

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—March 31, 2008 and 2007

ASSETS	Millions of yen	
	2008	2007
Current assets:		
Cash and time deposits	¥ 32,119	¥ 27,545
Marketable securities	—	300
Receivables:		
Trade notes and accounts	50,673	55,585
Other	133	103
Allowance for doubtful receivables	(339)	(601)
	<u>50,467</u>	<u>55,087</u>
Inventories	46,429	48,481
Deferred tax assets	2,222	527
Other current assets	<u>1,243</u>	<u>2,357</u>
Total current assets	<u>132,480</u>	<u>134,297</u>
Property, plant and equipment:		
Land	19,757	20,135
Buildings and structures	22,685	23,898
Machinery and equipment	17,038	18,369
Livestock	129	115
Construction in progress	<u>439</u>	<u>159</u>
	<u>60,048</u>	<u>62,676</u>
Intangible assets	1,099	1,196
Investments and other assets:		
Investments in securities	25,850	32,379
Long-term receivables	3,477	3,115
Deferred tax assets	636	1,045
Other	11,960	11,023
Allowance for doubtful receivables	<u>(1,884)</u>	<u>(927)</u>
	<u>40,039</u>	<u>46,635</u>
	<u>233,666</u>	<u>244,804</u>

Note: This financial statements are unaudited. Final audited results may vary slightly from those listed. For detailed information, please see Itoham's annual report scheduled for release in mid-August 2008.

LIABILITIES AND NET ASSETS	Millions of yen	
	2008	2007
Current liabilities:		
Short-term borrowings	¥ 8,654	¥ 8,463
Long-term debt due within one year	6,078	11,136
Trade notes and accounts payable	45,415	48,032
Income taxes payable	2,084	858
Deferred tax liabilities	4	118
Other	18,897	20,729
Total current liabilities	<u>81,132</u>	<u>89,336</u>
Long-term liabilities:		
Long-term debt due after one year	26,930	27,669
Employees' severance and retirement benefits	684	1,099
Directors' and statutory auditors' retirement benefits	893	782
Deferred tax liabilities	4,587	7,054
Other long-term liabilities	884	289
Total long-term liabilities	<u>33,978</u>	<u>36,893</u>
Net assets:		
Shareholders' equity:		
Common stock	22,415	22,415
Capital surplus	24,021	24,021
Retained earnings	66,815	63,253
Treasury stock, at cost	(805)	(795)
Total shareholders' equity	<u>112,446</u>	<u>108,894</u>
Valuation and translation adjustments:		
Net unrealized holding gains on securities	4,098	7,599
Net unrealized holding gains (losses) on derivative instruments	(269)	165
Foreign currency translation adjustments	1,757	1,236
Total valuation and translation adjustments	<u>5,586</u>	<u>9,000</u>
Minority interests	524	681
Total net assets	<u>118,556</u>	<u>118,575</u>
	<u>233,666</u>	<u>244,804</u>

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CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2008 and 2007

	Millions of yen	
	2008	2007
Net sales	¥ 517,951	¥ 504,349
Cost and expenses:		
Cost of sales	415,427	404,803
Selling, general and administrative expenses	96,417	96,602
Operating income	6,107	2,944
Other income (expenses):		
Interest and dividend income	521	419
Interest expense	(1,013)	(1,005)
Gain on sales of investments in securities, net	381	5
Gain (loss) on disposals of property, plant and equipment	(554)	190
Write-down of investment securities	(149)	(57)
Equity in earnings of affiliates	430	399
Provision for doubtful receivables	-	(79)
Impairment losses on fixed assets	(265)	(362)
Restructuring expenses	(66)	(2,121)
Other, net	20	616
	(695)	(1,995)
Income before income taxes and minority interests	5,412	949
Provision for income taxes		
Current	2,340	1,274
Deferred	(1,388)	1,028
Minority interests	(64)	(33)
Net income (loss)	4,396	(1,386)

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

	Millions of yen	
	2009 interim	2009
Net sales	¥ 256,400	¥ 528,000
Operating income	2,400	6,200
Net income	1,400	4,000

	Yen	
	2009	
Net income per share	¥	19.20

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2008 and 2007

	Millions of yen	
	2008	2007
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 5,412	¥ 949
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	6,637	6,728
Impairment losses on fixed assets	265	362
Restructuring expenses	8	1,946
Decrease in employees' severance and retirement benefits	(415)	(434)
Increase (decrease) in allowance for doubtful receivables	1	(473)
Interest and dividend income	(521)	(419)
Interest expense	1,013	1,005
Equity in earnings of affiliates	(430)	(399)
Write-down of investments in securities	149	57
Gain on sales of property, plant and equipment	(284)	(766)
Loss on disposals of property, plant and equipment	687	450
Decrease (increase) in notes and accounts receivable	5,682	(4,620)
Decrease in inventories	2,342	7,922
Increase (decrease) in notes and accounts payable	(3,717)	4,124
Increase (decrease) in accrued consumption taxes	(1,382)	1,437
Other, net	(867)	1,392
	<u>14,580</u>	<u>19,261</u>
Interest and dividends received	836	720
Interest paid	(1,023)	(1,014)
Income taxes paid	(1,330)	(1,509)
Income taxes refunded	158	288
Net cash provided by operating activities	<u>13,221</u>	<u>17,746</u>
Cash flows from investing activities:		
Investments in time deposits	(170)	(251)
Proceeds from time deposits	270	120
Acquisitions of property, plant and equipment	(3,845)	(3,435)
Proceeds from sale of property, plant and equipment	860	1,982
Acquisitions of intangible assets	(291)	(192)
Payments for purchase of investment securities	(471)	(321)
Proceeds from sale of investment securities	1,364	30
Payments for purchase of investments in subsidiaries	(96)	-
Proceeds from sale of investments in affiliates	906	-
Disbursement of loans receivable	(2,637)	(2,049)
Collection of loans receivable	2,734	1,721
Other, net	112	124
Net cash used in investing activities	<u>(1,264)</u>	<u>(2,271)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(232)	(1,079)
Proceeds from long-term debt	5,450	457
Repayments of long-term debt	(11,550)	(1,124)
Redemption of bonds	(20)	(20)
Payments for purchase of treasury stock	(10)	(8)
Repurchase of subsidiaries' stock from minority shareholders	(149)	-
Dividends paid	(834)	(834)
Dividends paid to minority shareholders of consolidated subsidiaries	(12)	(11)
Net cash used in financing activities	<u>(7,357)</u>	<u>(2,619)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>73</u>	<u>90</u>
Net increase in cash and cash equivalents	<u>4,673</u>	<u>12,946</u>
Cash and cash equivalents at beginning of year	<u>27,288</u>	<u>14,342</u>
Cash and cash equivalents at end of year	<u>¥ 31,961</u>	<u>¥ 27,288</u>

Note: This financial statements are unaudited. Final audited results may vary slightly from those listed. For detailed information, please see Itoham's annual report scheduled for release in mid-August 2008.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. - March 31, 2008 and 2007

ASSETS	Millions of yen	
	2008	2007
Current assets:		
Cash and time deposits	¥ 25,312	¥ 20,225
Marketable securities	-	300
Receivables:		
Trade notes and accounts	48,756	51,679
Other	730	355
Allowance for doubtful receivables	(323)	(263)
	<u>49,163</u>	<u>51,771</u>
Inventories	29,147	30,846
Other current assets	2,163	1,543
Total current assets	<u>105,785</u>	<u>104,685</u>
Property, plant and equipment:		
Land	15,027	15,384
Buildings and structures	13,757	14,902
Machinery and equipment	12,076	13,182
Construction in progress	407	147
	<u>41,267</u>	<u>43,615</u>
Intangible assets	860	896
Investments and other assets:		
Investments in securities	30,387	37,237
Long-term receivables	13,406	14,329
Other	14,517	14,746
Allowance for doubtful receivables	(7,897)	(7,417)
	<u>50,413</u>	<u>58,895</u>
	<u>198,325</u>	<u>208,091</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2008	2007
Current liabilities:		
Long-term debt due within one year	¥ 5,613	¥ 10,613
Trade notes and accounts payable	41,121	44,279
Income taxes payable	1,553	1,453
Other	12,217	11,153
Total current liabilities	60,504	67,498
Long-term liabilities:		
Long-term debt due after one year	25,423	26,036
Directors' and statutory auditors' retirement benefits	444	420
Deferred tax liabilities	4,518	6,964
Other long-term liabilities	1,070	519
Total long-term liabilities	31,455	33,939
Net assets:		
Shareholders' equity:		
Common stock	22,415	22,415
Capital surplus	24,021	24,021
Retained earnings	56,901	53,404
Treasury stock, at cost	(805)	(795)
Total shareholders' equity	102,532	99,045
Valuation and translation adjustments:		
Net unrealized holding gains on securities	4,086	7,445
Foreign currency translation adjustments	(252)	164
Total valuation and translation adjustments	3,834	7,609
Total net assets	106,366	106,654
	198,325	208,091

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2008 and 2007

	Millions of yen	
	2008	2007
Net sales	¥ 420,972	¥ 409,714
Cost and expenses:		
Cost of sales	376,357	366,704
Selling, general and administrative expenses	41,666	42,832
Operating income	2,949	178
Other income (expenses):		
Interest and dividend income	2,236	1,007
Interest expense	(437)	(450)
Gain on sales of investments in securities, net	1,117	5
Loss on disposals of property, plant and equipment	(388)	(360)
Write-down of investment securities	(152)	(216)
Provision for doubtful receivables	-	(1,182)
Impairment losses on fixed assets	(265)	(291)
Restructuring expenses	(59)	(1,923)
Other, net	(802)	304
	1,250	(3,106)
Income (loss) before income taxes	4,199	(2,928)
Provision for income taxes		
Current	1,391	220
Deferred	(1,522)	(152)
Net income (loss)	4,330	(2,996)

Note: This financial statements are unaudited.

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

	Millions of yen	
	2009 interim	2009
Net sales	¥ 209,600	¥ 428,800
Operating income	1,200	2,800
Net income	800	1,600
		Yen
Net income per share		¥ 7.68