

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2009 2Q (Sep 30, 2008), fiscal 2008 2Q (Sep 30, 2007) and fiscal 2008 (Mar 31, 2008)

ASSETS	Millions of yen		
	Sep 30, 2008	Sep 30, 2007	Mar 31, 2008
Current assets:			
Cash and time deposits	¥ 12,035	15,754	¥ 32,119
Marketable securities	11,500	7,202	—
Trade notes and accounts receivables	51,215	58,669	50,673
Inventories	63,254	53,274	46,430
Other current assets	5,942	3,363	3,598
Allowance for doubtful receivables	(265)	(605)	(339)
Total current assets	<u>143,681</u>	<u>137,657</u>	<u>132,481</u>
Property, plant and equipment:			
Land	19,745	20,134	19,757
Buildings and structures	21,380	23,848	22,685
Machinery	16,372	16,565	16,036
Construction in progress	294	170	439
Other	963	1,134	1,131
	<u>58,754</u>	<u>61,851</u>	<u>60,048</u>
Intangible assets	1,014	1,129	1,099
Investments and other assets:			
Investments in securities	24,166	29,845	25,850
Other	14,494	16,042	16,073
Allowance for doubtful receivables	(1,923)	(1,694)	(1,884)
	<u>36,737</u>	<u>44,193</u>	<u>40,039</u>
	<u>¥ 240,186</u>	<u>244,830</u>	<u>¥ 233,667</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen		
	Sep 30, 2008	Sep 30, 2007	Mar 31, 2008
Current liabilities:			
Short-term borrowings	¥ 8,549	8,678	¥ 8,654
Trade notes and accounts payable	55,961	50,755	45,416
Income taxes payable	1,782	695	2,084
Other	23,004	29,733	24,978
Total current liabilities	<u>89,296</u>	<u>89,861</u>	<u>81,132</u>
Long-term liabilities:			
Long-term debt due after one year	26,627	27,561	26,931
Employees' severance and retirement benefits	521	892	684
Directors' and statutory auditors' retirement benefits	444	780	893
Other long-term liabilities	5,502	6,972	5,471
Total long-term liabilities	<u>33,094</u>	<u>36,205</u>	<u>33,979</u>
Net assets:			
Shareholders' equity:			
Common stock	22,415	22,415	22,415
Capital surplus	24,020	24,020	24,021
Retained earnings	67,261	63,293	66,815
Treasury stock, at cost	(810)	(800)	(805)
Total shareholders' equity	<u>112,886</u>	<u>108,928</u>	<u>112,446</u>
Valuation and translation adjustments:			
Net unrealized holding gains on securities	3,462	6,307	4,098
Net unrealized holding gains (losses) on derivative instruments	34	384	(269)
Foreign currency translation adjustments	848	2,431	1,757
Total valuation and translation adjustments	<u>4,344</u>	<u>9,122</u>	<u>5,586</u>
Stock acquisition rights	23	-	-
Minority interests	543	714	524
Total net assets	<u>117,796</u>	<u>118,764</u>	<u>118,556</u>
	<u>¥ 240,186</u>	<u>244,830</u>	<u>¥ 233,667</u>

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2009 2Q (Apr 1-Sep 30, 2008), fiscal 2008 2Q (Apr 1-Sep 30, 2007) and fiscal 2008 (Apr 1, 2007-Mar 31, 2008)

	Millions of yen		
	Apr 1-Sep 30, 2008	Apr 1-Sep 30, 2007	Apr 1, 2007-Mar 31, 2008
Net sales	¥ 254,367	250,054	¥ 517,951
Cost and expenses:			
Cost of sales	204,329	201,337	415,427
Selling, general and administrative expenses	47,309	46,340	96,417
Operating income	2,729	2,377	6,107
Other income (expenses) :			
Interest and dividend income	291	296	521
Interest expense	(487)	(532)	(1,013)
Gain on sales of investments in securities, net	245	267	370
Gain on sales of property, plant and equipment	100	46	284
Loss on disposals of property, plant and equipment	(153)	(445)	(839)
Equity in earnings of affiliates	190	(4)	430
Write-down of inventories	(165)	-	-
Restructuring expenses	-	(58)	(66)
Other, net	222	(343)	(382)
	243	(773)	(695)
Income before income taxes and minority interests	2,972	1,604	5,412
Provision for income taxes	1,460	686	952
Minority interests	(24)	(45)	(64)
Net income	¥ 1,488	873	¥ 4,396

Note: This financial statements are unaudited.

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

	Millions of yen	
	2009	
Net sales	¥	-
Operating income		-
Net income		-
	Yen	
	2009	
Net income per share	¥	-

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 2Q (Apr 1-Sep 30, 2008), fiscal 2008 2Q (Apr 1-Sep 30, 2007) and fiscal 2008 (Apr 1, 2007-Mar 31, 2008)

	Millions of yen		
	Apr 1-Sep 30, 2008	Apr 1-Sep 30, 2007	Apr 1, 2007-Mar 31, 2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 2,972	1,604	¥ 5,412
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,117	3,241	6,637
Restructuring expenses	-	31	8
Decrease in employees' severance and retirement benefits	(163)	(207)	(415)
Increase in allowance for doubtful receivables	63	76	1
Interest and dividend income	(291)	(296)	(521)
Interest expense	487	532	1,013
Equity in earnings of affiliates	(190)	4	(430)
Write-down of investments in securities	18	139	149
Gain on sales of property, plant and equipment	(100)	(46)	(284)
Loss on disposals of property, plant and equipment	78	329	687
Decrease (increase) in notes and accounts receivable	(1,274)	(2,045)	5,682
Decrease (increase) in inventories	(17,990)	(4,193)	2,342
Increase (decrease) in notes and accounts payable	10,680	1,559	(3,717)
Decrease in accrued consumption taxes	(60)	(1,314)	(1,381)
Other, net	(2,144)	(1,192)	(603)
	<u>(4,797)</u>	<u>(1,778)</u>	<u>14,580</u>
Interest and dividends received	492	499	836
Interest paid	(486)	(530)	(1,023)
Income taxes paid	(1,812)	(603)	(1,172)
Net cash provided by (used in) operating activities	<u>(6,603)</u>	<u>(2,412)</u>	<u>13,221</u>
Cash flows from investing activities:			
Investments in time deposits	(145)	(110)	(170)
Proceeds from time deposits	70	70	270
Acquisitions of property, plant and equipment	(3,469)	(2,041)	(3,845)
Proceeds from sale of property, plant and equipment	45	348	860
Acquisitions of intangible assets	(136)	(81)	(291)
Payments for purchase of investment securities	(32)	(225)	(471)
Proceeds from sale of investment securities	5	460	1,364
Payments for purchase of investments in subsidiaries	-	(91)	(96)
Proceeds from sale of investments in subsidiaries	1,241	-	-
Proceeds from sale of investments in affiliates	-	906	906
Disbursement of loans receivable	(1,101)	(1,673)	(2,637)
Collection of loans receivable	2,416	1,682	2,734
Other, net	444	73	112
Net cash used in investing activities	<u>(662)</u>	<u>(682)</u>	<u>(1,264)</u>
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	13	(539)	(232)
Proceeds from long-term debt	200	450	5,450
Repayments of long-term debt	(470)	(938)	(11,550)
Redemption of bonds	(10)	(10)	(20)
Payments for purchase of treasury stock	(6)	(6)	(10)
Dividends paid	(1,041)	(834)	(834)
Dividends paid to minority shareholders of consolidated subsidiaries	(8)	(12)	(161)
Net cash used in financing activities	<u>(1,322)</u>	<u>(1,889)</u>	<u>(7,357)</u>
Effect of exchange rate changes on cash and cash equivalents	(72)	153	74
Net increase (decrease) in cash and cash equivalents	<u>(8,659)</u>	<u>(4,830)</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>¥ 23,303</u>	<u>22,458</u>	<u>¥ 31,962</u>

Note: This financial statements are unaudited.