



SFoods News

Interim Annual Report for the period ended August 31, 2007

March 1 - August 31, 2007



Shinnosuke Murakami
President

Report on Business Process and Results

Environment and Policy

The general environment in the Japanese meat industry has been unstable due to cost increases resulting from rising material costs and the slowdown of the retail and food service industries. With rising public awareness of the importance of dietary education for children, consumers are growing increasingly food-conscious. Under these circumstances, we continue to exert our utmost efforts, in compliance with our corporate principles, to provide tasty and nourishing food products to our customers, while placing top priority on food safety.

Tasks and Strategy

We seek to construct an optimum meat purchasing and sales system in a situation where the conditions for beef import from the U.S. are expected to remain tight for foreseeable future. We will also exert efforts to expand our business areas and internationalize our operations. At the same time, we will continue

our endeavors to establish ourselves as a well-integrated general food company group engaged in a full range of relevant activities, from purchasing to retailing to restaurant operation. We also seek to contribute to the enrichment of Japanese food culture through the stable supply of tasty and healthy foods.



Sales of "Kotetchan" resumed

Overview

The Japanese meat industry was very slow in the first half of the current consolidated fiscal year because of the protracted slump of the food service industry, especially yakiniku restaurants, and the slowdown of the retail meat business, a problem that has newly emerged this year. Despite these exacting circumstances, our group delivered satisfactory results through aggressive measures and sales promotion activities.



Newly established Kyushu sales office

Our group has three core business lines: the wholesale meat business, in which we deal mainly in domestic and imported beef and pork; the products business, in which beef and pork are processed, and; the retail meat and food service business.

In the wholesale meat business, we established a new sales office containing a meat processing center in Kyushu in April this year with the aim of increasing sales of domestic beef in the Kyushu region. In November, we plan to open the same kind of sales office in the Kyoto-Shiga region, as well.

In the products business, we aired a Kansai-region-only TV commercial in April in efforts to raise recognition of "Kotetchan" following resumption of sales in August last year. We also strived to promote sales of our meat products designed for yakiniku, such as Ajiwai-kobo and Horumon-dojo.

In the retail & food service business, as a strategy to strengthen our downstream operations amid the general slowdown of the retail meat industry mentioned above, our consolidated subsidiary OM2 Network Co., Ltd. acquired the food service company Yakiniku no Gyuta Co., Ltd. and made it a wholly owned subsidiary.

Prospects

Although the business environment is expected to remain severe for the time being, we will exert our utmost efforts to further intensify our three core businesses by, for instance, promoting our autumn-winter products and improving our sales offices.



Example of dishes served at Yakiniku no Gyuta restaurant

Therefore, there is no change in prospects for the period ending February 29, 2008 that was announced on April 19 of this year. Please refer to the next page for the business results and financial position.

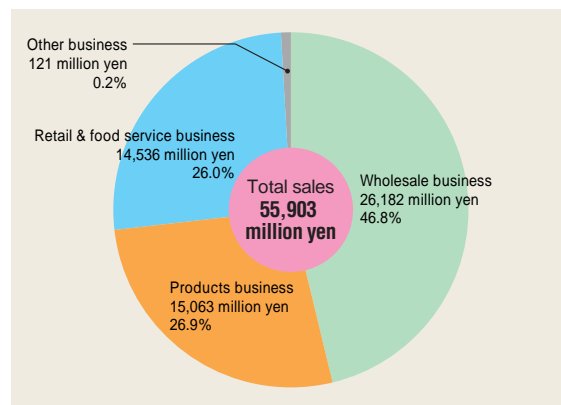
Business Results and Financial Position

Consolidated

Unit: Million yen

Term Item	Interim FY Aug. 2006	Interim FY Aug. 2007	FY Feb. 2007	FY Feb. 2008 projected
Sales	55,895	55,903	114,150	120,000
Income from operations	1,733	1,793	3,961	4,300
Pre-tax earnings	1,908	2,009	4,232	4,500
Net income	468	971	1,581	2,000
Total assets	46,533	53,492	45,845	
Shareholders' equity	31,391	32,777	32,336	

Sales by business (consolidated)



Non-consolidated

Unit: Million yen

Term Item	Interim FY Aug. 2006	Interim FY Aug. 2007	FY Feb. 2007	FY Feb. 2008 projected
Sales	37,971	38,600	75,633	80,000
Income from operations	879	1,239	2,171	2,600
Pre-tax earnings	1,068	1,448	2,417	2,800
Net income	387	855	1,182	1,500
Total assets	35,707	39,652	36,056	
Shareholders' equity	27,074	28,194	27,720	

Dividends

(yen)

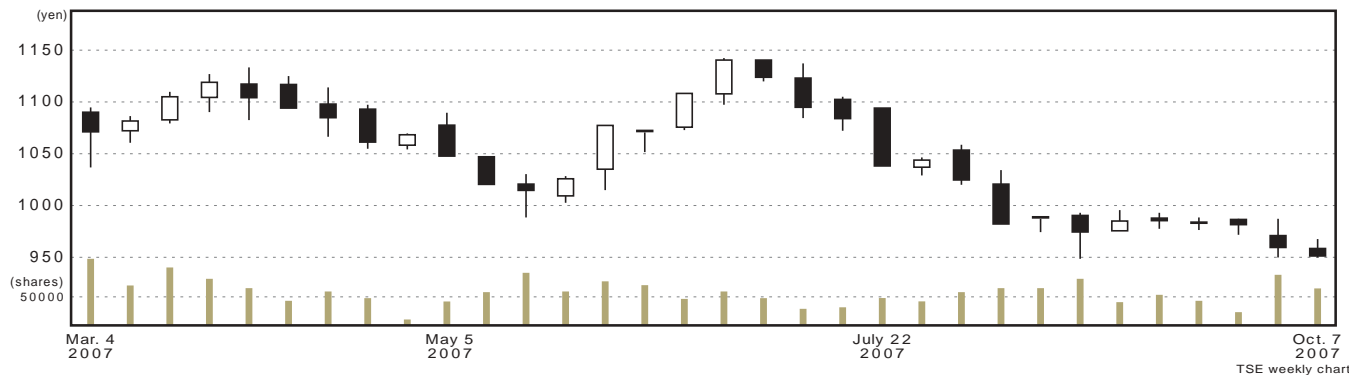
	FY Feb. 2005	FY Feb. 2006	FY Feb. 2007	FY Feb. 2008
Annual dividend per share	12	16	16	20
(Interim dividend)	(6)	(8)	(8)	(10)
(Year-end dividend)	(6)	(8)	(8)	(10)

Note: Figures with () are projections.

Shares

Total shares authorized: 120,000,000
 Total shares of common stock issued: 32,267,721
 Shareholders: 3,332

Trends in Share Values and Trading Volumes



TSE weekly chart

Autumn & Winter Products



Pork variety meat pot

Use of better materials and ingredients and improved soup have made our mottsu-nabe series even more delicious. This series is best enjoyed in winter.



Kimchi flavor



Soy sauce flavor



Miso flavor

Stew Master

Featured by its fine texture and exquisite taste, this series is available in two types: beef tendon and pork variety meat. Enjoy the taste of a professional chef.



Beef tendon stew



Pork variety meat stew

Soup for pot

This series helps bring out the taste of meat. Goma-chanko-nabe soup has been newly added to the series.



Mottsu-nabe soup



Buta-miso-nabe soup



Tori-chanko-nabe soup



Goma-chanko-nabe soup

Tsumire meatballs

Our new product "Tsumire" is available in two types: pork and chicken. Both will add delicious variety to your hotpot.



Pork tsumire



Chicken tsumire

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:	Hayao Morishima, Chairman Shinnosuke Murakami, President
Capital:	4,298,350,000 yen
Businesses: (Groups)	Wholesale meat business, products business, retail & food service business

Investor Information

Ordinary General Meeting of Shareholders:	May of every year
Reference Date:	Ordinary General Meeting : last day of February Dividend Term End : last day of February Interim : August 31
Publication:	Announcement on the company website *Announcement will be done on our website below. When use of the website is impossible due to unavoidable circumstances, we will place the announcement in the Nihon Keizai Shimbun. (http://www.sfoods.co.jp/investor/koukoku.html)
Administrator of Shareholder list:	Mitsubishi UFJ Trust and Banking Cooperation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Location of share-related procedures (Contact):	Mitsubishi UFJ Trust and Banking Corporation Osaka Corporate Agency Division 1-1-5 Dojimahama, Kita-ku, Osaka 530-0004 Phone: 0120-094-777 (toll free)
Location of transfer operations:	Mitsubishi UFJ Trust and Banking Corporation All branches of Mitsubishi UFJ Trust and Banking in Japan

* To request forms concerning stock-related procedures, please contact Mitsubishi UFJ Trust and Banking at either of the phone numbers below. Requests are also taken online 24 hours a day on the company website.

Phone (toll free) : +81 0120-244-479 (Corporate Agency Div., Head Office)
+81 0120-684-479 (Osaka Corporate Agency Div.)

Website: <http://www.tr.mufg.jp/daikou/> (in Japanese)

Shares per sales unit: 500



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<http://www.sfoods.co.jp/english/>



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