

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 | ¥ 22,754 | ¥ 12,696 | ¥ 27,545 |
| Marketable securities | 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 | <u>137,657</u> | <u>128,106</u> | <u>134,297</u> |
| 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 |
| | <u>61,851</u> | <u>65,774</u> | <u>62,676</u> |
| 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) |
| | <u>44,193</u> | <u>47,185</u> | <u>46,635</u> |
| | <u>¥ 244,830</u> | <u>¥ 242,307</u> | <u>¥ 244,804</u> |

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 | ¥ 16,088 | ¥ 5,836 | ¥ 20,225 |
| Marketable securities | 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.