



# SFoods News

Interim Annual Report for the period ended August 31, 2011

From March 1, 2011 to August 31, 2011



Report on the sales process and performance of our business group

**Shinnosuke Murakami**  
President, Represent Director

## Our management environment

The Japanese economy was stagnant, with flat corporate activity in the second quarter of the consolidated cumulative period, due to various problems caused by the Great East Japan Earthquake and appreciating yen stemming from global credit concerns.

The situation has also become ever more difficult in the Japanese meat industry because of stagnant sales in the food service industry caused by electricity shortages and the occurrence of food poisoning incidents, and the chaotic situation of livestock farming caused by radiation concerns. Under such circumstances, S Foods Group has struggled to conduct efficient and stable group activities, in trying to adapt to the deflationary environment in the first quarter of the consolidated cumulative period and the following period.

## General sales situation

In the upper and middle stream of meat distribution, in order to shift from a beef-centered business to a multi-axis business, we launched a pig farming venture in the last consolidated fiscal year. In this second quarter of the consolidated cumulative period, we concentrated on expanding markets for “Yume-no-daichi (Dream Land),” our own pork brand, and other domestic and imported pork. In addition, product development and sales promotion routes were integrated, new key products such as “Snack Kotetchan” etc. were developed, and PR activities such as co-sponsoring outdoor events and exhibitions were conducted. Then, in the lower stream of the



Yume-no-daichi (Dream Land)



Snack Kotetchan

meat distribution system, intra-group synergic effects such as activating stores, streamlining distribution systems and developing private products were realized on an ongoing basis. As for our stock holdings, for securities whose actual value has dropped drastically due to the stagnant stock market and where recovery is not expected, securities traded on securities exchanges were valued at lower of cost

or market in the following quarter to cope with the valuation loss of the securities. Therefore the declared deficits were increased. Thus, regarding our business performance in this second quarter of the consolidated cumulative period, sales were 66.647 billion yen (6.1% increase year-on-year), operating profits were 1.729 billion yen (15.1% decrease year-on-year), ordinary profits were 1.953 billion yen (10.5% decrease year-on-year) and the quarterly net loss was 728 million yen (quarterly net profit in the same time period of the former year was 1.041 billion yen).

As regards business performance by business segment, in the food processing business and wholesale meat business, sales were 57.06 billion yen and segment profits were 1.878 billion yen, in the meat retail business, sales were 10.151 billion yen and segment profits were 488 million yen, and in the meat food service business, sales were 2.336 billion yen and the segment loss was 97 million yen.

## November 7 is “Motsu-nabe Day”

The following days have been established by the Japan Livestock By-product Association as special days for various by-products:

“July 13: Motsu-yaki (grilled entrails) Day”

“November 7: “Motsu-nabe (entrails hot pot) Day”

Now we are in a campaign period for Kotetchan Beef Motsu-nabe Soup. The volume of beef motsu (entrails) in a pouch has increased by 20%.



Campaign period

for products manufactured from October 14 to November 19, 2011

## Business Results and Financial Position

### Consolidated

Unit: Million yen

Term / Item	Interim FY Aug. 2010	The second quarter FY Aug. 2011	FY Feb. 2011	FY Feb. 2012 projected
Sales	62,819	66,647	130,179	132,000
Income from operations	2,037	1,729	4,538	4,600
Pre-tax earnings	2,182	1,953	4,763	4,800
Net income	1,041	△ 728	2,362	2,400
Total assets	59,684	61,956	59,738	—
Shareholder's equity	33,297	34,817	34,621	—

### Dividends

(yen)

	FY Feb. 2009	FY Feb. 2010	FY Feb. 2011	FY Feb. 2012
Annual dividend per share	22	22	24	24*
(Interim dividend)	(11)	(11)	(12)	(12)
(Year-end dividend)	(11)	(11)	(12)	(12)*

Note: Figures with \* are projections.

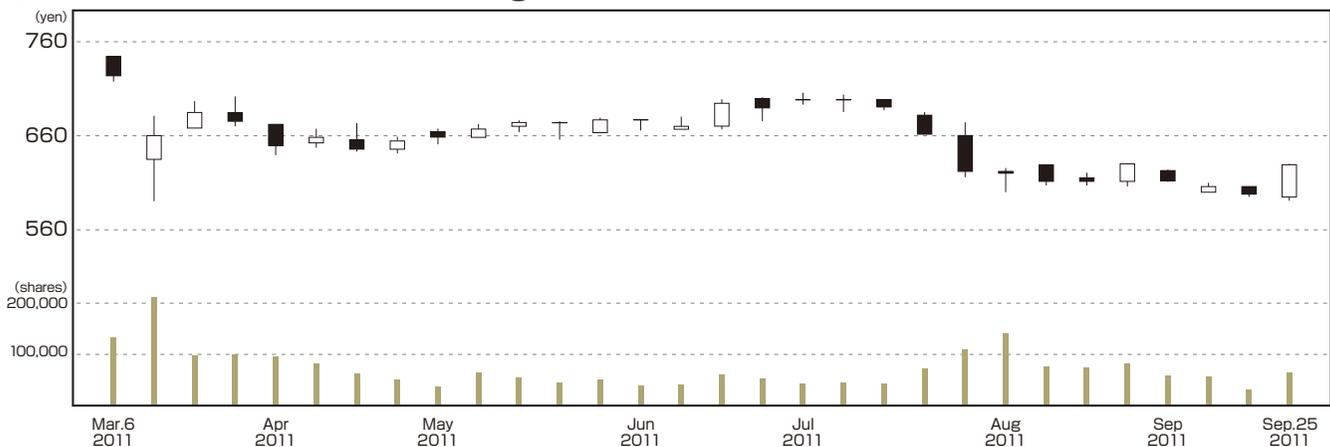
### Share

Total shares authorized : 120,000,000

Total shares of common stock issued : 32,267,721

Shareholders : 4,854

### Trends in Share Values and Trading Volumes



## Information on new autumn and winter products

### Kotetchan Beef Motsu-nabe Soup series

The “Kotetchan Beef Motsu-nabe Soup” series, our longest selling product, was renewed to become even tastier. The taste of nabe dishes of nabe specialty restaurants and other popular restaurants in Hakata, which is a place famous for motsu-nabe, was thoroughly researched, and based on the results, the taste of our products was improved.



Kotetchan Beef Motsu-nabe Soup:  
Soy Sauce-flavored Tasty Soup



Kotetchan Beef Motsu-nabe Soup:  
Mild Miso Flavor



Kotetchan Beef Motsu-nabe Soup:  
Rich Miso Flavor

### Retort-packed Kotetchan Beef Motsu Stew with an aluminum pot

This product is a very convenient Beef Motsu Stew ideal as a snack. This is a retort-packed food with an aluminum pot, so it can be stored at room temperature. Beef motsu (entrails), konnyaku (devil's tongue) and vegetables, which are essential ingredients for nabe, are cooked with a rich miso sauce. With beef motsu precooked with our original method, the food texture and softness of the motsu-nabe of popular motsu-nabe restaurants were reproduced. Because an aluminum pot is attached, you only need to put the content of the pouch into the aluminum pot and heat it. You can also add your favorite ingredients such as tofu and udon noodles to the nabe.

\* An IH cooking heater can be used for heating the attached aluminum pot.



Retort-packed  
Kotetchan Beef Motsu Stew  
with an aluminum pot

### Retort-packed Beef Tongue Stew with an aluminum pot

This product is a very convenient Beef Tongue Stew good as a snack or an accompanying dish. This is a retort-packed food with an aluminum pot, so it can be stored at room temperature. This stew contains Australian beef tongue cooked to achieve an appealing texture using our original method, potatoes and carrots. Demiglace sauce made with plenty of red wine enriches the taste. Because an aluminum pot is attached, you need only put the content of the pouch into the aluminum pot and heat it. You can also add your favorite ingredients such as onions and cheese.

\* An IH cooking heater can be used for heating the attached aluminum pot.



Retort-packed Beef Tongue  
Stew with an aluminum pot

### Nabe Soup series

Soups with a variety of tastes for nabe (hot pot) are available. Other than these, we also have Motsu-nabe Soup, Pork Miso-flavored Nabe Soup, Sesame Chariko (sumo wrestler's stew)-nabe Soup, Kimchi-nabe Soup and Green Curry-nabe Soup available in our lineup.



Hot Miso-flavored  
Nabe Soup



Soup for Suki-shabu  
Hot Pot

### Warishita (stock mixed with soy sauce, mirin and sugar, used to flavor sukiyaki) for Miso-flavored Suki-yaki

Warishita (stock mixed with soy sauce, mirin and sugar, used to flavor sukiyaki) for Miso-flavored Suki-yaki has rich taste based on rich-flavored red miso.



Warishita for  
Miso-flavored Suki-yaki



## 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: <a href="http://www.sfoods.co.jp/investor/koukoku.html">http://www.sfoods.co.jp/investor/koukoku.html</a>

(When use of the website is impossible or other unavoidable circumstances occur, we will place the announcement in the Nihon Keizai Shimbun.)

#### (Notes)

- 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.
- 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.
- 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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