

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2008 interim (Sep 30, 2007), fiscal 2007 interim (Sep 30, 2006) and fiscal 2007 (Mar 31, 2007)

ASSETS	Millions of yen		
	2008 interim	2007 interim	2007
Current assets:			
Cash and time deposits	¥ 15,754	¥ 12,696	¥ 27,545
Marketable securities	7,202	300	300
Trade notes and accounts receivables	58,669	58,684	55,585
Inventories	53,274	52,837	48,481
Other current assets	3,363	3,882	2,987
Allowance for doubtful receivables	(605)	(293)	(601)
Total current assets	137,657	128,106	134,297
Property, plant and equipment:			
Land	20,134	20,875	20,135
Buildings and structures	23,848	24,893	23,897
Machinery	16,565	18,517	17,304
Other	1,304	1,489	1,340
	61,851	65,774	62,676
Intangible assets	1,129	1,242	1,196
Investments and other assets:			
Investments in securities	29,845	32,032	32,379
Other	16,042	16,296	15,183
Allowance for doubtful receivables	(1,694)	(1,143)	(927)
	44,193	47,185	46,635
	¥ 244,830	¥ 242,307	¥ 244,804

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen		
	2008 interim	2007 interim	2007
Current liabilities:			
Short-term borrowings	¥ 8,678	¥ 8,051	¥ 8,463
Long-term debt due within one year	11,110	1,145	11,136
Trade notes and accounts payable	50,755	47,800	48,032
Income taxes payable	695	698	858
Other	18,623	18,902	20,847
Total current liabilities	<u>89,861</u>	<u>76,596</u>	<u>89,336</u>
Long-term liabilities:			
Long-term debt due after one year	27,561	38,210	27,669
Employees' severance and retirement benefits	892	1,349	1,099
Directors' and statutory auditors' retirement benefits	780	715	782
Other long-term liabilities	6,972	7,763	7,343
Total long-term liabilities	<u>36,205</u>	<u>48,037</u>	<u>36,893</u>
Net assets:			
Shareholders' equity:			
Common stock	22,415	22,415	22,415
Capital surplus	24,020	24,020	24,021
Retained earnings	63,293	63,159	63,253
Treasury stock, at cost	(800)	(790)	(795)
Total shareholders' equity	<u>108,928</u>	<u>108,804</u>	<u>108,894</u>
Valuation and translation adjustments:			
Net unrealized holding gains on securities	6,307	8,032	7,599
Net unrealized holding gains on derivative instruments	384	58	165
Foreign currency translation adjustments	2,431	108	1,236
Total valuation and translation adjustments	<u>9,122</u>	<u>8,198</u>	<u>9,000</u>
Minority interests	714	672	681
Total net assets	<u>118,764</u>	<u>117,674</u>	<u>118,575</u>
	<u>¥ 244,830</u>	<u>¥ 242,307</u>	<u>¥ 244,804</u>

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2008 interim (Apr 1, 2007–Sep 30, 2007), fiscal 2007 interim (Apr 1, 2006–Sep 30, 2006) and fiscal 2007 (Apr 1, 2006–Mar 31, 2007)

	Millions of yen		
	2008 interim	2007 interim	2007
Net sales	¥ 250,054	¥ 245,677	¥ 504,349
Cost and expenses:			
Cost of sales	201,337	197,900	404,803
Selling, general and administrative expenses	46,340	47,299	96,602
Operating income	<u>2,377</u>	<u>478</u>	<u>2,944</u>
Other income (expenses):			
Interest and dividend income	296	225	419
Interest expense	(532)	(483)	(1,005)
Gain on sales of investments in securities, net	267	5	5
Gain on sales of property, plant and equipment	46	123	766
Loss on disposals of property, plant and equipment	(445)	(138)	(576)
Write-down of investment securities	(139)	-	(57)
Equity in earnings of affiliates	(4)	(166)	-
Restructuring expenses	(58)	(1,122)	(2,121)
Other, net	(204)	419	574
	<u>(773)</u>	<u>(1,137)</u>	<u>(1,995)</u>
Income (loss) before income taxes and minority interests	<u>1,604</u>	<u>(659)</u>	<u>949</u>
Provision for income taxes	686	790	2,302
Minority interests	(45)	(30)	(33)
Net income (loss)	<u>¥ 873</u>	<u>¥ (1,479)</u>	<u>¥ (1,386)</u>

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2008

	Millions of yen	
	2008	
Net sales	¥	510,000
Operating income		4,400
Net income		1,600

	Yen	
	2008	
Net income per share	¥	7.68

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 2008 interim (Apr 1, 2007–Sep 30, 2007), fiscal 2007 interim (Apr 1, 2006–Sep 30, 2006) and fiscal 2007 (Apr 1, 2006–Mar 31, 2007)

	Millions of yen		
	2008 interim	2007 interim	2007
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 1,604	¥ (659)	¥ 949
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,241	3,357	6,728
Impairment losses on fixed assets	-	-	362
Restructuring expenses	31	1,122	1,946
Decrease in employees' severance and retirement benefits	(207)	(184)	(434)
Increase (decrease) in allowance for doubtful receivables	76	(566)	(473)
Interest and dividend income	(296)	(225)	(419)
Interest expense	532	483	1,005
Equity in earnings of affiliates	4	166	(399)
Write-down of investments in securities	139	53	57
Gain on sales of property, plant and equipment	(46)	(123)	(766)
Loss on disposals of property, plant and equipment	329	114	450
Increase in notes and accounts receivable	(2,045)	(8,636)	(4,620)
Decrease (increase) in inventories	(4,193)	3,043	7,922
Increase in notes and accounts payable	1,559	3,920	4,124
Increase (decrease) in accrued consumption taxes	(1,314)	766	1,437
Other, net	(1,192)	(380)	1,392
	<u>(1,778)</u>	<u>2,251</u>	<u>19,261</u>
Interest and dividends received	499	332	720
Interest paid	(530)	(485)	(1,014)
Income taxes paid	(747)	(974)	(1,509)
Income taxes refunded	144	226	288
Net cash provided by (used in) operating activities	<u>(2,412)</u>	<u>1,350</u>	<u>17,746</u>
Cash flows from investing activities:			
Investments in time deposits	(110)	(121)	(251)
Proceeds from time deposits	70	70	120
Acquisitions of property, plant and equipment	(2,041)	(2,047)	(3,435)
Proceeds from sale of property, plant and equipment	348	214	1,982
Acquisitions of intangible assets	(81)	(48)	(192)
Payments for purchase of investment securities	(225)	(235)	(321)
Proceeds from sale of investment securities	460	16	30
Payments for purchase of investments in subsidiaries	(91)	-	-
Proceeds from sale of investments in affiliates	906	-	-
Disbursement of loans receivable	(1,673)	(1,074)	(2,049)
Collection of loans receivable	1,682	782	1,721
Other, net	73	1,046	124
Net cash used in investing activities	<u>(682)</u>	<u>(1,397)</u>	<u>(2,271)</u>
Cash flows from financing activities:			
Decrease in short-term borrowings, net	(539)	(777)	(1,079)
Proceeds from long-term debt	450	396	457
Repayments of long-term debt	(938)	(505)	(1,124)
Redemption of bonds	(10)	(10)	(20)
Payments for purchase of treasury stock	(6)	(4)	(8)
Dividends paid	(834)	(833)	(834)
Dividends paid to minority shareholders of consolidated subsidiaries	(12)	(11)	(11)
Net cash used in financing activities	<u>(1,889)</u>	<u>(1,744)</u>	<u>(2,619)</u>
Effect of exchange rate changes on cash and cash equivalents	153	(31)	90
Net increase (decrease) in cash and cash equivalents	<u>(4,830)</u>	<u>(1,822)</u>	<u>12,946</u>
Cash and cash equivalents at beginning of year	27,288	14,342	14,342
Cash and cash equivalents at end of year	<u>¥ 22,458</u>	<u>¥ 12,520</u>	<u>¥ 27,288</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. -fiscal 2008 interim (Sep 30, 2007), fiscal 2007 interim (Sep 30, 2006) and fiscal 2007 (Mar 31, 2007)

ASSETS	Millions of yen		
	2008 interim	2007 interim	2007
Current assets:			
Cash and time deposits	¥ 9,088	¥ 5,836	¥ 20,225
Marketable securities	7,200	300	300
Receivables:			
Trade notes and accounts	56,744	57,984	51,679
Other	406	420	355
Allowance for doubtful receivables	(254)	(145)	(263)
	<u>56,896</u>	<u>58,259</u>	<u>51,771</u>
Inventories	34,503	36,019	30,846
Other current assets	1,675	2,534	1,543
Total current assets	<u>109,362</u>	<u>102,948</u>	<u>104,685</u>
Property, plant and equipment:			
Land	15,375	15,891	15,384
Buildings	13,363	14,528	13,968
Machinery	11,576	13,307	12,288
Other	1,892	1,957	1,975
	<u>42,206</u>	<u>45,683</u>	<u>43,615</u>
Intangible assets	811	895	896
Investments and other assets:			
Investments in securities	35,129	37,986	37,237
Long-term receivables	14,322	15,376	14,329
Other	12,273	13,372	13,291
Allowance for doubtful receivables	(5,689)	(6,967)	(5,962)
	<u>56,035</u>	<u>59,767</u>	<u>58,895</u>
	<u>¥ 208,414</u>	<u>¥ 209,293</u>	<u>¥ 208,091</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen		
	2008 interim	2007 interim	2007
Current liabilities:			
Long-term debt due within one year	¥ 10,613	¥ 613	¥ 10,613
Trade notes and accounts payable	46,864	43,427	44,279
Income taxes payable	113	134	166
Other	11,194	11,871	12,440
Total current liabilities	<u>68,784</u>	<u>56,045</u>	<u>67,498</u>
Long-term liabilities:			
Long-term debt due after one year	25,795	36,407	26,036
Directors' and statutory auditors' retirement benefits	422	398	420
Other long-term liabilities	7,179	8,153	7,483
Total long-term liabilities	<u>33,396</u>	<u>44,958</u>	<u>33,939</u>
Net assets:			
Shareholders' equity:			
Common stock	22,415	22,415	22,415
Capital surplus	24,020	24,020	24,021
Retained earnings	54,428	54,705	53,404
Treasury stock, at cost	(800)	(790)	(795)
Total shareholders' equity	<u>100,063</u>	<u>100,350</u>	<u>99,045</u>
Valuation and translation adjustments:			
Net unrealized holding gains on securities	6,224	7,887	7,445
Foreign currency translation adjustments	(53)	53	164
Total valuation and translation adjustments	<u>6,171</u>	<u>7,940</u>	<u>7,609</u>
Total net assets	<u>106,234</u>	<u>108,290</u>	<u>106,654</u>
	<u>¥ 208,414</u>	<u>¥ 209,293</u>	<u>¥ 208,091</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC.-fiscal 2008 interim (Apr 1, 2007-Sep 30, 2007), fiscal 2007 interim (Apr 1, 2006-Sep 30, 2006) and fiscal 2007 (Apr 1, 2006-Mar 31, 2007)

	Millions of yen		
	2008 interim	2007 interim	2007
Net sales	¥ 204,262	¥ 201,374	¥ 409,714
Cost and expenses:			
Cost of sales	182,742	180,100	366,704
Selling, general and administrative expenses	20,309	21,608	42,832
Operating income (loss)	1,211	(334)	178
Other income	3,873	1,675	3,560
Other expenses	(3,183)	(2,870)	(6,666)
Income (loss) before income taxes	1,901	(1,529)	(2,928)
Provision for income taxes			
Current	44	166	220
Deferred	-	-	(152)
Net income (loss)	¥ 1,857	¥ (1,695)	¥ (2,996)

Note: This financial statements are unaudited.

Forecast of non-consolidated operating results for the years ending March 31, 2008

	Millions of yen
	2008
Net sales	¥ 416,000
Operating income	2,300
Net income	2,000
	Yen
	2008
Net income per share	¥ 9.60

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.