Kazokutei keeps moving forward as "a venture company emerging in a traditional industry".

Udon and soba noodle industry is very traditional. Kazokutei also commemorates the 63rd anniversary this year. However, it is not an old-fashioned company. We commenced management reform 7 years ago focusing on young managers. We always wish to be youthful and challenging like a venture company.

Kazokutei makes everyone in the world smile.

From Osaka, Kazokutei is bringing delicious noodles to Asia and the world.

Kazokutei's secret recipe for soba and Tokutoku's handmade udon bring smiles to everyone.

Topics of 2009

Securing profit amid adverse winds while making investments for the medium and long term future.

**TOPIC 1**

Establishment of profit making structures.

From the first quarter, the emphasis on the sales strategy was shifted from revenue increase to profit generation, in an effort to cope with prolonged downturn in the food service industry. The process of building up structures to generate profit from the sale of the existing shops at 80% level as compared to previous year was completed by March. Closures of unprofitable shops were also proactively carried out.

**TOPIC 2**

Opening of Hanyu Seimensho in Hanyu parking area. (An example of tie-up business)

When a udon noodle shop (Hanyu Seimensho) was launched in the "PASAR Hanyu" business complex in Hanyu parking area, which is managed by NEXCO East Japan Retail Co., Ltd, Kazokutei has given advice on how to manage udon noodle shop in a food court based on its know-how and experiences and helped create the menu, select food materials, and design interior layout, and also provided technical assistance to cooking, while supplying certain food materials.

**TOPIC 3**

Two shops were opened in Singapore, and two shops were launched in Thailand.

In 2009, two shops were opened in Singapore on April 9 and September 17. Two shops were launched in Thailand on November 27 and December 6.

**TOPIC 4**

Establishment of a joint venture to promote chain restaurant business in Shanghai, China.

Kazokutei concluded a basic agreement on the establishment of a joint venture company designed to operate food service business in China with Juggernole Limited, a wholly owned subsidiary of Want Want Group, a major food company originated in Taiwan. The joint venture company has been already established. Taking advantage of both our know-how and experiences in operating chain restaurants as well as the business base and management resources which Want Want Group has in China, Kazokutei is developing Japanese cuisine restaurants in China with primary focus on udon and soba noodles.

**Investor Relations Annual Schedule (January 1, 2010 - December 31, 2010)**

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Establishment of a management system that can generate profit from the sale of the existing shops at 90% level as compared to previous year

Otei-chan: President Inui, very nice to see you again. It's been a long time. (Otei-chan looks a bit nervous.) The other day, the statement of accounts for FY2009 was announced. So today, could you tell me about it and the future plans of the company?

Inui-san: Good to see you gain, Otei-chan! How have you been? Mitsuhiro Inui (Director and General Manager of New Business Development Division) told me how hard you were working every day as image character for Kazokutei. Well, now, let me try to explain about the settlement of accounts as easily as possible.

On February 4, 2010, the financial statements for FY2009 (the 59th term) were announced. Revenues were 8,955 million Yen, with 290 million Yen of operating profit and 276 million Yen of ordinary profits. Interest-bearing liabilities were decreased by 263 million Yen to 1,814 million Yen of operating profits and 276 million Yen of ordinary profits. Interest-bearing liabilities were decreased by 263 million Yen to 1,814 million Yen, which resulted in a substantial improvement in the financial strength of the company. In terms of the number of shops, there are 117 directly managed shops and 107 franchise chain restaurants. The number of shops in total turned out to be 224, which increased by 17 from the previous year.

Otei-chan: Thank you for your clear-cut explanations. Now I can see that the company has as many as 224 shops and made good profits.

Inui-san: During the previous term, severe situations for the food service industry were anticipated from the beginning of the year due to the rapidly deteriorated economic environments. Therefore, we allocated 80% of the company's energy for defensive business management and the remaining 20% for developing business for future profits.

Otei-chan: What do you mean by "defensive business management"?

Inui-san: Well, let me put it this way. In January 2009, we started to focus our efforts on the development of defensive business management activities. The company has as many as 224 shops and made good profits. And you have stepped up your efforts on the development of defensive business management.

Otei-chan: As of 2009, the balance sheet is as easily as possible.

Inui-san: Exactly! In the business development activities, we have started off by opening overseas shops. Two shops were launched in Singapore and two more in Thailand. We have also established a joint venture company in China, too.

Otei-chan: Actually, one of our customers mentioned about it to me. He told me that Kazokutei is doing so well that the future is very promising. I have never been to overseas countries. Please take me to a foreign country some day!

Inui-san: And you have stepped-up your efforts on the development of defensive business management, haven't you?
Interview: Inui-san vs. Otei-chan

Inui-san: Expressway tolls have been reduced, so shops in service areas are now full of people. How wonderful it will be for us to be able to enjoy delicious Udon and Soba noodles in such shops!

Otei-chan: I do hope that a lot of shops will be opened. And now, let me know about your plan for Kazokutei next year (FY 2010).

1. Expansion of tie-up businesses
2. Increase of domestic corporate franchisees
3. Overseas businesses
4. M&A

Inui-san: Most certainly... I’d like Otei-chan to understand our plans for this year very well. I think the food service industry will continue to face difficult business conditions for this year. So, if we do exactly what we did during the previous business year, our sales are likely to decrease to somewhere around 95% compared to the previous year. With this level of sales, we will secure the same level of ordinary profits with the previous year, or approximately 280 million yen by thoroughly implementing our cost management system which was completed last year. Naturally, we will aim at even higher level of profits through our various sales promotion initiatives to boost revenue as much as possible. In our efforts to further improve profits, we will also implement the following four policies: The first one is expansion of tie-up business, as I just explained to you. The second one is expansion of corporate franchisees. Historically, franchisees of Kazokutei have been mainly individual proprietors and small-to-medium-sized corporations. However, due to economic recession, etc., it has become difficult for public financial corporations to finance individual franchisees. Last year that resulted in a series of suspensions or cancellations of new entry into our franchise chain. That’s why, since the business year we are planning to reinforce the development of new large-sized corporate franchisees with strong financial status in addition to individual franchisees and small-to-medium-sized corporate franchisees to increase the number of the franchise shops. We have already prepared a new organized program for large-scale corporate franchisees. For example, we are internally calling “the regional scheme”, we will guarantee, in our franchise agreement, the expansion of franchisees’ business by establishing multiple shops per regional unit area. Also, we will implement “shop manager rental system” as part of our shop management support for franchisees. Inui-san: The third key business initiative is overseas business. In 2010, we will open shops in China following Singapore and Thailand. China is a promising market and we are scheduled to open about 200 to 300 shops in China in several years.

Mid-term business plan (Basic strategies)

1. Business operations based on “Franchise Management Platform” in Japan and overseas, by growing out of the traditional type of business operations relying on Udon and Soba noodle shops.
2. Udon and Udon noodle business is just one of our business areas to which we can apply our platform. Kazokutei will expand itself to other business areas through M&A and development of new markets on its own.
3. The primary differentiation factor is the high quality in our Franchise Management Platform.

Therefore, Ushiyama-san (Director and General Manager of International Business Division) and Iwasa-san (Director and General Manager of Products Division) have been frequently having meetings with those concerned in China. We are also making preparations to open shops in other countries such as India, Indonesia, Vietnam, and Russia.

Inui-san: Yes, that’s right. The previous business plans didn’t include projection figures of M&A and overseas businesses, but the new mid-term business plans (from 2010 to 2014) do reflect these figures of overseas business except for M&A. The basic strategy is to promote operations based on our Franchise Management Platform in Japan and overseas, by outgrowing the traditional type of Udon and Soba noodle business.

Otei-chan: “Franchise Management Platform” Could you explain a bit more fully about it?
Interview: Inui-san vs. Otei-chan

Inui-san: “Platform” means a “base”, as it is often used in the IT industry. In other words, Kazokutei has its unique high-quality franchise management knowhow and, based on that, we will further add new types of business formats other than Udon and Soba noodle shops through M&A and through our own market development.

Recently, many M&A opportunities have been referred to us, and I think that we now have a good prospect of acquiring business formats of the companies which are poorly managed. Through M&A, Kazokutei can drastically improve their financial strength. More new business formats will be added as applications to our Franchise Management Platform. Even the companies presently doing well can be acquired at favorable terms in some cases.

Otei-chan: Our new business operations other than Udon and Soba noodle shops presently doing well can be acquired at favorable terms.

Inui-san: That we now have a good prospect of acquiring business formats of the other companies for as many as 20 years, by firmly establishing franchise management knowhow and, based on that, we will further add new types of business formats other than Udon and Soba noodle shops.

Inui-san: Good franchises relations have been built up, too. How marvelous! Then, may I understand that from now on, Kazokutei will launch new business areas other than Udon and Soba noodle shops?

Otei-chan: Definitely. One of our strength lies in its flexibility. Kazokutei already runs as many as 10 types of business operations centering on Udon and Soba noodle shops. From now on, we are planning to operate other than Udon and Soba noodle shops.

Now researches and experiments for that purpose are advancing. I would like to keep adding applications, or various differentiated business formats to expand our businesses. However, the business formats of food service industry depend somewhat on trends. Therefore, generally speaking, it’s quite difficult to keep the business formats differentiated for such a long time. I would like Kazokutei to differentiate itself by taking advantage of its franchise management Platform. I believe that Kazokutei can keep its distinctive advantages over other companies for as many as 20 years, by firmly establishing franchise management Platform which covers end-to-end value chain and provides the basis for thorough operations and management.

Otei-chan: Establishment of the Franchise Management Platform is a very, very important initiative to the future of Kazokutei, isn’t it?

Inui-san: By all means! According to the new business plans announced lately, we will aggressively develop new type of business formats other than Udon and Soba noodle shops not only in Japan but also overseas, taking advantage of our Franchise Management Platform. In five years time, or by 2014, we will be having 17 Billion Yen of revenues and 3 Billion Yen of ordinary profits. The number of restaurants and shops in total will be 175 including 475 in Japan and 300 overseas.

Otei-chan: We are having many, many family members of Kazokutei all over the world.

Inui-san: Yes, we sure are. We are planning to keep increasing the number of shops. And, I’d like to stress that the management system to support that is also really remarkable, though I don’t mean to boast about.

One of the key indexes to show organizational capability as a food service company, is “On which date of each month can you get the previous month’s financial results?”. In really strong organizations, the information such as monthly results is very quickly reported from the business fields. That enables the management immediately to analyze, and judge the latest field information, and to make decisions or to take actions at the earliest timing. This sense of speed is very crucial to our business. Shortly after I started working in Kazokutei, the results of the previous month became available sometime between the 18th and 20th of the following month. Therefore, in the shop manager meetings regularly held around the 10th of each month, we did not have the necessary figures for our concrete discussions and the meeting ended up with just moral talks. So, I discussed with Kawabata-san (Director and General Manager of Administrative Division) and executed very dynamic operational reforms and improvements. As a result, Kazokutei is now able to compile the settlements of monthly results on the 1st day of the following month. This is thanks to the efforts of all the shops to report inventory, employee attendance status, and expenses for power and utilities exactly by the end of each month.
Kazokutei’s accelerating overseas operations - From Asia to the rest of the world.

Last year, we opened two shops in Singapore and launched two shops in Bangkok, Thailand. This year, we will keep on opening new shops expeditiously through our new joint venture company established in China with Juggernole Limited, a wholly owned subsidiary of Want Want Group, a major food company originated in Taiwan. We will also aim at concluding new franchises and joint venture agreements in other countries. We will continue to aggressively develop overseas operations so as to build up structures in which we can generate sustainable profits (excluding license fees) in our overseas business by 2012.

Our overseas shop opening projection, starting this year

- **Russia**
  - Province: Moscow
  - Number of shops to be opened: 1

- **India**
  - Province: Delhi
  - Number of shops to be opened: 2

- **Vietnam**
  - Province: Ho Chi Minh
  - Number of shops to be opened: 3

- **Indonesia**
  - Province: Jakarta
  - Number of shops to be opened: 4

- **Singapore**
  - Province: Singapore
  - Number of shops to be opened: 10

- **Thailand**
  - Province: Bangkok
  - Number of shops to be opened: 5

Basic policies for overseas business

- **Target customers:** Presently growing middle income class in each local market.
- **Business formats:** Business scope will be expanded to franchises, licences, management and food service businesses. We will open small branches and franchises when we are ready to do so.
- **Business concept:** Local businesses and restaurants are diverse. We will basically use our original recipes, while also adjusting to local tastes.
- **Price:** Reasonable prices for our target customers.
- **Procurement:** Because imported materials are generally expensive, we will mainly purchase materials locally, depending on the situation of each country. We will build our own procurement and logistic system. The utilization of centralized kitchens to effectively manage our brand.

In China, a new joint venture was established with Want Want Group in December 2009.
You will receive training at Kazokutei headquarters in Osaka, Japan and at your side.

Establishing foodstuff procurement lines and distribution routes.

* The amounts below are given in Japanese yen.

**Initial membership fee**

<table>
<thead>
<tr>
<th>Type</th>
<th>Initial Membership Fee (JPY)</th>
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<tr>
<td>A type</td>
<td>From JPY35,000,000 to JPY50,000,000</td>
</tr>
<tr>
<td>B type</td>
<td>JPY10,000,000</td>
</tr>
</tbody>
</table>

This is an ordinary membership with no exclusive rights.

**Affiliating fee**

JPY10,000,000

To study your competitor and cover the various costs that will be incurred in creating your business plan, earning and expenditure model plan.

*(The actual fees for this investigation include travel and accommodation costs, charged separately.)*

**Marketing investment fee**

JPY800,000

*(travel and accommodation costs for local meetings are charged separately)*

**Shop design fee**

JPY1,000,000

Covers two weeks at Kazokutei training facilities and restaurants in Osaka, Japan and our staff at your side for four weeks before and after you open your own restaurant.

- Use of the English version of both Food preparation manual and customer service manual.
- More training days can be provided at an additional charge.
- All travel cost to Japan and supervisors sent from Kazokutei to your side will be charged separately.
- The cost of obtaining the restaurant premises, interior and exterior improvements, cooking facilities, and the cost of other needed equipment will be separate.

**Training fee**

JPY600,000

Concluding the contract

Support for starting, maintaining, and expanding your business

We give you lots of support so you can start up your business smoothly.

- We study the local market conditions, including your potential competitors and various costs.

- We will give you an overview as well as the details of our system for running a Kazokutei franchise chain business and ask you, as a potential member, about your requirements.

- After studying the conditions, we will familiarize you with the advantages you have and what problems need to be resolved in order to develop your business. We will act as your business mentor to help you become a candidate member.

- After thoroughly understanding, understanding and agreeing to our prebusiness plan, we will create an FC member contract for you.

- We will give you an overview of our system for running a Kazokutei franchise chain business and ask you, as a potential member, about your requirements.

Support for starting, maintaining, and expanding your business

- We fully support you in stabilizing your business by having our supervisors make periodic visits, and by making continuous checks on each operation.

- Support for increasing the number of restaurants, expanding the range of restaurant locations, and improving business at slow restaurants.

- You will receive support for starting a central kitchen, if necessary.

- We help you identify the tastes, menus, and cooking methods that are suitable for your local customers.

- Developing restaurant managers, cooks, and support staff.

- Help establishing a PC based operating management system.

- Kazokutei provides Japanese cuisine.

- We are searching for overseas business partners that can share our philosophy.

Kazokutei has the English website so that people overseas can fully understand our FC Business.

http://www.kazokutei.co.jp/en
We improve our taste and services as a leader in our group.

63 years since establishment, we at Kazokutei have been offering superior hospitality and service with a bright smile and our specialty soba that can be tasted even to "soba-yu" (the water where soba was boiled in.)

We prepare the soba by "grinding, kneading and boiling" with great delicacy and care, serve it to our customers with our whole heart.

In October 2009, my shop "Otei-chan shop at Takami" was also established.
With a wide choice of selections, customers can enjoy varieties of traditional udon.

We would like our customers to get toku (benefit) by enjoying delicious dishes while we would also like to share the joy of our customers.

"Toku Toku" with this concept has developed its directly-managed shops and FC shops across Japan as an authentic Udon-dish restaurant where customers can enjoy the original daintiness of Udon.

"Hanyu Seimensho or Noodle Plant" was established in "PASAR Hanyu" at Hanyu Service Area on Tohoku Expressway.

"Hanyu Seimensho" is our tie-up business with NEXCO East Japan Group.

In the image, various types of FC businesses are depicted, including self-service noodle shops on the road-side, self-service noodle shops in food courts, small-sized shops along the arcaded street and inside buildings, middle-to-large sized shops on road sides mainly serving Udon, shops in office buildings located in commercial districts or in front of stations, and middle-to-large sized self-service noodle shops on road sides.
Osaka

- Nakanoshima shop
- Otemae shop
- Shinsekai shop
- Shinsekai Meiko shop

Kyoto

- Nishi Nishiki shop
- Higashi Nishiki shop
- Gion shop

Nara

- Nara park shop

Hyogo

- Kichijo-en shop
- Shogen-ji shop
- Gokasho shop
- Fukujuen shop
- Rokkaku shop

Chiba

- Kanto Nippon shop
- Chiba Chinatown shop
- Fujisawa shop
- Kashiwabara shop

Kanagawa

- Yokohama shop
- Shinagawa shop
- Akasaka shop
- Meguro shop

Shizuoka

- Shizuoka-cho shop
- Hamamatsu shop

Aichi

- Nagoya shop
- Ueno shop
- Hibiya shop

Hokkaido

- West Side shop
- Hakodate shop
- Sapporo shop

Ibaraki

- Ibaraki City shop
- Hitachi shop

Tokyo

- Shinjuku-ku shop
- Shinjuku-cho shop
- Shibuya shop
- Ikebukuro shop

Thailand

- Siam shop
- Central World shop

China

- Shanghai shop
- Beijing shop

* Please refer to "Start of overseas expansion" on Page 9 & 10 for further details.
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**Osaka**
- Tsubaki-cho shop
- Kyobashi shop
- Suminodo shop
- Kadoma shop
- Zenya Makino shop
- Toku Toku Seimen
- Kawachi Nagano shop
- Minamimori-machi shop
- Korien shop
- Higashi Osaka Hishiya
- Iwaoka shop

**Shiga**
- Kanzake shop
- Feed Box shop
- Kanzake shop
- Monkey shop
- Kanzake shop
- Shiga shop
- Shiga shop
- Kanzake shop
- Kanzake shop
- Shiga shop

**Tokyo**
- Kawachi Nagano shop
- Minami Anjo shop
- Okazaki Midorigaoka shop
- Okazaki Mutsumi shop
- Okazaki Iga shop
- Shimoda shop
- Hananoi shop
- Funehikimachi Funehiki Harada
- Kameya Omiya shop
- Kashiwa-shi

**Hyogo**
- Katsushika Asahi shop
- Katsushika Asahi shop
- Katsushika Asahi shop
- Katsushika Asahi shop
- Katsushika Asahi shop
- Katsushika Asahi shop
- Katsushika Asahi shop
- Katsushika Asahi shop
- Katsushika Asahi shop

**Shimane**
- Kaminoyama shop
- Kaminoyama shop
- Kaminoyama shop
- Kaminoyama shop
- Kaminoyama shop
- Kaminoyama shop

**Hiroshima**
- Hiroshima Gion shop
- Koshikihara shop
- Koshikihara shop
- Koshikihara shop
- Koshikihara shop

**Shizuoka**
- Tsumaguchi shop
- Mise shop
- Mise shop
- Mise shop
- Mise shop
- Mise shop

**Nagano**
- Kanzaki Tezuka shop
- Kanzaki Tezuka shop
- Kanzaki Tezuka shop
- Kanzaki Tezuka shop
- Kanzaki Tezuka shop
- Kanzaki Tezuka shop

**Kochi**
- Kyou minami shop
- Kyou minami shop
- Kyou minami shop
- Kyou minami shop

**Aichi**
- Taku shop
- Hoba shop
- Hoba shop
- Hoba shop
- Hoba shop
- Hoba shop

**Chiba**
- Minami Fuchu shop
- Minami Fuchu shop
- Minami Fuchu shop
- Minami Fuchu shop

**Nagoya**
- Fuchu shop
- Fuchu shop
- Fuchu shop
- Fuchu shop
- Fuchu shop

**Saitama**
- Mallage Tottori shop
- Mallage Tottori shop
- Mallage Tottori shop
- Mallage Tottori shop
- Mallage Tottori shop

**Tokyo**
- Tama shop
- Tama shop
- Tama shop
- Tama shop
- Tama shop

**Ikeda**
- Kameya Omiya shop
- Kameya Omiya shop
- Kameya Omiya shop
- Kameya Omiya shop

**Shizuoka**
- Hanamizaki shop
- Hanamizaki shop
- Hanamizaki shop
- Hanamizaki shop
- Hanamizaki shop
- Hanamizaki shop

**Mie**
- Kameya Omiya shop
- Kameya Omiya shop
- Kameya Omiya shop
- Kameya Omiya shop

**Aomori**
- Kanto shop
- Kanto shop

**Iwate**
- Kanto shop
- Kanto shop

**Miyagi**
- Kanto shop
- Kanto shop

**Fukushima**
- Kanto shop

**Niigata**
- Kanto shop
- Kanto shop

**Chiba**
- Kanto shop
- Kanto shop

**Ibaraki**
- Kanto shop
- Kanto shop

**Kumamoto**
- Kanto shop

**Aichi**
- Kanto shop

**Nagano**
- Kanto shop

**Shizuoka**
- Kanto shop

**Mie**
- Kanto shop

**Singapore**
- Kanto shop

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*Please refer to “Start of overseas expansion” on Page 9 & 10 for further details.*
The general business situation

Business progress and results, outlook for next year

We, Kakuosha Co., Ltd., have changed our basic policy for business operations since January, 2009. Specifically, we have set as our basic policy to "Build up a management structure that can generate profit even with the 99% sales of existing shops as compared to previous year" and have established a system for staff rotation management in shops, reduction of food material waste, and quality of utility expenses. As a result, despite the aggregate decrease in sales due to overcapacity of sales outlets and the resultant low level sales in existing shops as compared to previous year as well as the negative impact of new strain of influenza centered on Kansai area, in particular, we were able to realize greater operating and ordinary income than those of the previous business year.

Moreover, we have generated positive net profit for the year, though slightly, while proactively implementing Scarp & Build of existing shops to build up future profitable structures.

We initiated sales promotion campaigns such as "Happy Week Coupon" which costs 5,000 Yen but is worth 5,500 Yen dine-in in June. Also we started in selected shops "Companionship Services" and "Blood Donation Campaign". They enabled us to attract new customers and secure a large number of repeat customers. In addition, directly managed "Toku Toku" shops commenced business in August and "The World's Three Major Soup Pren Counter Festival" in November in order to increase the number of regular customers.

Concerning scattering of sales networks, because of the number of shops by the sale of sales outlets due to overcapacity of the shops in our business in the direct business 11% of the December 2009 was 16 in December 2008 due to strategic Scarp & Build initiative and establishment of franchise chain shops. This has brought the number of divided managed shops to 1,170 total of all of the end of this business year. Meanwhile, as for the FC business, 32 new franchise agreements were concluded and 19 shops were newly opened, including a shop whose owner has changed from a shop that had been a directly managed shop, while we have terminated 9 franchisees. Among the reasons of such terminations, business success problems or temporarily performance are included. All together, the total number of shops resulted in 219 including directly managed shops and franchise chain shops.

We have reached new business areas, we have concluded a technical support agreement with Juggernole Limited, a wholly owned subsidiary of Want Want Group, a major food company in China and are planning to open shop-in-spring in 2010 based on the license obtained in December to establish a joint venture.

As a result of the above-mentioned sales activities, revenue were decreased by 32% from the previous year to 6,035 billion Yen, with operating income decreased by 20.7% to 268 million Yen, with ordinary income decreased by 19.1% to 216 million Yen. Net profit for the business year amounted to be 24 million Yen, with extraordinary losses of 159 million Yen mainly due to loss on disposal of fixed asset and loss on shop closure based on Scarp & Build Initiative, etc. This represents 85.0% reduction compared to the previous term. Interest-bearing liabilities were decreased by 263 million Yen to 1,914 million Yen compared to 2,178 million Yen in the previous business year.

Concerning the outlook for the next business year, we assume no major changes in the business climate, except for potential negative impact of new strain of influenza centered on Kansai area. In particular, we believe that sales performance will be affected by the conclusion of franchise agreements with new overseas partners in order to generate further profits.

For the whole business year, the performance of the whole business activity is projected to be 0.322 billion Yen in revenue, 451 million Yen in operating income, 416 million Yen in ordinary income, and 167 million Yen in net profit.

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<th>Financial Highlights</th>
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<td><strong>Total asset</strong></td>
<td></td>
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<tr>
<td>The 56th period</td>
<td></td>
</tr>
<tr>
<td>December31, 2007</td>
<td>7,411</td>
</tr>
<tr>
<td>The 57th period</td>
<td>7,599</td>
</tr>
<tr>
<td>December31, 2008</td>
<td>7,676</td>
</tr>
<tr>
<td>The 58th period</td>
<td>7,574</td>
</tr>
<tr>
<td>December31, 2009</td>
<td>7,248</td>
</tr>
<tr>
<td>The 59th period</td>
<td>7,266</td>
</tr>
<tr>
<td>December31, 2010</td>
<td>6,819</td>
</tr>
<tr>
<td>The whole year</td>
<td>6,859</td>
</tr>
<tr>
<td><strong>Net asset</strong></td>
<td></td>
</tr>
<tr>
<td>The 56th period</td>
<td>3,366</td>
</tr>
<tr>
<td>December31, 2007</td>
<td>3,677</td>
</tr>
<tr>
<td>The 57th period</td>
<td>3,627</td>
</tr>
<tr>
<td>December31, 2008</td>
<td>3,656</td>
</tr>
<tr>
<td>The 58th period</td>
<td>3,728</td>
</tr>
<tr>
<td>December31, 2009</td>
<td>3,740</td>
</tr>
<tr>
<td>The 59th period</td>
<td>3,719</td>
</tr>
<tr>
<td>December31, 2010</td>
<td>3,716</td>
</tr>
<tr>
<td><strong>Net profit for this Period</strong></td>
<td></td>
</tr>
<tr>
<td>The 56th period</td>
<td>98</td>
</tr>
<tr>
<td>December31, 2007</td>
<td>300</td>
</tr>
<tr>
<td>The 57th period</td>
<td>231</td>
</tr>
<tr>
<td>December31, 2008</td>
<td>265</td>
</tr>
<tr>
<td>The 58th period</td>
<td>150</td>
</tr>
<tr>
<td>December31, 2009</td>
<td>92</td>
</tr>
<tr>
<td>The 59th period</td>
<td>276</td>
</tr>
<tr>
<td>December31, 2010</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Due to a change in account settlement term, the 57th period was 9 months from April 1st to December 31st, 2007. Revenue, mid-term settlement term for period of 9 months was from April 1st to September 30th, 2007, period of 6 months.
### Financial Statements

#### Balance Sheet

<table>
<thead>
<tr>
<th>Items</th>
<th>Current period (from January 1, 2009 to December 31, 2009)</th>
<th>Previous period (from January 1, 2008 to December 31, 2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>479,113</td>
<td>418,004</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>440,282</td>
<td>374,857</td>
</tr>
<tr>
<td>Inventory</td>
<td>194,380</td>
<td>156,236</td>
</tr>
<tr>
<td>Others</td>
<td>257,063</td>
<td>254,061</td>
</tr>
<tr>
<td>Allowance for doubtful debts</td>
<td>356,220</td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>1,338,308</td>
<td>1,234,610</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>4,490,072</td>
<td>4,517,075</td>
</tr>
<tr>
<td>Lands</td>
<td>930,410</td>
<td>916,410</td>
</tr>
<tr>
<td>Others</td>
<td>1,033,567</td>
<td>998,733</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>13,585,680</td>
<td>13,518,458</td>
</tr>
<tr>
<td><strong>Total Tangible Fixed Assets</strong></td>
<td>2,771,992</td>
<td>2,970,688</td>
</tr>
<tr>
<td><strong>Intangible Fixed Assets</strong></td>
<td>347,130</td>
<td>560,243</td>
</tr>
<tr>
<td>Investments in Securities</td>
<td>42,722</td>
<td>51,563</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>214,770</td>
<td>2,236,418</td>
</tr>
<tr>
<td>Others</td>
<td>205,593</td>
<td>213,018</td>
</tr>
<tr>
<td>Allowance for doubtful debts</td>
<td>35,813</td>
<td></td>
</tr>
<tr>
<td>Investments and Other Assets</td>
<td>2,466,297</td>
<td>2,301,388</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>5,524,465</td>
<td>6,032,912</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,862,769</td>
<td>7,266,622</td>
</tr>
</tbody>
</table>

*Notes: Numbers less than 1,000 yen are rounded off from the amount shown.*

The total of Assets was 6.862 billion yen, which was a decrease of 607 million yen from previous year end, mainly due to the amortization of costs for shop closure and depreciation as well as the decrease of lease deposits and guarantee money.

#### Profit-and-loss statement

<table>
<thead>
<tr>
<th>Items</th>
<th>Current period (from January 1, 2009 to December 31, 2009)</th>
<th>Previous period (from January 1, 2008 to December 31, 2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>8,955,961</td>
<td>9,205,422</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit on sales</strong></td>
<td>1,347,042</td>
<td>1,341,548</td>
</tr>
<tr>
<td><strong>Selling, General and Administrative Expenses</strong></td>
<td>1,080,947</td>
<td>1,031,742</td>
</tr>
<tr>
<td><strong>Operating profit (or Loss)</strong></td>
<td>266,095</td>
<td>327,805</td>
</tr>
<tr>
<td><strong>Non-operating income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary Income (or Loss)</strong></td>
<td>176,400</td>
<td>346,657</td>
</tr>
<tr>
<td><strong>Extraordinary Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income (or Loss) before Tax in the Current period</strong></td>
<td>37,420</td>
<td>204,340</td>
</tr>
<tr>
<td>Corporate Tax etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Income (or Loss) in This period</strong></td>
<td>77,935</td>
<td>108,251</td>
</tr>
</tbody>
</table>

*Notes: Numbers less than 1,000 yen are rounded off from the amount shown.*

Kazokutei was able to generate profits despite the difficult economic environments. It was made possible through the establishment of a management system to generate profit from the sale of the existing shops at 90% level as compared to previous year, wasn’t it?

The total of Liabilities was 3.76 billion yen, which was a decrease of 322 million yen from the previous business year-end, mainly due to the decrease in accounts payable, long-term borrowing, and accrued income tax, etc.
**Company Outline** (As of December 31, 2009)

**Company name**: KAZOKUTEI CO., LTD.

**Date of establishment**: April 5, 1941

**Major business**: Operation of restaurants mainly serving "Soba / Udon" and sales of wholesale foodstuff etc to restaurants. They also engage in "Soba / Udon" and sales of wholesale foodstuff etc to restaurants. They also engage in the business of online sales of "Soba / Udon" and wholesale foodstuff etc.

**Capital**: 1,465,784,000 yen

**Number of employees**: 1,465 as of December 31, 2009

**Offices**
- Head office: Torikaikami 2-1-28, Settsu-shi, Osaka, Japan (TEL: +81-6-6227-6030, FAX: +81-6-6227-6040)
- Kanto office: Kanto-ku, Tokyo, Japan (TEL: +81-3-3273-4880, FAX: +81-3-3273-4881)
- Nishinomiya factory: Nishinomiyahama 1-27, Nishinomiya-shi, Hyogo, Japan
- Koshu factory: Koshu-shi, Yamanashi, Japan
- Fujimura-Yamato Seimei Bldg. 2F 4-2-14, Fushimimachi, Osaka 541-8502, Japan (TEL: 0120-094-777(Free charge number), FAX: +81-6-6227-6048)

**Distribution Status of Shareholders**
- By Category of Owners
  - Securities companies: 1,000 shares or more
  - Financial institutions: 1,000 shares or more
  - Public organizations: 1,000 shares or more
  - Individuals: Less than 100 shares

**Shareholder special benefit plan**
- The presentation periods are April and September.

**Method of public announcements**
- To be conducted electronically

**URL for public announcements**
- http://www.kazokutei.co.jp

**Administrative institutions**
- Mitsubishi UFJ Trust and Banking Corporation

**Note**
- Individual shareholders' benefit plan is shown on our websites.