



SFoods News

Interim Annual Report for the period ended August 31, 2009

March 1 - August 31, 2009



Shinnosuke Murakami
President, Representative Director

Business Environment

During the second quarter consolidated cumulative period of the current fiscal year, increases in exports and inventory adjustments led the manufacturing sector toward signs of slight recovery. However, mainly due to the H1N1 influenza pandemic and cool summer, the Japanese economy in general is not yet fully on the recovery track. The business environment for the food industry remains severe because of continuously declining consumer prices resulting from sluggish consumption. Under these exacting circumstances, we are continuing our business activities to consistently provide meat products that consumers can enjoy with a sense of safety. In doing so, we always remind ourselves of our corporate philosophy: "Serving the global community by providing delicious and wholesome stamina foods."

Report on Corporate Group's Business Processes and Results

Overview

Our company group focuses on three core businesses: wholesaling, product manufacturing, and retail & food services.

In the wholesale meat business, we have directed our efforts toward expanding our market shares and earning steady incomes, placing main emphasis on our three original beef brands: "Wagyu Master," a new brand of wagyu raised by our proprietary program; "Kobe Wine Beef," produced by feeding high-quality cattle with lees of grapes obtained from the wine manufacturing process; and "Naruo Bokujyo," Australian beef produced in a way that meets Japanese specifications designed to satisfy Japanese consumers. In the product manufacturing business, in order to enhance the Kotetchan brand, we rolled out and promoted hot and spicy "Kotetchan for Vegetable Sauté" and its derivative item "Kotetchan Teppanyaki," designed to be cooked with vegetables on the griddle. Easy to prepare and ideal as main dishes for family dinners, both items were developed in response to the general consumer tendency to refrain from eating out and make it a point to eat more at home.

In the retail & food service business, our business performance has been robust, despite severe situations such as a decreasing number of customers and declining per-customer spending.

To strengthen our operational infrastructure in the Kyushu & Chugoku region as part of efforts toward enhanced group business activities, we created Kyushu Sagami Ham Co., Ltd., a producer and wholesaler of meat and meat-processed products operating successfully in the region, one of our subsidiaries on March 31, 2009.



Kotetchan Teppanyaki

Prospects

In the second half of the current fiscal year, no major improvement is expected in consumer confidence, leaving the food industry still exposed to severe situations. Under these difficult circumstances, we will develop and market products with better quality and more reasonable prices, thereby responding to consumer needs. We will particularly focus on our nabe soup products, demand for which has been on the rise in recent years. Specifically, we will strive to expand sales of Kotetchan Motsu-nabe soup and other consumer items.

For the period ending February 28, 2010, consolidated sales are projected to be 123 billion yen, up 4.7% from the previous year; income from operations 5.2 billion yen, up 1.5% from the previous year; pre-tax earnings 5.2 billion yen, up 1.4% from the previous year; and net income for this fiscal year 2.2 billion yen, up 1.7% from the previous year.



Kotetchan Beef Motsu-nabe soup

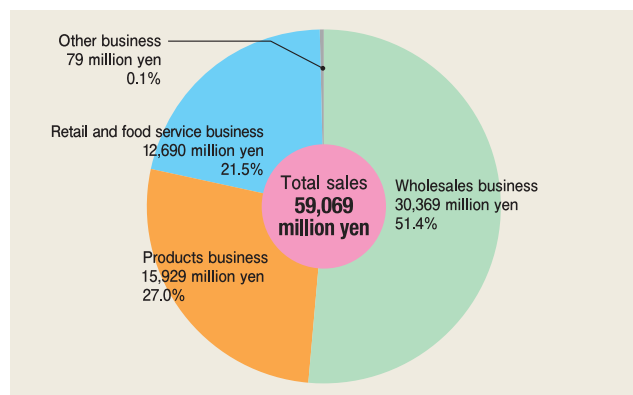
Business Results and Financial Position

● Consolidated

Unit: Million yen

Term Item	Interim FY Aug. 2008	The second quarter FY Aug. 2009	FY Feb. 2009	FY Feb. 2010 projected
Sales	57,937	59,069	117,472	123,000
Income from operations	2,275	2,934	5,122	5,200
Pre-tax earnings	2,355	3,020	5,128	5,200
Net income	1,006	1,225	2,162	2,200
Total assets	54,822	55,865	50,721	—
Shareholder's equity	34,367	31,484	33,069	—

● Sales by business (consolidated)



● Dividends

(yen)

	FY Feb. 2007	FY Feb. 2008	FY Feb. 2009	FY Feb. 2010
Annual dividend per share	16	20	22	22*
(Interim dividend)	(8)	(10)	(11)	(11)
(Year-end dividend)	(8)	(10)	(11)	(11)*

Note: Figures with * are projections.

● Share

Total shares authorized : 120,000,000

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

Shareholders : 3,729

Kotetchan Beef Motsu-nabe soup:
"Save Your Family Budget" Campaign
 Now underway [Application deadline: Monday, November 30, 2009]

VISA gift card worth

¥3,000 for
 each of
 1,000 winners
 selected by lottery!

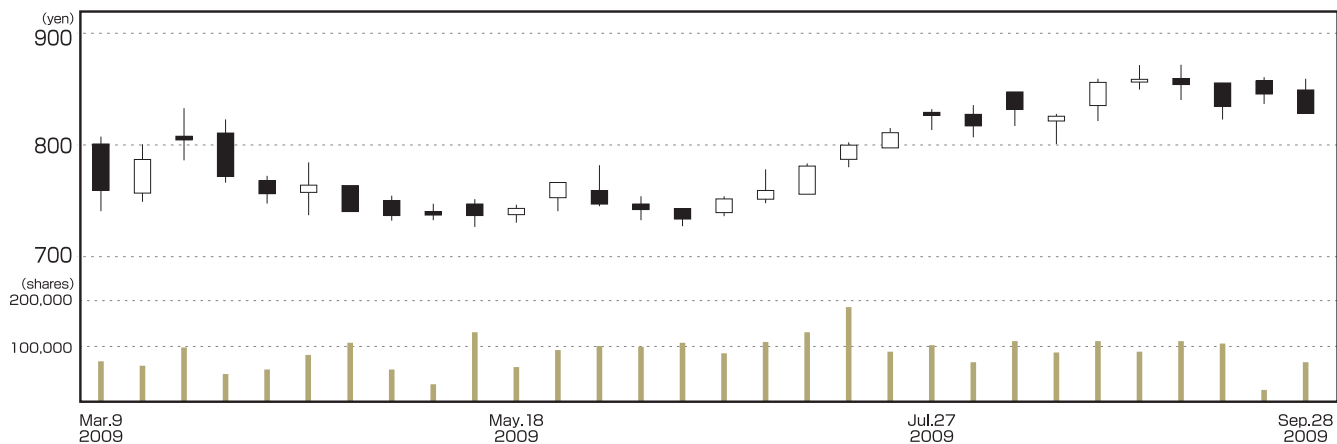
Campaign items

Kotetchan Beef Motsu-nabe soup



Send your application with the barcode cut from the back of any Kotetchan Motsu-nabe soup series package. Refer to the product package or S Foods website for more information.

● Trends in Share Values and Trading Volumes



※TSE weekly chart

Autumn & Winter

New Products



Kotetchan Beef Motsu-nabe soup series

Our long-selling product Kotetchan Beef Motsu-nabe soup series made a comeback last year with even better taste and flavor. Just add shredded Chinese leek or cabbage (or Chinese leek and Chinese cabbage for kimchi flavor) and enjoy the taste of professionally cooked beef motsu-nabe soup at home. This year, kimchi flavor has been added to this series.



Kotetchan Beef Motsu-nabe soup:
Soy sauce flavor



Kotetchan Beef Motsu-nabe soup:
Miso flavor



Kotetchan Beef Motsu-nabe soup:
Kimchi flavor

Kotetchan Beef Shiro-motsu



Kotetchan Beef Shiro-motsu

Beef intestines cooked tender with Japanese soup stock. Ideal ingredient for various dishes, including nabe soup, stew and motsu sauté.

More Collagen for Your Dishes



More Collagen for Your Dishes

Containing extracts of kelp, bonito and mushrooms and seasoned with Japanese soup stock, this collagen-rich condiment is good for various dishes. Each package contains 3500 mg of collagen peptide. Add this condiment to enhance the richness and flavor of your dishes.

"Mix with Hot Steamy Rice" series



"Mix with Hot Steamy Rice"
for beef tendon rice



"Mix with Hot Steamy Rice"
for garlic-flavored beef rice

Just add this product to hot steamy rice and you'll quickly have delicious mixed rice. Unlike conventional mixed rice made by cooking rice and ingredients in the same cooker, you don't have to adjust the amount of water for cooking. Available in two types: salty-sweet, soy-sauce-flavored beef tendon mix and spicy garlic-flavored beef mix.

"Add Tofu and Zap" series



"Add Tofu and Zap"
for motsu stew



"Add Tofu and Zap"
for beef tendon stew

Zap this product with tofu in the microwave and you'll quickly have delicious stew. Available in two types: miso-flavored stew containing pork motsu and Japanese radish, and salty-sweet, soy-sauce-flavored stew containing beef tendon and konnyaku.

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)

- 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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