as well as introduced an all-you-can-eat menu in restaurants to cope with intensifying competition. However, the three business segments as a whole had great difficulty breaking even due to a slowdown in consumer spending and declining sales prices.



Serving suggestion for Kotetchan
Beef Variety Meat for Stir-fry

Prospects

Prospects for economic recovery in the second half of the current fiscal year are not looking promising. The meat industry will continue to face consumers' inclination to seek lower prices.

Under these circumstances, S Foods strives to improve profitability by stepping up ongoing cost-cutting efforts and strengthening partnerships among Group companies. In a bid to reinforce sales in the Tokyo metropolitan area, on September 1, 2010 we newly opened Tokyo Sales Office (Kanto Meat Center), which has the largest



SFoods Inc. Tokyo Sales Office
(Kanto Meat Center)

processing capacity among our plants.

As stated in the announcement of revisions to the forecasts of full-year results, which was released on October 4, 2010, we are anticipating, for the whole of the fiscal year ending February 28, 2011, sales of 125 billion yen,

up 5.0% from the previous year; income from operations of 4.5 billion yen, down 19.7% from the previous year; pre-tax earnings of 4.7 billion yen, down 18.2% from the previous year; and net income of 2.3 billion yen, down 17.7% from the previous year, on a consolidated basis.

Business Results and Financial Position

Consolidated

Unit: Million yen

Term \ Item	Interim FY Aug. 2009	The second quarter FY Aug. 2010	FY Feb. 2010	FY Feb. 2011 projected
Sales	59,069	62,819	119,077	125,000
Income from operations	2,934	2,037	5,603	4,500
Pre-tax earnings	3,020	2,182	5,747	4,700
Net income	1,225	1,041	2,795	2,300
Total assets	55,865	59,684	56,609	—
Shareholder's equity	31,484	33,297	32,965	—

Dividends

(yen)

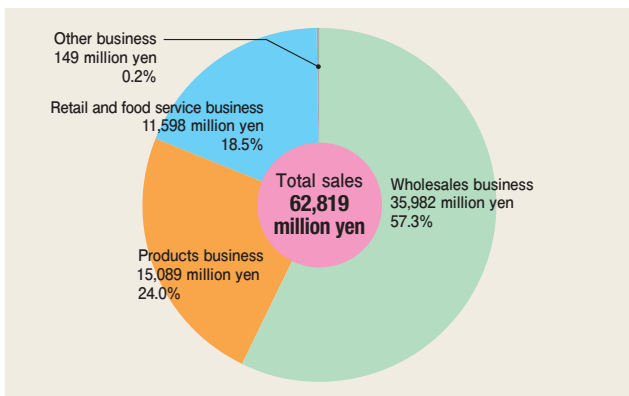
	FY Feb. 2008	FY Feb. 2009	FY Feb. 2010	FY Feb. 2011
Annual dividend per share	20	22	22	24*
(Interim dividend)	(10)	(11)	(11)	(12)
(Year-end dividend)	(10)	(11)	(11)	(12)*

Note: Figures with * are projections.

Share

Total shares authorized : 120,000,000
 Total shares of common stock issued : 32,267,721
 Shareholders : 4,393

Sales by business (consolidated)



Kotetchan Campaign Now Under Way

Application deadline **December 15 (Wed.), 2010**

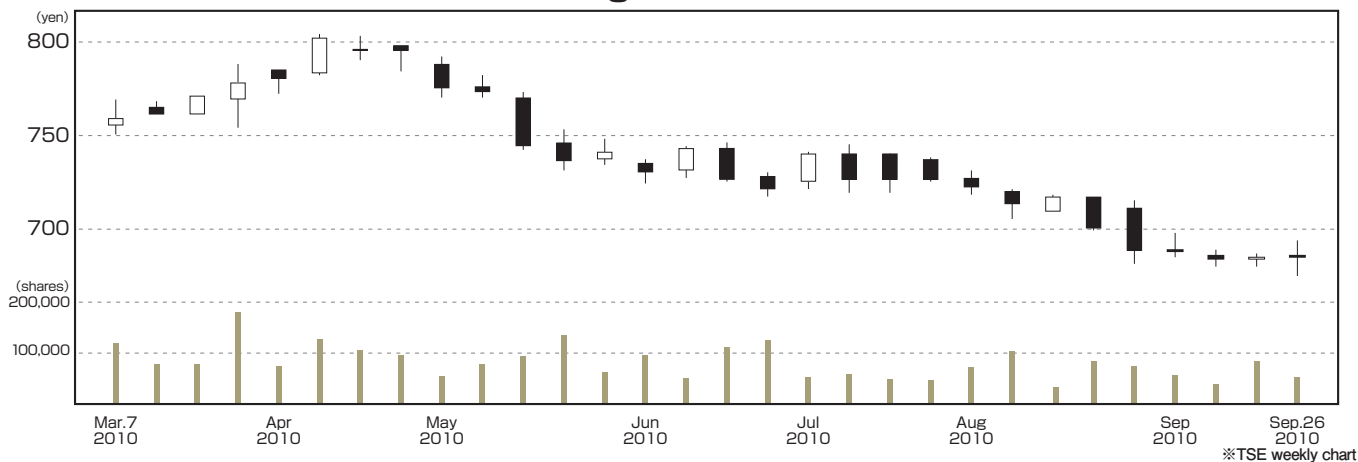
VISA gift card worth 3,000 yen, tajine pot, or other nice gifts for winners selected by lottery!



- Kotetchan
- Kotetchan for Stir-fry with Vegetables
- Kotetchan Beef Motsu-nabe Soup series
- Kotetchan Beef Variety Meat for Stir-fry series
- Kotetchan Beef Motsu Stew
- Kotetchan Consumer Pack

Send your application by cell phone or postcard using the sticker attached on campaign items. For more details visit our website.

Trends in Share Values and Trading Volumes



Autumn & Winter New Products



Kotetchan Beef Motsu-nabe series

Our long-selling Kotetchan Beef Motsu-nabe Soup series was renewed with even better taste and flavor. For this season, we made improvements in the soup, based on the results of exhaustive researches we carried out at restaurants specializing in or popular for motsu-nabe (giblet hot pot) to pursue the exquisite taste of beef motsu-nabe. The new soup contains 25% more collagen peptide than the previous series, to the delight of many women.



Kotetchan Beef Motsu-nabe soup:
Soy sauce flavor



Kotetchan Beef Motsu-nabe soup:
Miso flavor



Kotetchan Beef Motsu-nabe soup:
Spicy miso flavor

Kotetchan Beef Motsu Stew



Kotetchan
Beef Motsu Stew

Under the brand name "Kotetchan," Beef Motsu Stew has come onto the market. Beef intestines and devil's tongue (konnyaku), ingredients perfect for a stew dish, are seasoned with rich and thick miso sauce. Makes a perfect snack and also goes well with rice.

Kotetchan Beef Shiro-motsu



Kotetchan
Beef Shiro-motsu

Beef intestines are cooked tender with Japanese soup stock. Makes an ideal ingredient for various dishes, such as hot pots, stews and stir-fries.

Quick & Easy Stamina Restaurant series

More and more people are looking to save money, spending less on food and choosing to drink at home instead of in bars or restaurants. S Foods offers stew dishes that make a perfect snack when drinking at home, and proposes quick and easy recipes that make your meal well-balanced at reasonable prices.



Quick & Easy
Stamina Restaurant:
Beef Tendon Stew



Quick & Easy
Stamina Restaurant:
Beef Entrails Stew



Quick & Easy
Stamina Restaurant:
Kimchi-flavored Sauce with
Beef Tendon Stew for Stir-fry
with Chinese Cabbage



Quick & Easy
Stamina Restaurant:
Oyster-flavored Sauce with
Beef Entrails Stew for
Stir-fry with Mushrooms

Soup for Hot Pot Series

Soup for Pork and Kimchi Hot Pot



Soup for Pork
and Kimchi Hot Pot

Containing collagen, this soup goes well with pork, making a good combination with kimchi. For richer tasting and more delicious hot pots, stir-fry pork slices using sesame or other oil in a frying pan before adding to the soup.



Soup for Beef
Suki-shabu Hot Pot

Beef suki-shabu hot pot is a cuisine popular among diners in specialty restaurants. Diners swish a slice of beef in the boiling soup flavored with sukiyaki sauce. Cilantro, black pepper and other spices are added to the soup to give it a subtle flavor, combining perfectly with beef. If desired, dip the cooked meat in a raw, beaten egg before eating.

Company Profile

Company Name:	S Foods Inc. (Listing exchanges: 1st sections of Tokyo Stock Exchange and the Osaka Securities Exchange, Securities code 2292)
Founding:	May 22,1967
Representative:	Shinnosuke Murakami, President
Capital:	4,298,350,000 yen
Businesses: (Groups)	Wholesale meat business, products business, retail & food service business

Investor Information

Business year:	March 1 to last day of February of the next year
Date of record for distribution of year-end dividends:	Last day of February
Date of record for distribution of interim dividends:	August 31
Ordinary general meeting of shareholders:	May of every year
Administrator of shareholder list/ Organization managing special accounts:	Mitsubishi UFJ Trust and Banking Corporation
Contact:	Mitsubishi UFJ Trust and Banking Corporation Osaka Corporate Agency Division 3-6-3 Fushimimachi,Chuo-ku,Osaka 541-8502,Japan Phone: 0120-094-777 (toll free)
Stock listing:	Tokyo Stock Exchange/Osaka Securities Exchange
Publication:	Announcement on the company website Web page where announcement will appear: http://www.sfoods.co.jp/investor/koukoku.html (When use of the website is impossible or other unavoidable circumstances occur, we will place the announcement in the Nihon Keizai Shimbun.)

(Notes)

1. With the digitization of share certificates, changes to shareholder's addresses, share purchase requests and other share-related office procedures will be handled by organizations managing your account (securities companies, etc.) Please contact relevant securities companies, etc. if you desire to request share-related office procedures. Please note that the administrator of the shareholder list (Mitsubishi UFJ Trust and Banking Corporation) is not able to handle these procedures.
2. Office procedures relating to shares registered on your special account will be handled by Mitsubishi UFJ Trust and Banking Corporation. When requesting these procedures, please contact the organization managing your special account (Mitsubishi UFJ Trust and Banking Corporation) shown above. Transfer operations can be carried out at all branches of Mitsubishi UFJ Trust and Banking Corporation in Japan.
3. Dividends receivable will be paid at the main office or branches of Mitsubishi UFJ Trust and Banking Corporation.

Shares per sales unit: 500



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