

## CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2008 1Q (Jun 30, 2007), fiscal 2007 1Q (Jun 30, 2006) and fiscal 2007 (Mar 31, 2007)

ASSETS	Millions of yen		
	Jun 30, 2007	Jun 30, 2006	Mar 31, 2007
<b>Current assets:</b>			
Cash and time deposits	¥ 22,158	¥ 12,678	¥ 27,545
Marketable securities	300	110	300
Trade notes and accounts receivables	58,341	50,940	55,585
Inventories	55,025	57,945	48,481
Other current assets	4,560	4,157	2,987
Allowance for doubtful receivables	(626)	(423)	(601)
Total current assets	<u>139,758</u>	<u>125,407</u>	<u>134,297</u>
<b>Property, plant and equipment:</b>			
Land	20,134	21,192	20,135
Buildings and structures	23,799	25,561	23,897
Machinery	16,432	19,333	17,304
Other	1,433	1,543	1,340
	<u>61,798</u>	<u>67,629</u>	<u>62,676</u>
<b>Intangible assets</b>	<b>1,164</b>	<b>1,382</b>	<b>1,196</b>
<b>Investments and other assets:</b>			
Investments in securities	33,003	34,193	32,379
Other	15,346	16,858	15,183
Allowance for doubtful receivables	(914)	(1,504)	(927)
	<u>47,435</u>	<u>49,547</u>	<u>46,635</u>
	<u>¥ 250,155</u>	<u>¥ 243,965</u>	<u>¥ 244,804</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen		
	Jun 30, 2007	Jun 30, 2006	Mar 31, 2007
<b>Current liabilities:</b>			
Short-term borrowings	¥ 8,706	¥ 8,192	¥ 8,463
Long-term debt due within one year	11,025	1,070	11,136
Trade notes and accounts payable	53,856	46,397	48,032
Income taxes payable	466	369	858
Other	20,428	18,980	20,847
Total current liabilities	<u>94,481</u>	<u>75,008</u>	<u>89,336</u>
<b>Long-term liabilities:</b>			
Long-term debt due after one year	27,325	38,330	27,669
Employees' severance and retirement benefits	989	1,417	1,099
Directors' and statutory auditors' retirement benefits	770	907	782
Other long-term liabilities	7,958	8,364	7,343
Total long-term liabilities	<u>37,042</u>	<u>49,018</u>	<u>36,893</u>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	22,415	22,415	22,415
Capital surplus	24,021	24,021	24,021
Retained earnings	62,357	63,632	63,253
Treasury stock, at cost	(797)	(788)	(795)
Total shareholders' equity	<u>107,996</u>	<u>109,280</u>	<u>108,894</u>
Valuation and translation adjustments:			
Net unrealized holding gains on securities	7,787	9,048	7,599
Net unrealized holding gains on derivative instruments	196	40	165
Foreign currency translation adjustments	1,960	905	1,236
Total valuation and translation adjustments	<u>9,943</u>	<u>9,993</u>	<u>9,000</u>
Minority interests	693	666	681
Total net assets	<u>118,632</u>	<u>119,939</u>	<u>118,575</u>
	<u>¥ 250,155</u>	<u>¥ 243,965</u>	<u>¥ 244,804</u>

Note: This financial statements are unaudited.

## CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2008 1Q (Apr 1-Jun 30, 2007), fiscal 2007 1Q (Apr 1-Jun 30, 2006) and fiscal 2007 (Apr 1, 2006-Mar 31, 2007)

	Millions of yen		
	Apr 1-Jun 30, 2007	Apr 1-Jun 30, 2006	Apr 1, 2006-Mar 31, 2007
Net sales	¥ 119,638	¥ 118,669	¥ 504,349
<b>Cost and expenses:</b>			
Cost of sales	97,253	96,888	404,803
Selling, general and administrative expenses	21,864	22,289	96,602
<b>Operating income (loss)</b>	<b>521</b>	<b>(508)</b>	<b>2,944</b>
<b>Other income (expenses):</b>			
Interest and dividend income	226	173	419
Interest expense	(249)	(235)	(1,005)
Gain on sales of investments in securities, net	143	-	5
Gain (loss) on sales of property, plant and equipment	(30)	(4)	766
Loss on disposals of property, plant and equipment	(78)	(44)	(576)
Write-down of investment securities	(4)	-	(57)
Equity in earnings of affiliates	(259)	(374)	399
Impairment losses on fixed assets	-	-	(362)
Restructuring expenses	(39)	-	(2,121)
Other, net	190	277	537
	<b>(100)</b>	<b>(207)</b>	<b>(1,995)</b>
<b>Income (loss) before income taxes and minority interests</b>	<b>421</b>	<b>(715)</b>	<b>949</b>
Provision for income taxes	461	279	2,302
Minority interests	(23)	(13)	(33)
<b>Net loss</b>	<b>¥ (63)</b>	<b>¥ (1,007)</b>	<b>¥ (1,386)</b>

Note: This financial statements are unaudited.

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

	Millions of yen	
	2008 interim	2008
Net sales	¥ 247,000	¥ 507,000
Net income	1,500	3,200
	Yen	
	2008	
Net income per share	¥	15.36

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 1Q (Apr 1-Jun 30, 2007), fiscal 2007 1Q (Apr 1-Jun 30, 2006) and fiscal 2007 (Apr 1, 2006-Mar 31, 2007)

	Millions of yen		
	Apr 1-Jun 30, 2007	Apr 1-Jun 30, 2006	Apr 1, 2006-Mar 31, 2007
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	¥ 421	¥ (715)	¥ 949
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,583	1,673	6,728
Impairment losses on fixed assets	-	-	362
Restructuring expenses	35	-	1,946
Decrease in employees' severance and retirement benefits	(110)	(116)	(434)
Increase (decrease) in allowance for doubtful receivables	12	(74)	(473)
Interest and dividend income	(226)	(173)	(419)
Interest expense	249	235	1,005
Equity in earnings of affiliates	259	374	(399)
Write-down of investments in securities	4	-	57
Loss (gain) on sales of property, plant and equipment	30	4	(766)
Loss on disposals of property, plant and equipment	63	35	450
Increase in notes and accounts receivable	(2,743)	(641)	(4,620)
Decrease (increase) in inventories	(6,493)	(2,112)	7,922
Increase in notes and accounts payable	5,817	2,520	4,124
Increase (decrease) in accrued consumption taxes	(1,167)	421	1,437
Other, net	(605)	(22)	1,392
	<u>(2,871)</u>	<u>1,409</u>	<u>19,261</u>
Interest and dividends received	420	214	720
Interest paid	(358)	(350)	(1,014)
Income taxes paid	(686)	(410)	(1,509)
Income taxes refunded	1	-	288
Net cash provided by (used in) operating activities	<u>(3,494)</u>	<u>863</u>	<u>17,746</u>
<b>Cash flows from investing activities:</b>			
Investments in time deposits	(50)	(20)	(251)
Proceeds from time deposits	20	20	120
Acquisitions of property, plant and equipment	(706)	(1,098)	(3,435)
Proceeds from sale of property, plant and equipment	23	9	1,982
Acquisitions of intangible assets	(61)	(44)	(192)
Payments for purchase of investment securities	(113)	(114)	(321)
Proceeds from sale of investment securities	353	0	30
Payments for purchase of investments in subsidiaries	(120)	-	-
Disbursement of loans receivable	(1,200)	(476)	(2,049)
Collection of loans receivable	930	400	1,721
Other, net	46	(28)	124
Net cash used in investing activities	<u>(878)</u>	<u>(1,351)</u>	<u>(2,271)</u>
<b>Cash flows from financing activities:</b>			
Decrease in short-term borrowings, net	158	(563)	(1,079)
Proceeds from long-term debt	-	352	457
Repayments of long-term debt	(441)	(420)	(1,124)
Redemption of bonds	(10)	(10)	(20)
Payments for purchase of treasury stock	(2)	(1)	(8)
Dividends paid	(741)	(630)	(834)
Dividends paid to minority shareholders of consolidated subsidiaries	(12)	(10)	(11)
Net cash used in financing activities	<u>(1,048)</u>	<u>(1,282)</u>	<u>(2,619)</u>
Effect of exchange rate changes on cash and cash equivalents	3	(20)	90
Net increase (decrease) in cash and cash equivalents	<u>(5,417)</u>	<u>(1,790)</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>¥ 21,871</u>	<u>¥ 12,552</u>	<u>¥ 27,288</u>

Note: This financial statements are unaudited.