



SFoods News

Interim Annual Report for the period ended August 31, 2012

March 1, 2012 to August 31, 2012



Report on S Foods Group's Sales Activities and Business Results

Shinnosuke Murakami
President

Business environment

The outlook for the Japanese economy became uncertain in the first six-month period of the fiscal year ending February 28, 2013, because the economic slowdown spread around the world, and the yen stuck at a historically high level, which weighed on overseas demand, and consumer prices continued their decline in Japan as well.

The Japanese meat industry faced severe challenges, such as a rise in meat prices due to soaring feed grain prices and a supply adjustment to cope with sluggish private consumption, due to influences from the Great East Japan Earthquake, while a series of food poisoning incidents in the previous year faded. Under such circumstances, the S Foods Group continued to promote its business system to flexibly respond to changes in markets and its integrated management system from food processing to meat retail and meat food service businesses with the aim of strengthening the business makeup and achieve stable growth.

Summary of sales activities

In the food processing and wholesale meat businesses, we actively facilitated business development to expand the beef and pork production business. We also marketed "Kotetchan with Garlic Salt Favor" for a limited period only to commemorate Kotetchan's 30th anniversary. Furthermore, in response to the revision of standards for processing and cooking beef that can be eaten raw, we developed Tataki (beef consumed fresh) for persons eating alone. The product has allowed us to meet the needs of restaurants and retailers who hope to easily offer safe beef that consumers can consume fresh. In addition, we opened new stores and revitalized existing stores in the meat retail business, while we completed a shift of operations of the steak restaurant chain business that was included in our group business in December 2011 and continued implementing measures to improve competitiveness in the meat food service business.



Kotetchan with Garlic Salt Favor
(cooking example:
the product sauteed with cabbage)



Tataki (beef consumed fresh)
for persons eating alone
(suggested presentation)

Summary of business results

Consequently, we reported net sales of 72,120 million yen (up 8.2% year-on-year), operating income of 2,570 million yen (up 48.6% year-on-year), ordinary

income of 2,747 million yen (up 40.7% year-on-year) and net income of 1,284 million yen (net loss of 728 million yen in the previous year due to recording a loss on the valuation of investment securities, etc.) in the first six-month period of the fiscal year ended February 28, 2013. Please note that there were special factors in the first six-month period of the fiscal year ended February 29, 2012, such as the Great East Japan Earthquake, a series of food poisoning incidents, and loss on valuation of investment securities (2,510 million yen).

Here is a summary of business performance by segment. Net sales refer to sales to outside customers and segment income is adjusted with operating income presented in the consolidated income statement.

(1) Food processing and wholesale meat businesses:

We posted segment income of 2,462 million yen (up 31.1% year-on-year) on net sales of 57,518 million yen (up 6.6% year-on-year).

(2) Meat retail business:

We posted segment income of 460 million yen (down 5.7% year-on-year) on net sales of 10,142 million yen (up 4.0% year-on-year). Segment income decreased due to fiercer competition triggered by the opening of new stores by competitors.

(3) Meat food service business:

We posted segment income of 144 million yen (segment loss of 97 million yen in the previous year) on net sales of 3,589 million yen (up 58.2% year-on-year). Net sales and segment income increased because the performance of existing stores turned around in the east Japan region; we opened new Korean-style barbecue restaurants; and we consolidated the steak restaurant chain business that was included in our group business in December 2011.

(4) Other:

We posted segment income of 21 million yen (down 54.6% year-on-year) on net sales of 870 million yen (up 33.3% year-on-year). Net sales increased mainly because we consolidated the warehouse business that was included in our group business in February 2012, while segment income decreased mainly because the impact of special demand for potable water just after the Great East Japan Earthquake disappeared.

Business Results and Financial Position

● Consolidated

Unit: Million yen

Term Item	The second quarter FY Aug. 2011	The second quarter FY Aug. 2012	FY Feb. 2012	FY Feb. 2013 projected
Sales	66.647	72.120	134.236	140.000
Income from operations	1.729	2.570	4.804	5.200
Pre-tax earnings	1.953	2.747	5.174	5.500
Net income	△ 728	1,284	1,428	2,600
Total assets	61.956	70.444	65.222	—
Shareholder's equity	34.817	38.293	37.223	—

● Dividends

(yen)

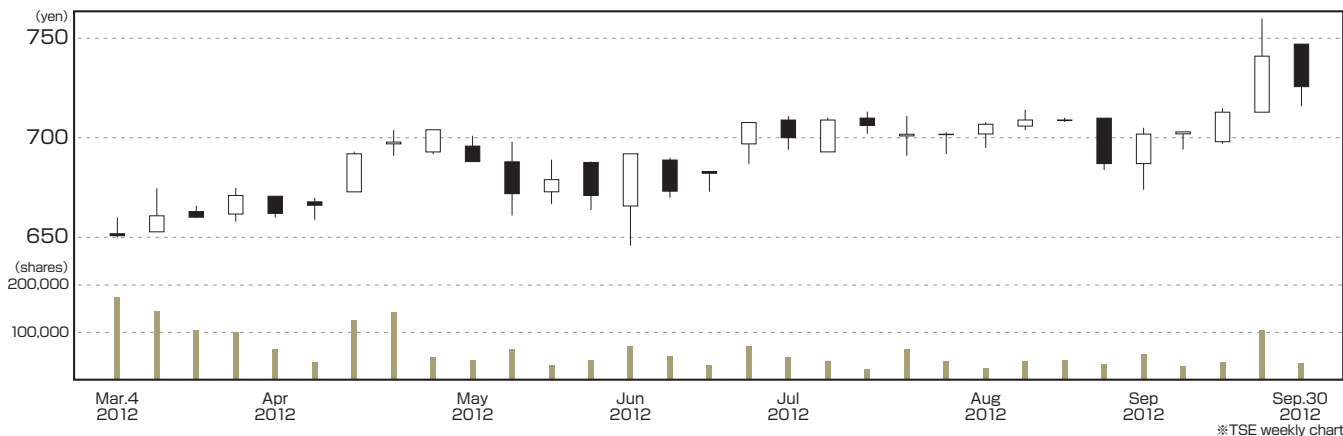
	FY Feb. 2010	FY Feb. 2011	FY Feb. 2012	FY Feb. 2013
Annual dividend per share	22	24	24	24*
(Interim dividend)	(11)	(12)	(12)	(12)
(Year-end dividend)	(11)	(12)	(12)	(12)*

Note: Figures with * are projections.

● Share

Total shares authorized : 120,000,000
 Total shares of common stock issued : 32,267,721
 Shareholders : 5,042

● Trends in Share Values and Trading Volumes



Information on Autumn-and Winter-Season Products



Kotetchan Beef Motsu-nabe Soup series

We upgraded "Kotetchan Beef Motsu-nabe Soup" to celebrate its 20th anniversary by paying great attention to the soup's ingredients to make it taste even better.

Upgraded



Kotetchan Beef Motsu-nabe Soup
Soy sauce-flavored soup



Kotetchan Beef Motsu-nabe Soup
Miso-flavored soup



Kotetchan Beef Motsu-nabe Soup
Hot miso-flavored soup

Hakata Specialty Beef Motsu-nabe Soup series

A bit extravagant beef motsu-nabe soup with large volume and good taste. You can enjoy the taste of a specialty shop right at home.

NEW



Hakata Specialty Beef
Motsu-nabe Soup
Soy sauce-flavored soup



Hakata Specialty Beef
Motsu-nabe Soup
Miso-flavored soup

Retort-packed Stew series with an aluminum pot

This series comes with a convenient aluminum pot.



Kotetchan
Beef Motsu Stew
Rich miso-flavored soup



Beef Tongue Stew



Osaka Specialty
Beef Gristle Stew



Nagoya Specialty
Dote-ni Stew

Ouchi Baru (Home Bar) series

A shop that combines a restaurant and a bar is called a "bar" in Spain and Italy. With the "Ouchi Baru" series, we offer snacks frequently served in such bars and that go with wine.

NEW



Ouchi Baru
Stewed honeycomb tripe
with tomatoes



Ouchi Baru
Stewed Japanese beef gristle
with red wine



Ouchi Baru
Stewed beef tongue
with vegetable sauce

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



S Foods Inc. 22-13 Naruohama 1-Chome, Nishinomiya, Hyogo 663-8142 Phone: +81-798-43-1065
<http://www.sfoods.co.jp/english/>