



REPORT 2007





Taste & Comfort

Eating delicious food brings a feeling of comfort and warmth. House Foods believes that proper eating doesn't only provide physical nourishment, but also contributes to mental and spiritual well-being. That's why we strive to ensure that our products are always delicious, safe, and easy to prepare. What's more, we want our products to be brimming with new discoveries. That's the way it's always been at House Foods, and the way it always will be.

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I am pleased to report to our stakeholders on the business results for House Foods Corporation in fiscal 2007, the year ended March 31, 2007.

In fiscal 2007 signs of improvement in the personal consumption and employment situations became evident against the backdrop of overall robust corporate earnings and the trend toward recovery gained even greater momentum. However the environment surrounding the food industry has worsened markedly and various cost-raising factors are materially affecting corporate earnings—one such example being the soar in material prices, resulting from the dwindling of raw materials, which, in turn, is due to the increase in global demand.

In this environment, in fiscal 2007, the initial year of our second medium-term business plan, a number of efforts, which were launched by the first medium-term business plan, came to fruition. In the health foods business, which is being developed into a core business, the Ukon No Chikara series, which had been making gains in recognition and floor space, has rapidly grown into a major pillar for the business and with the support of a wide-range of customers has expanded its repeat clientele. Moreover C1000 brand of health drinks and other products by House Wellness Foods Corporation, despite unseasonable weather since the previous year, has continued to be regarded highly by our customers. We intend to make these brands our core health food business and further improve our corporate value while enhancing the synergy between our group companies.

Meanwhile in its traditional core business, our low-calorie Prime Curry and Hokkaido White Curry, which have been enhanced with new value through our proprietary technology and the individual-serve, ready-to-eat Cup Stew have also been well received.

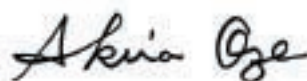
With regard to overseas operations, following the commencement of full-scale operations of our New Jersey plant on the East Coast, the U.S. Tofu business now boasts a two production base-structure; one on each coast. With the heightened health awareness in the United States, House Foods is making an effort to secure the leading market share of tofu in the United States. In China, on the other hand, by extending the curry roux and retort curry sales offices from Shanghai to Beijing and its environs and through the promotion of proactive marketing activities, we have been successful in popularizing Japanese-style curry in China. In a related development, the curry restaurant with shops in China and Taiwan, which was started as a joint venture with Ichibanya Co., Ltd. is also steadily increasing its number of outlets.

In the business results for fiscal 2007, the Company posted substantial year on year increases both in the consolidated and non-consolidated revenues as a result of the consolidation of House Wellness Foods Corporation from the current term, in addition to the strong performance by Ukon No Chikara and Rokko No Oishii Mizu. With regards to profits, despite the amortization of negative goodwill, which accompanied the acquisition of House Wellness Foods Corporation stocks, we achieved increased profits as a result of the effects of increased revenues as well as from the effective management of marketing costs and the continuous implementation of cost-cutting activities.

We will endeavor to be a company that “creates new value and brings forth health and taste” by endeavoring to develop products that deliver “Taste & Comfort” whose “new value” is recognized by customers. At the same time, we will make product quality and safety our first concern and will strive to provide reassurance and instill even greater confidence and trust in our customers.

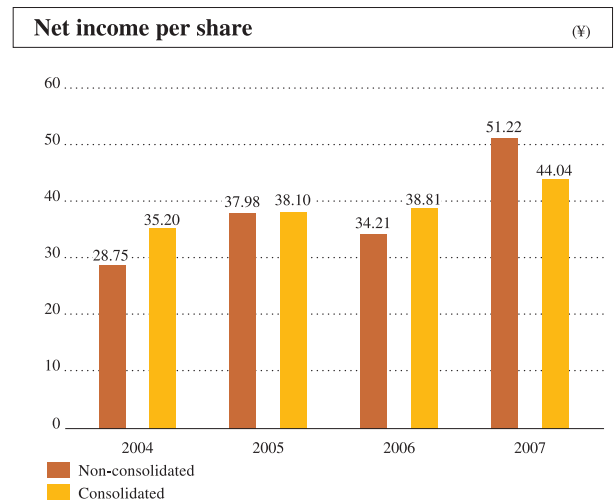
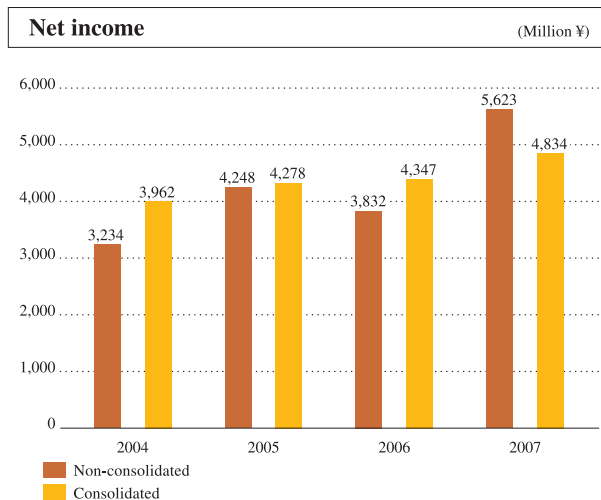
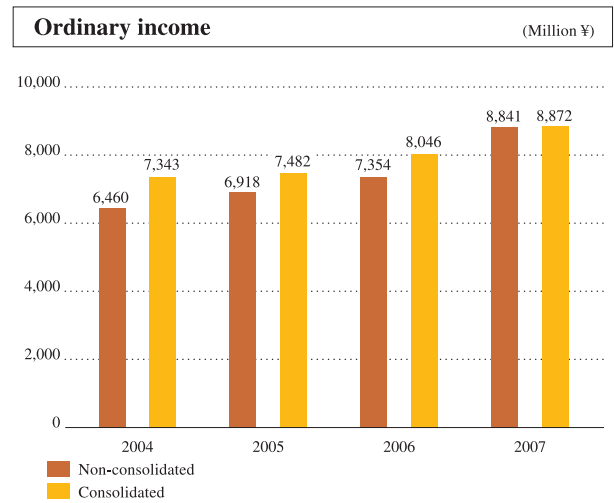
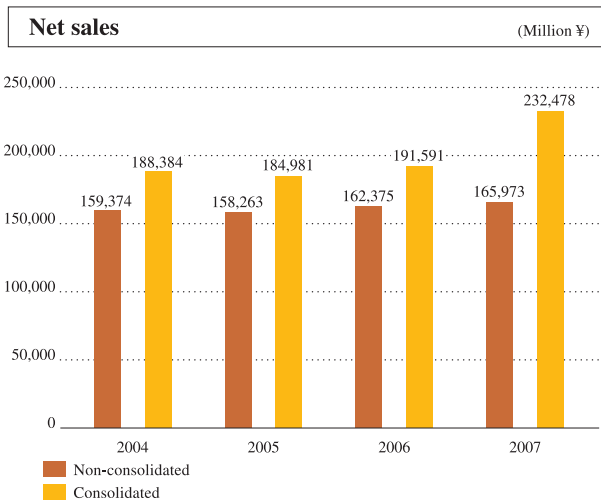
I request the continued understanding and cooperation of our stakeholders in the coming years.

June, 2007



Akira Oze
President





Review of Operations

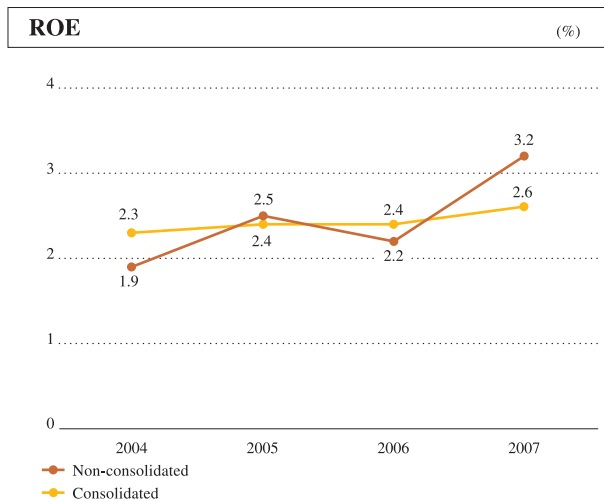
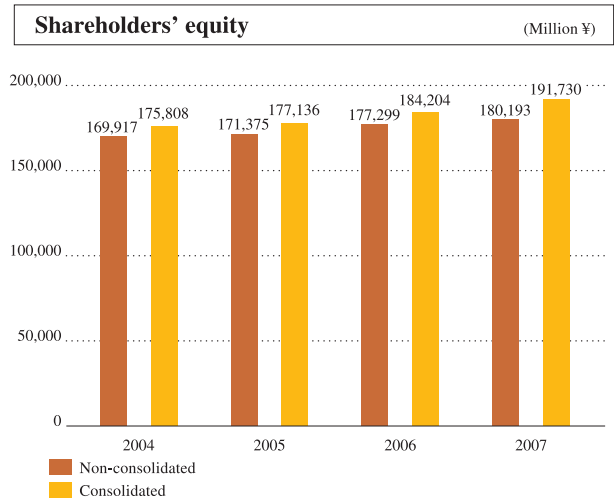
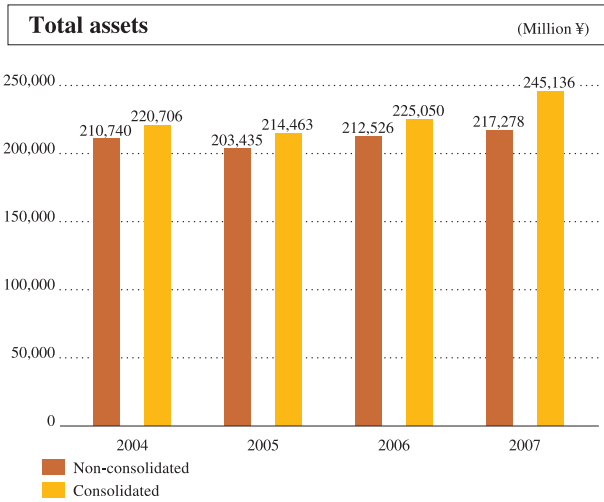
Beginning from the current fiscal year, the House Foods Group, has launched the second medium-term business plan as an implementation plan that would bring it closer to its goal of becoming a company that “creates new value and brings forth health and taste” in ten years time.

In the core businesses of curry, stew and spices, the Group, in addition to developing products equipped with new functions made possible through its proprietary technology that would appeal to a wide spectrum of customers of many generations and engaging in activities to promote better understanding of its product attributes, actively took part in “dietary education” activities that explored such themes as happy family gatherings centering on food and communication through meals. The Group

also made efforts to revitalize the market by such means as diversifying the dining scenes of its customers through the expansion of its individual serving instant product lineup.

In the health foods business, which is being developed into a core business, the Group focused on the development of health beverages that utilize the active ingredients of spices and endeavored to expand its sales channels and improve profitability. Additionally, in order to reinforce the business base of its health food operation, House Foods consolidated House Wellness Foods Corporation, a manufacturer and marketer of the C1000 series of health drinks and other products, which succeeded the business of Takeda Food Products, Ltd.

In overseas operations, House Foods America Corporation



commenced full-scale operations from June 2006 of its New Jersey plant and has been actively engaged in the sales expansion of tofu products in the East and Midwest.

As far as new businesses are concerned, in addition to the entry into the new health foods market through its mail order business, which was launched at the end of the last year, on the suggestion of providing chilled food products, the Group has also been delivering authentic dishes that bring out the taste of its ingredients to its customers.

As a result of the above, the House Foods Group posted consolidated net sales of ¥232,478 million, an increase of 21.3% year on year. The revenue increase was mainly attributable to the strong performances by the businesses, which are being

developed into core business, centered on the health foods and the drinks businesses, as well as to the inclusion of House Wellness Foods Corporation as a consolidated subsidiary beginning from the current fiscal year.

With regard to profits, despite the amortization of negative goodwill accompanying the acquisition of House Wellness Foods Corporation stocks, as a result of the effects of increased revenue and the continued implementation of cost-cutting activities, the Group posted consolidated operating income of ¥8,260 million, a year-on-year increase of 13.5%, consolidated ordinary income of ¥8,872 million, a year-on-year increase of 10.3%, and consolidated net income of ¥4,834 million, a year-on-year increase of 11.2%.

Curry and Spices

Efforts were made to invigorate the curry roux market by introducing Prime Curry and Hokkaido White Curry, whose new functions and tastes gained support of customers. Although these products contributed to sales, weak sales of Kokumaro Curry and other products resulted in business performance falling short of the previous year.

With regard to spice products, despite the continued warm reception to the Gaban range of Western spices, which is also widely used by professionals, soft performances by the existing Pepper and Neri Spice products resulted in sales to fall slightly short of prior-year levels.

Sales from this segment were ¥60,862 million, a decrease of 1.8% year on year.

Stew and Packaged Noodles

With regard to stew products, despite the launch of the new menu, the Kanjuku Tomato No Chowder to follow Hokkaido Chowder in the Chowder series and the improved lineup of the Cup Stew noted for its convenience and genuine flavor, sales on the stew market remained sluggish due to the record-breaking warm winter, leading to lower revenues overall.

In terms of packaged noodle products, despite the strong performance by the long-selling mainstay product Umakacchan, sales overall fell short of prior-year levels.

Sales from this segment were ¥35,067 million, a decrease of 5.5% year on year.

Retort Pouched Foods and Tofu

With regard to retort curry products, Torouma Kakuni Curry containing stewed meats prepared with the Company's own juicy cooking method and the Azabu Juban series noted for the rich flavor of its genuine demi-glace sauce both contributed to increased sales. However due to the effects of competition by other products and other types of business, Kukure Curry and Curry Marche did not perform as strongly, resulting in overall sales to fall short of prior-year levels.

In the prepared food and baked bread operations, sales of prepared foods, prepared salads and dessert products grew steadily. However the drop in bread products sales resulted in an overall decrease in revenues.

With regard to the tofu business in the United States, in addition to the expansion of the market owing to the growing awareness of health, the commencement of operations of the New Jersey plant and the ensuing establishment of production bases on both coasts contributed to sales in the East and Midwest, which, in turn, resulted in increased revenues.

Sales from this segment were ¥40,168 million, a decrease of 2.1% year on year.



Other products

The Curry (Curry Sauce Mix) / Kokumaro Curry (Curry Sauce Mix) / Kokumaro Curry Special (Curry Sauce Mix) / Soup Curry No Takumi (Curry Soup Mix) / Curry Partner (Spices) / Cooking Spice (Spices) / Yofu Spice (Spices) / New Crown Ace Spice (Spices) / Reishabu Dressing (Dressing)



Other products

Kokumaro Stew (Stew Mix) / Bistro Chef (Stew Mix) / Stew De-Veau (Stew Mix) / Hokkaido Chowder (Chowder Mix) / Kanjuku Tomato No Hayashi Rice Sauce (Hashed Beef Sauce Mix) / Tofu Hamburg No Moto (Patty Mix) / Mugicha (Barley Tea) / Sukiyanen (Packaged Noodle)



Other products

Kukure Curry (Retort Pouched Curry Sauce) / Curry Ya Hayashi Curry (Retort Pouched Curry Sauce) / Java Curry Spice extra (Retort Pouched Curry Sauce) / Pasta Ya (Retort Pouched Spaghetti Sauce)

Drinks, Snacks and Other Products

In the health foods segment, an aggressive marketing campaign resulting in boosted purchase frequency and the cultivation of new marketing channels both led to continued overwhelming support of Ukon No Chikara; and Ninniku No Chikara, the second product in the Chikara line, also performed strongly. Moreover the addition of House Wellness Foods Corporation, manufacturer and marketer of health foods such as Lemon Water and Vitamin Lemon, to the scope of consolidation for this fiscal year contributed greatly to the expansion of sales, which led to substantial increase in overall revenues.

Sales of beverages also exceeded prior-year levels, as the Group focused on the handling of drinks in convenience stores and as a result of the strong performance by Rokko No Oishii Mizu, achieved through aggressive expansion of its sales channels.

Sales of snack products continued to increase as a result of the warm reception to the various new types of the long-seller Tongari Corn and the launch of the new Gaban Potato Chips.

Revenues from dessert products increased steadily owing to strong sales of the convenient Fruiche <Handy-Type> and the vitamin C-filled Fruiche, C No Kajitsu.

Sales from this segment were ¥85,735 million, an increase of 105.6% year on year.

With regard to the commercial-use products sector, which spans all product groups, aggressive expansion of its sales channels resulted in strong sales of retort products including bread fillings and frozen food products and increased sales overall.



Other products

Ninniku No Chikara (Functional Beverage) / Fruiche C No Kajitsu (Fruit Dessert Base) / Pure-In (Functional Snack) / Kuromame Cocoa (Cocoa Powder) / Sawayaka Toiki (Refreshing Mints) / Natural Brown (Cereal Snack) / Cold Soup (Soup) / Purin (Pudding Mix) / O'Zack (Potato Snack)

Transport and Warehouse Operations

The Company secured higher revenues from physical distribution operations as a result of steady increases of transactions within the Group as well as the continued efforts to establish business relationships with outside customers.

In the food products analysis business, revenues exceeded prior-year

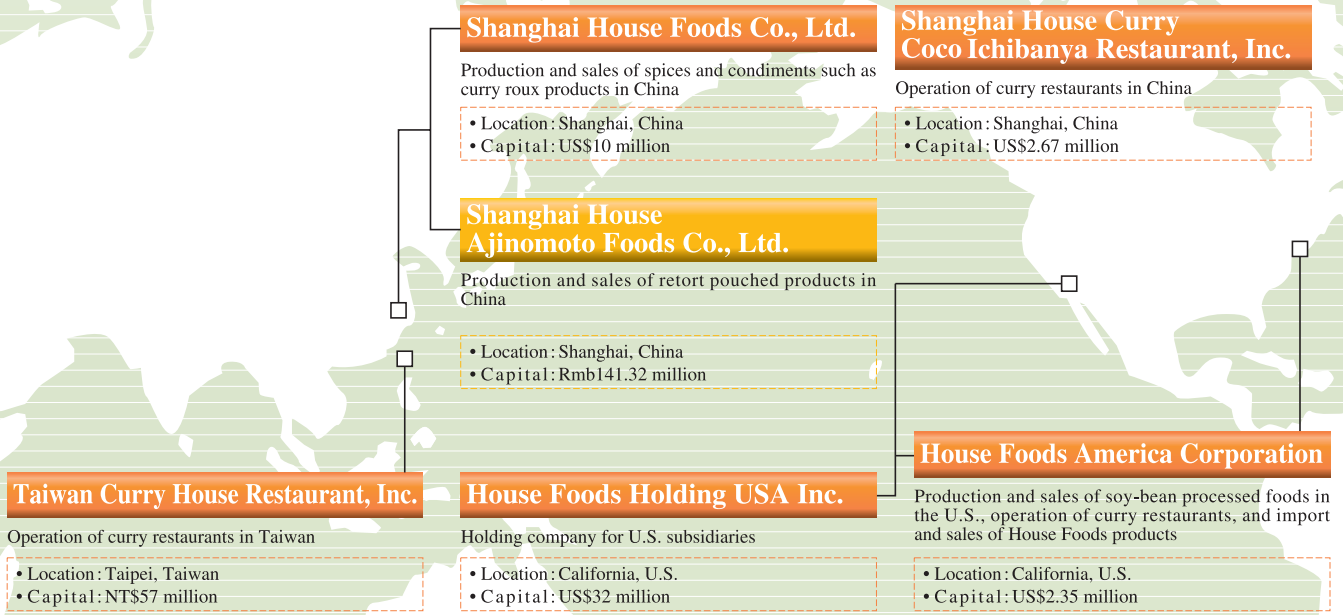
levels as the number of contracted analysis projects and quality consulting services from other companies steadily increased.

Sales from this segment were ¥10,645 million, an increase of 9.1% year on year.

Overseas

Consolidated Subsidiaries
(15 companies)

Affiliates Accounted for by the Equity Method
(5 companies)



TOPICS U.S. Tofu Business Aims for No. 1 Market Share as Second U.S. Plant Goes into Operation

House Foods America, a U.S. subsidiary engaged in the tofu business has commenced full-scale operation of its second plant in New Jersey in June 2006. With production bases on both the East and West coasts, a structure has been put in place for the timely supply of fresh tofu.

The company will focus on expanding its market in the East and Midwest region, which account for 56% of the U.S. population and attaining nationwide market share leadership in the U.S.

From now on the company will strive to expand its distribution routes in the American market and cultivate the market for commercial-use tofu, as well as improve its product lineup thereby endeavor to expand its business domain for soybean-related products.



House Foods America Corporation



Tofu products

TOPICS Promoting the Spread of Japanese-style Curry in the Asian Region

House Foods Group is aiming to spread Japanese-style curry in the Asian countries such as China.

The subsidiary, Shanghai House Foods Co., Ltd has been increasing sales of household-use and commercial-use curry roux products, while in the restaurant business, Shanghai House Curry Coco Ichibanya Restaurant currently operates seven restaurants.

In the future, ten restaurants including those in the Beijing area are scheduled to open during 2007.

Taiwan Curry House Restaurant currently with three restaurants has also been well received and is planning to set up a five-restaurant structure in 2007.



Shanghai House Curry Coco Ichibanya Restaurant, Inc.



Asparagus & Tomato Omelet Rice with Curry



Vermont Curry



Shanghai House Foods Co., Ltd.

In Japan

Delica Chef Corporation

Production of prepared dishes for convenience stores, baked bread, dessert products, etc.

- Location: Ageo-city, Saitama
- Capital: ¥402.15 million

Sun House Foods Corporation

Production of retort pouched products for home use and commercial use

- Location: Konan-city, Aichi
- Capital: ¥200 million

House Wellness Foods Corporation

Production and sales of foods and beverages

- Location: Itami-city, Hyogo
- Capital: ¥100 million

House Logistics Service Corporation

Transport and warehouse operations for House Foods Group

- Location: Higashi-osaka-city, Osaka
- Capital: ¥80 million

House Food Analytical Laboratory Inc.

Testing and analysis of foods and food ingredients and consulting concerning quality management

- Location: Yotsukaido-city, Chiba
- Capital: ¥60 million

Sun Supply Corporation

Meat processing for ingredients of retort pouched products

- Location: Konan-city, Aichi
- Capital: ¥50 million

S Pack Corporation

Packaging of products with special specifications, such as three-in-one retort curry pouches

- Location: Higashi-osaka-city, Osaka
- Capital: ¥40 million

High Net Corporation

Transport and storage of baked bread for convenience stores produced by Delica Chef

- Location: Narashino-city, Chiba
- Capital: ¥20 million

Asaoka Spice K.K.

Sales of spice products

- Location: Chuo-ward, Tokyo
- Capital: ¥16 million

House Insurance Enterprise Corporation

Insurance agency handling non-life insurance and life insurance products

- Location: Higashi-osaka-city, Osaka
- Capital: ¥10 million

Vox Trading Co., Ltd.

Import and sales of food ingredients and processed foods

- Location: Chuo-ward, Tokyo
- Capital: ¥1,660.66 million

Ichibanya Co., Ltd.

Operation of a curry restaurant chain

- Location: Ichinomiya-city, Aichi
- Capital: ¥1,503.27 million

Japan Milk Vegetable Ltd.

Production and sales of health beverages and health foods

- Location: Kumamoto-city, Kumamoto
- Capital: ¥1,155.28 million

Sanyo Can Corporation

Production and sales of dessert products, canned products and retort pouched products for commercial use

- Location: Fukushima-city, Fukushima
- Capital: ¥154.92 million

TOPICS C1000 Brand newly joins House Foods Group

To reinforce the health foods business, which is being developed into a core business, House Foods Group in April 2006 consolidated the subsidiary, House Wellness Foods Corporation, which succeeded the business of Takeda Food Products, Ltd. into the Group.

House Wellness Foods Corporation manufactures and sells C1000 brand and other health beverages, health foods and nutritionally balanced foods.

C1000 Vitamin Lemon

A carbonated drink that concentrates 1000mg of vitamin C, vitamin B1, vitamin E and other vitamins contained in lemon juice into a small container.

C1000 Lemon Water

A lemon-flavored, isotonic beverage that quickly replenishes 1000mg of vitamin C and water. Since it contains few calories, it may be enjoyed at all times.

Nama Royal Jelly 1000 Drink

A refreshing yogurt-flavored beverage that can distribute many of the ingredients found in 1000 mg of royal jelly in unadulterated form.





Consolidated Financial Statements

Consolidated Balance Sheets As of March 31, 2007 and 2006

ASSETS	Thousands of U.S. dollars	Millions of yen	
	2007	2007	2006
Current assets	\$ 822,136	¥ 97,053	¥ 95,505
Cash and bank deposits	305,439	36,057	46,753
Notes and accounts receivable—trade	353,923	41,781	33,139
Marketable securities	25,592	3,021	2,193
Inventories	91,195	10,766	9,489
Deferred tax assets	27,700	3,270	1,917
Other current assets	18,346	2,166	2,015
Allowance for doubtful accounts	(59)	(7)	(1)
Fixed assets	1,254,408	148,083	129,545
Property, plant and equipment	536,612	63,347	54,315
Buildings and structures	178,907	21,120	19,575
Machinery, equipment and vehicles	115,506	13,635	12,252
Land	229,943	27,145	18,855
Construction in progress	1,892	223	2,558
Other tangible fixed assets	10,365	1,224	1,076
Intangible fixed assets	114,817	13,554	1,453
Software	8,047	950	712
Software in progress	10,302	1,216	403
Goodwill	95,045	11,220	12
Other intangible fixed assets	1,422	168	326
Investments and other assets	602,979	71,182	73,777
Investment securities	547,028	64,577	68,386
Long-term loans receivable	341	40	15
Deferred tax assets	1,972	233	425
Long-term time deposits	22,025	2,600	2,600
Prepaid pension cost	10,612	1,253	-
Other investments	22,749	2,686	2,538
Allowance for doubtful accounts	(1,749)	(206)	(187)
TOTAL ASSETS	\$2,076,544	¥245,136	¥225,050

Yen amounts have been translated into US dollars at the rate of ¥118.05 = US\$1.

LIABILITIES	Thousands of U.S. dollars	Millions of yen	
	2007	2007	2006
Current liabilities	\$ 367,052	¥ 43,330	¥ 33,604
Notes and accounts payable—trade	189	22,270	17,251
Short-term loans payable	1,950	230	-
Accounts payable—other	119,814	14,144	11,617
Accrued income taxes	17,973	2,122	1,742
Reserve for bonuses to directors and corporate auditors	684	81	-
Other current liabilities	37,983	4,484	2,994
Long-term liabilities	85,347	10,075	6,227
Reserve for retirement benefits	27,267	3,219	821
Reserve for retirement benefits for directors and corporate auditors	275	32	1,006
Long-term accounts payable—other	7,117	840	-
Deferred tax liabilities	45,143	5,329	4,070
Other long-term liabilities	5,544	654	330
Total Liabilities	\$ 452,399	¥ 53,406	¥ 39,832
MINORITY INTERESTS			
Minority interests	-	-	¥ 1,014
SHAREHOLDERS' EQUITY			
Common stock	-	-	¥ 9,948
Capital surplus	-	-	23,868
Retained earnings	-	-	141,687
Net unrealized gain on available-for-sale securities	-	-	10,172
Foreign currency translation adjustments	-	-	(181)
Treasury stock	-	-	(1,291)
Total Shareholders' Equity	-	-	184,204
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	-	-	¥225,050
NET ASSETS			
Shareholders' equity	\$1,495,468	¥176,540	-
Common stock	84,272	9,948	-
Capital surplus	202,188	23,868	-
Retained earnings	1,220,032	144,025	-
Treasury stock	(11,024)	(1,301)	-
Valuation and translation adjustments	83,322	9,836	-
Net unrealized gain on available-for-sale securities	84,156	9,935	-
Foreign currency translation adjustments	(834)	(98)	-
Minority interests	45,355	5,354	-
Total net assets	1,624,145	191,730	-
Total liabilities and net assets	\$2,076,544	¥245,136	-

Consolidated Statements of Retained Earnings For years ended March 31, 2006

CAPITAL SURPLUS	Millions of yen
	2006
Capital surplus at beginning of year	¥ 23,868
Capital surplus at end of year	23,868
RETAINED EARNINGS	
Retained earnings at beginning of year	139,841
Increase in retained earnings	4,347
Net income	4,347
Decrease in retained earnings	2,501
Cash dividends	2,415
Bonuses to directors and corporate auditors	86
Retained earnings at end of year	¥141,687

Consolidated Statements of Income For years ended March 31, 2007 and 2006

	Thousands of U.S. dollars	Millions of yen	
	2007	2007	2006
Net sales	\$1,969,315	¥232,478	¥191,591
Cost of sales	1,035,848	122,282	100,602
Gross profit	933,467	110,196	90,989
Selling, general and administrative expenses	863,500	101,936	83,714
Operating income	69,966	8,260	7,275
Non-operating income			
Interest and dividend received	6,963	822	822
Other	4,112	485	571
Non-operating expenses			
Interest expenses	130	15	6
Equity in losses of affiliates	3,827	452	236
Other	1,934	228	380
Ordinary income	75,151	8,872	8,046
Extraordinary gains			
Gain on sale of fixed assets	8,469	1,000	47
Reversal of allowance for doubtful accounts	241	29	7
Gain on sale of investment securities	2,079	245	28
Other	68	8	61
Extraordinary losses			
Loss on disposal of fixed assets	2,805	331	295
Loss on write-down of investment securities	3,270	386	4
Loss on write-down of golf club memberships	170	20	11
Advisory commissions	-	-	218
Other	658	78	82
Income before income taxes and minority interests	79,104	9,338	7,580
Income taxes—current	25,806	3,046	2,369
Income taxes—deferred	2,242	265	946
Minority interests	10,103	1,193	(82)
Net income	\$ 40,952	¥ 4,834	¥ 4,347

Consolidated Statement of Changes in Net Assets Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)

(Thousands of U.S.dollars/Millions of yen)

	Shareholders' Equity									
	Common stock		Capital surplus		Retained earnings		Treasury stock		Total shareholders' equity	
Balance as of March 31, 2006	\$ 84,272	¥ 9,948	\$ 202,188	¥ 23,868	\$ 1,200,229	¥ 141,687	(\$ 10,937)	(¥ 1,291)	\$ 1,475,753	¥ 174,213
Changes during the consolidated fiscal year										
Dividends as profit appropriation					(20,460)	(2,415)			(20,460)	(2,415)
Bonuses to directors and corporate auditors as profit appropriation					(689)	(81)			(689)	(81)
Net income					40,952	4,834			40,952	4,834
Acquisition of treasury stock							(88)	(10)	(88)	(10)
Net changes during the consolidated fiscal year other than shareholders' equity									-	-
Total changes during the consolidated fiscal year	-	-	-	-	19,803	2,338	(88)	(10)	19,716	2,327
Balance as of March 31, 2007	\$ 84,272	¥ 9,948	\$ 202,188	¥ 23,868	\$ 1,220,032	¥ 144,025	(\$ 11,024)	(¥ 1,301)	\$ 1,495,468	¥ 176,540

	Valuation and translation adjustments						Minority interests		Total net assets	
	Net unrealized gain (loss) on available-for-sale securities		Foreign currency translation adjustments		Total valuation and translation adjustments					
Balance as of March 31, 2006	\$ 86,167	¥ 10,172	(\$ 1,530)	(¥ 181)	\$ 84,637	¥ 9,991	\$ 8,592	¥ 1,014	\$ 1,568,982	¥ 185,218
Changes during the consolidated fiscal year										
Dividends as profit appropriation									(20,460)	(2,415)
Bonuses to directors and corporate auditors as profit appropriation									(689)	(81)
Net income									40,952	4,834
Acquisition of treasury stock									(88)	(10)
Net changes during the consolidated fiscal year other than shareholders' equity	(2,011)	(237)	695	82	(1,315)	(155)	36,764	4,340	35,448	4,185
Total changes during the consolidated fiscal year	(2,011)	(237)	695	82	(1,315)	(155)	36,764	4,340	55,164	6,512
Balance as of March 31, 2007	\$ 84,156	¥ 9,935	(\$ 834)	(¥ 98)	\$ 83,322	¥ 9,836	\$ 45,355	¥ 5,354	\$ 1,624,145	¥ 191,730

Consolidated Statements of Cash Flows For years ended March 31, 2007 and 2006

	Thousands of U.S. dollars	Millions of yen	
	2007	2007	2006
Cash flows from operating activities			
Income before income taxes and minority interests	\$ 79,104	¥ 9,338	¥ 7,580
Depreciation and amortization	45,487	5,370	4,893
Amortization of negative goodwill	23,411	2,764	3
Equity in net (gains) losses of affiliated companies	3,827	452	236
Loss on write-down of investment securities and golf club memberships	3,421	404	15
Decrease in allowance for doubtful accounts	(19)	(2)	(128)
Decrease in reserve for retirement benefits	(7,198)	(850)	(1,039)
Increase in reserve for bonuses for directors and corporate auditors	690	81	-
Increase (decrease) in reserve for retirement benefits for directors and corporate auditors	(8,255)	(974)	70
Interest and dividend income	(6,963)	(822)	(822)
Interest expenses	130	15	6
Foreign exchange gain	(24)	(3)	(75)
Gain on sale of marketable and investment securities	(2,079)	(245)	(28)
Gain on sale of fixed assets	(8,407)	(992)	(46)
Loss on disposal of fixed assets	2,805	331	295
Increase in trade receivables	(13,810)	(1,630)	(240)
(Increase) decrease in inventories	4,464	527	(94)
Increase in trade payables	10,877	1,284	339
Increase (decrease) in accrued bonuses	(53)	(6)	5
Increase in other assets	(11,167)	(1,318)	(212)
Increase (decrease) in other liabilities	15,153	1,789	(214)
Bonuses paid to directors and corporate auditors	(690)	(81)	(86)
Subtotal	130,704	15,430	10,455
Interest and dividends received	8,061	952	930
Interest paid	(104)	(12)	(14)
Income taxes paid	(22,599)	(2,668)	(1,575)
Net cash provided by operating activities	116,061	13,701	9,795
Cash flows from investing activities			
Payment for acquisition of marketable securities	(215)	(25)	-
Proceeds from sale of marketable securities	18,424	2,175	3,507
Payment for acquisition of property, plant and equipment	(40,580)	(4,790)	(7,366)
Proceeds from sale of property, plant and equipment	12,356	1,459	69
Payment for acquisition of intangible fixed assets	(10,723)	(1,266)	(521)
Payment for acquisition of investment securities	(3,735)	(441)	(8,018)
Proceeds from sale of investment securities	3,544	418	1,516
Payment for acquisition of affiliated company shares accompanying changes in scope of consolidation	(167,726)	(19,800)	(1,515)
Proceeds from liquidation of subsidiary	22	3	-
Additional investment in affiliated companies	(1,388)	(164)	(57)
Payment for loans receivable	-	-	(255)
Proceeds from collection of loans receivable	1,440	170	50
Net cash used in investing activities	(188,580)	(22,262)	(12,590)
Cash flows from financing activities			
Proceeds from short-term borrowings	1,950	230	-
Payment for acquisition of treasury stock	(88)	(10)	(9)
Dividends paid	(20,460)	(2,415)	(2,414)
Proceeds from issuance of stock to minority shareholders	350	41	72
Dividends paid to minority shareholders	(25)	(3)	(3)
Net cash used in financing activities	(18,273)	(2,157)	(2,354)
Effect of exchange rate changes on cash and cash equivalents	190	22	366
Decrease in cash and cash equivalents	(90,602)	(10,696)	(4,783)
Cash and cash equivalents at beginning of year	396,041	46,753	51,536
Cash and cash equivalents at end of year	\$ 305,439	¥ 36,057	¥46,753

Compliance Undertakings

House Foods Corporation, by establishing the House Foods Group Code of Conduct for Compliance, which embodies the values and conduct principles to be shared by the entire Group and the House Foods Group Compliance Promotion Regulations, which stipulates the organizations and roles in the promotion of compliance, has built a Group-wide structure for the promotion of compliance.

Compliance Committee

The Compliance Committee, which has been established as the decision-making body for the promotion of compliance at each company, formulates and deliberates significant compliance items, compliance-related organizational structures, regulations and manuals and training programs.

Compliance promotion organization

A Chief Compliance Supervisor, a Compliance Supervisor and a Compliance Officer, to engage in the promotion of compliance, the communication of information, education and enlightenment and to deal with various compliance issues, have been appointed to thoroughly ensure compliance at each Group company and at each workplace.

Whistleblower system

A whistleblower system has been established at each Group company, which enables directors and employees to confide their concerns regarding compliance matters and report compliance violations.

Information may be reported via mail or e-mail, etc. and in the event that problematic behavior is discovered, thorough investigations will ensue and prevention measures will be implemented. Depending on the contents, the information may be shared by the entire Group.

Compliance education

In order to further heighten the awareness of compliance among the directors and the employees of each Group company, a systematic study of the relevant laws and regulations needed in the course of operations has been devised and based on this system Group-wide study sessions are being held on a regular basis. Specifically, e-learning and group study sessions are being held according to the level of the employee, i.e. for new employees, mid-level employees, qualified managers, management personnel and directors; additionally practical on-site studies adopted to actual business routines are being conducted at each division. Moreover explanation of the relevant laws and information such as those pertaining to regulations, manuals, etc. are disclosed on the Intranet and may be accessed by necessary personnel.

Environmental Policies

Environmental Philosophy

We endeavor to uncompromisingly pursue flavor, quality, and safety and create dependable products, fully recognize the importance of the global environment, and contribute to the preservation of a bountiful world through environmentally friendly business activities.

Code of Conduct

1. Across all business activities (procurement, production, distribution, and marketing) we strive for energy conservation, resource conservation, waste reduction, recycling, and reduced emissions of substances that cause global warming and work to prevent pollution.
2. We strive to develop products that are environmentally friendly at each stage of the product lifecycle, from materials procurement to consumption.
3. In the conduct of business, we observe laws concerning the environment and establish voluntary environmental standards.
4. We establish and periodically review environmental objectives and targets and strive for continuous improvement of environmental activities.
5. We raise environmental awareness through environmental education, and all employees actively engage in environmental activities.
6. We disclose necessary environmental information within and beyond the company.

(Established November 26, 2002)

Products with Environmentally friendly Packages

The Gaban Potato Chips container is easily sorted out for trash and recycled as the lid and the bottom cap portion come off easily from the mid-section and all the parts of the container are made of the single material of paper, with the mid-section being a single roll of paper. The product, which has been designed in the image of a spice can, is also functional with its ease of opening and closing and embodies both good design and environment-friendliness. The product was awarded the “Japan Package Design Association Award” in the “Japan Packaging Contest 2006,” sponsored by the Japan Packaging Institute and the “Ministry of Economy, Trade and Industry Award” in the “46th Japan Packaging Competition,” sponsored by the Japan Federation of Printing Industries.





Board of Directors (As of July 1, 2007)

President	Akira Oze
Executive Vice President	Hiroshi Urakami <i>Business Planning, International</i>
Senior Managing Director	Mitsuo Yoshimura <i>Finance, Business Service Center, General Administration, Legal and Intellectual Properties</i>
Directors	Hiroshi Mizobuchi <i>Production, SOMATECH Center, Purchasing, Environmental Activities Product Quality Assurance</i> Toshiro Kikuchi <i>Personnel, IDEAC Center, Computer Systems, Affiliated Companies</i>
Director and Senior Executive Officers	Keiji Matsumoto <i>Customer Communication, Supply Chain Management</i> Hajime Inoue <i>Sales</i> Yasukatsu Hiroura <i>Marketing</i>
Corporate Auditors	Yoshio Konoike Katsuhisa Todo Yasumasa Yumoto Kunikatsu Yamamoto Takuzo Kitamura



Executive Officers (As of July 1, 2007)

Senior Executive Officers	Toshiro Ozaki <i>Finance</i> Masaharu Nakao <i>Osaka Branch</i> Satoshi Hayakawa <i>Supply Chain Management, Computer Systems</i> Kenzo Ito <i>Production</i> Takashi Nomura <i>International</i> Keiji Horio <i>Food Service</i>
Executive Officers	Osafumi Nobuchi <i>Production Control</i> Moriyo Yamaguchi <i>Affiliated companies</i> Masao Taguchi <i>SOMATECH Center</i> Toyoaki Fujii <i>Convenience Foods</i> Kazufumi Hitotsuyanagi <i>Spice and Seasoning Foods</i> Toshikazu Kato <i>General Administration</i> Hirofumi Fujimura <i>Tokyo Branch</i> Hiroshi Kato <i>Health and Beauty Foods</i> Masahiko Kudo <i>Chilled and retort foods</i>



Company History

1913	Seisuke Urakami, the first president, founds Urakami Shoten, an enterprise dealing in herbal medicines in Osaka.	1977	Enters the snack foods market.	Construction of the new Tokyo Head Office is completed.	
1926	Production and sales of curry start.	1981	Los Angeles Office is established.	2000	All plants receive ISO 14001 certification.
1947	The company is incorporated as Urakami Ryoshoku Kogyosho, Ltd., with initial capital of ¥ 197,500.	1982	Construction of Shizuoka Plant is completed.	2001	Shanghai House Ajinomoto Foods Co., Ltd. is established.
1949	The name of the company is changed to House Curry Urakami Shoten, Ltd.	1983	Enters the beverage market. "Curry House," a restaurant specializing in curry opens in Los Angeles. Participation in the management of tofu company (then, House Foods & Yamauchi, Inc.) in Los Angeles.	2002	An office is opened in Shanghai.
1960	The name of the company is changed to House Food Industrial Co., Ltd.	1988	The last day of a fiscal year is changed from November 30 to March 31.	2003	House Foods Holding USA Inc. is established.
1962	Construction of a new head office is completed in Higashi Osaka City.	1989	Curry House America, Inc. is established in Los Angeles.	2004	Shanghai House Foods Co., Ltd. is established. Construction of Rokko Plant is completed.
1966	Construction of Nara Plant is completed.	1990	Starts production of O.Zack, under license from Keebler Co., U.S.A. (present United Biscuits)	2005	Construction of Yoshikawa Plant is completed.
1970	Enters the retort pouched foods market. Construction of Kanto Plant is completed.	1993	The name of the company is changed to House Foods Corporation.	2006	House Foods acquires the business of Takeda Food Products, Ltd. and establishes subsidiary House Wellness Foods Corporation. Construction of House Foods America's new plant in New Jersey is completed. Beijing Office is established.
1971	The company is listed on both Tokyo and Osaka Stock Exchanges.	1997	House Foods America Corporation and Curry House America, Inc. merge. Construction of a new plant of House Foods America Corporation is completed in Garden Grove, CA. All plants receive ISO 9002 certification. Shanghai Curry House Restaurant, Inc. is established.	2007	Taiwan Office is established.
1973	Enters the packaged noodles market.				
1974	The head office is partially relocated to Tokyo and Tokyo Head Office is established.				
1976	Construction of Fukuoka Plant is completed.				

Company Overview (as of March 31, 2007)

Name:

House Foods Corporation

Founded:

November 11, 1913

Established:

June 7, 1947

Capital:

¥9,948,323,523

Business lines:

Production, processing and sales of foods,
and other businesses

Number of employees:

2,375

Head Offices:

• **Osaka Head Office:**

1-5-7 Mikuriyasakae-machi, Higashi-osaka-city, Osaka
577-8520, Japan
Tel: +81-6-6788-1231

• **Tokyo Head Office:**

6-3 Kioi-cho, Chiyoda-ward, Tokyo 102-8560, Japan
Tel: +81-3-3264-1231

Number of branch offices:

8

Number of plants:

7
