

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2009 1Q (Jun 30, 2008), fiscal 2008 1Q (Jun 30, 2007) and fiscal 2008 (Mar 31, 2008)

ASSETS	Millions of yen		
	Jun 30, 2008	Jun 30, 2007	Mar 31, 2008
Current assets:			
Cash and time deposits	¥ 14,712	¥ 22,158	¥ 32,119
Marketable securities	13,500	300	—
Trade notes and accounts receivables	51,895	58,341	50,673
Inventories	56,358	55,025	46,430
Other current assets	5,139	4,560	3,598
Allowance for doubtful receivables	(258)	(626)	(339)
Total current assets	<u>141,346</u>	<u>139,758</u>	<u>132,481</u>
Property, plant and equipment:			
Land	19,833	20,134	19,757
Buildings and structures	21,810	23,799	22,685
Machinery	16,688	16,432	16,036
Construction in progress	428	284	439
Other	1,074	1,149	1,131
	<u>59,833</u>	<u>61,798</u>	<u>60,048</u>
Intangible assets	1,008	1,164	1,099
Investments and other assets:			
Investments in securities	26,602	33,003	25,850
Other	15,972	15,346	16,073
Allowance for doubtful receivables	(1,887)	(914)	(1,884)
	<u>40,687</u>	<u>47,435</u>	<u>40,039</u>
	<u>¥ 242,874</u>	<u>¥ 250,155</u>	<u>¥ 233,667</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen		
	Jun 30, 2008	Jun 30, 2007	Mar 31, 2008
Current liabilities:			
Short-term borrowings	¥ 8,221	¥ 8,706	¥ 8,654
Trade notes and accounts payable	55,474	53,856	45,416
Income taxes payable	1,023	466	2,084
Other	26,641	31,453	24,978
Total current liabilities	91,359	94,481	81,132
Long-term liabilities:			
Long-term debt due after one year	26,630	27,325	26,931
Employees' severance and retirement benefits	606	989	684
Directors' and statutory auditors' retirement benefits	423	770	893
Other long-term liabilities	6,352	7,958	5,471
Total long-term liabilities	34,011	37,042	33,979
Net assets:			
Shareholders' equity:			
Common stock	22,415	22,415	22,415
Capital surplus	24,021	24,021	24,021
Retained earnings	65,811	62,357	66,815
Treasury stock, at cost	(806)	(797)	(805)
Total shareholders' equity	111,441	107,996	112,446
Valuation and translation adjustments:			
Net unrealized holding gains on securities	4,849	7,787	4,098
Net unrealized holding gains (losses) on derivative instruments	(378)	196	(269)
Foreign currency translation adjustments	1,069	1,960	1,757
Total valuation and translation adjustments	5,540	9,943	5,586
Minority interests	523	693	524
Total net assets	117,504	118,632	118,556
	¥ 242,874	¥ 250,155	¥ 233,667

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2009 1Q (Apr 1–Jun 30, 2008), fiscal 2008 1Q (Apr 1–Jun 30, 2007) and fiscal 2008 (Apr 1, 2007–Mar 31, 2008)

	Millions of yen		
	Apr 1–Jun 30, 2008	Apr 1–Jun 30, 2007	Apr 1, 2007–Mar 31, 2008
Net sales	¥ 122,711	¥ 119,638	¥ 517,951
Cost and expenses:			
Cost of sales	99,103	97,253	415,427
Selling, general and administrative expenses	22,615	21,864	96,417
Operating income	993	521	6,107
Other income (expenses):			
Interest and dividend income	225	226	521
Interest expense	(231)	(249)	(1,013)
Gain (loss) on sales of property, plant and equipment	26	(30)	284
Loss on disposals of property, plant and equipment	(68)	(78)	(839)
Equity in earnings of affiliates	(298)	(259)	430
Write-down of inventories	(165)	–	–
Restructuring expenses	–	(39)	(66)
Other, net	254	329	(12)
	(257)	(100)	(695)
Income before income taxes and minority interests	736	421	5,412
Provision for income taxes	687	461	952
Minority interests	(11)	(23)	(64)
Net income (loss)	¥ 38	¥ (63)	¥ 4,396

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2009

	Millions of yen	
	2009 2Q	2009
Net sales	¥ 256,400	¥ 528,000
Net income	1,400	4,000
	Yen	
	2009	
Net income per share	¥	19.20

Note: The above forecasts are based on management's assumptions and beliefs in light of the information available at the day of publication. We caution readers that actual results could differ materially from forecasts due to a number of factors outside the control of the Itoham Group.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2009 1Q (Apr 1-Jun 30, 2008), fiscal 2008 1Q (Apr 1-Jun 30, 2007) and fiscal 2008 (Apr 1, 2007-Mar 31, 2008)

	Millions of yen		
	Apr 1-Jun 30, 2008	Apr 1-Jun 30, 2007	Apr 1, 2007-Mar 31, 2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 736	¥ 421	¥ 5,412
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,539	1,583	6,637
Restructuring expenses	-	35	8
Decrease in employees' severance and retirement benefits	(78)	(110)	(415)
Increase in allowance for doubtful receivables	22	12	1
Interest and dividend income	(225)	(226)	(521)
Interest expense	230	249	1,013
Equity in earnings of affiliates	298	259	(430)
Write-down of investments in securities	9	4	149
Loss (gain) on sales of property, plant and equipment	(26)	30	(284)
Loss on disposals of property, plant and equipment	37	63	687
Decrease (increase) in notes and accounts receivable	(1,415)	(2,743)	5,682
Decrease (increase) in inventories	(10,455)	(6,493)	2,342
Increase (decrease) in notes and accounts payable	10,167	5,817	(3,717)
Increase (decrease) in accrued consumption taxes	97	(1,167)	(1,381)
Other, net	(133)	(605)	(603)
	<u>803</u>	<u>(2,871)</u>	<u>14,580</u>
Interest and dividends received	394	420	836
Interest paid	(332)	(358)	(1,023)
Income taxes paid	(1,889)	(685)	(1,172)
Net cash provided by (used in) operating activities	<u>(1,024)</u>	<u>(3,494)</u>	<u>13,221</u>
Cash flows from investing activities:			
Investments in time deposits	(20)	(50)	(170)
Proceeds from time deposits	20	20	270
Acquisitions of property, plant and equipment	(1,562)	(706)	(3,845)
Proceeds from sale of property, plant and equipment	39	23	860
Acquisitions of intangible assets	(5)	(61)	(291)
Payments for purchase of investment securities	(17)	(113)	(471)
Proceeds from sale of investment securities	5	353	1,364
Payments for purchase of investments in subsidiaries	-	(120)	(96)
Disbursement of loans receivable	(466)	(1,200)	(2,637)
Collection of loans receivable	450	930	2,734
Other, net	(23)	46	1,018
Net cash used in investing activities	<u>(1,579)</u>	<u>(878)</u>	<u>(1,264)</u>
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	197	158	(232)
Proceeds from long-term debt	100	-	5,450
Repayments of long-term debt	(372)	(441)	(11,550)
Redemption of bonds	(10)	(10)	(20)
Payments for purchase of treasury stock	(1)	(2)	(10)
Dividends paid	(949)	(741)	(834)
Dividends paid to minority shareholders of consolidated subsidiaries	(8)	(12)	(161)
Net cash used in financing activities	<u>(1,043)</u>	<u>(1,048)</u>	<u>(7,357)</u>
Effect of exchange rate changes on cash and cash equivalents	(261)	3	74
Net increase (decrease) in cash and cash equivalents	<u>(3,907)</u>	<u>(5,417)</u>	<u>4,674</u>
Cash and cash equivalents at beginning of year	31,962	27,288	27,288
Cash and cash equivalents at end of year	<u>¥ 28,055</u>	<u>¥ 21,871</u>	<u>¥ 31,962</u>

Note: This financial statements are unaudited.