

ITO EN, LTD.

June 9, 2000
 Ito En, Ltd. (Securities Number : 2593)
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For Immediate Release

Consolidated Financial Results

for the year ended April 30, 2000 (Figures are rounded down to the nearest million yen.)

Date of the Board of Directors' Meeting for the annual results held : June 9, 2000

For information purpose: The prevailing exchange rate as of April 30, 2000 is ¥ 106.70 / US\$1.00.

(1) Results of operations (May 1, 1999 - April 30, 2000)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	Millions of yen		Millions of yen		Millions of yen	
4/30/2000	173,966	+11.1%	14,266	+13.5%	13,790	+18.2%
4/30/1999	156,557	+14.0%	12,568	+38.7%	11,668	+41.2%

	Net income	Percentage change	Net income per share	Diluted net income per share
	Millions of yen		Yen	Yen
4/30/2000	6,530	+22.6%	143.18	
4/30/1999	5,325	+56.4%	117.44	

	Net income to stockholders' equity ratio	Ordinary income to total assets ratio	Ordinary income to net sales ratio
4/30/2000	16.2%	16.6%	7.9%
4/30/1999	14.3%	14.5%	7.5%

- Note s : 1. Income from equity method applied for non-consolidated subsidiary: ¥5 million (4/30/1999: ¥ - million)
 2. Holding gain on investments in securities: ¥489 million
 3. Holding gains or losses from derivative transactions: ¥ - million
 4. There exists one change in an accounting policy in this fiscal year: See H in 4. Significant accounting policies in notes to consolidated financial statements on page 11.
 5. Percentage figures represent fluctuation from the previous fiscal year-end.

(2) Financial position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	Millions of yen	Millions of yen		Yen
4/30/2000	82,386	40,783	49.5%	894.25
4/30/1999	83,806	39,801	47.5%	872.71

(3) Extracts from statements of cash flows on page 9

	Net cash provided by operating activities	Net cash used in investing activities	Net cash (used in) provided by financing activities	Cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
4/30/2000	7,849	(2,706)	(3,849)	16,844
4/30/1999	3,200	(1,088)	2,327	15,581

(4) Scope of consolidation and equity method applied for unconsolidated subsidiaries and affiliates

Consolidated subsidiaries: 5 companies (ITO EN SANGYO, LTD., OKINAWA ITO EN, LTD., ITO EN KANSAI-CHAGYO, LTD., ITOEN(USA) INC., ITO EN AUSTRALIA PTY LIMITED)
 Unconsolidated subsidiaries: One company (Ningbo Shunyi Tea Products Co., Ltd.)
 Affiliates: One company (Fujian New Oolong Drink Co., Ltd.)

(5) Change in the scope of consolidation and equity method applied

Increase in consolidation: One company (ITO EN KANSAI-CHAGYO, LTD.)
 Decrease in equity method applied: One company (KANSAI-CHAGYO, LTD.)

(6) Projected consolidated operation results for the 6 months ending October 31, 2001 and for the year ending April 30, 2001

	Net Sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
10/31/2000	101,126	7,743	7,463	4,145
4/30/2001	188,200	14,740	14,200	7,700

(Reference) :Net income per share for the year ending 4/30/2001: 168.84 yen.

Ito En Group Outline

A corporate collective consisting of Ito En, Ltd., (Ito En) and six subsidiaries and one affiliate (the Companies) operates with activities centered on its core business of producing and marketing tea leaves and beverage productions, as well as actively engaged in other related business.

Business and segment relationships among the Companies are narrated below.

Business related to tea leaves

Ito En markets green tea and oolong tea leaves throughout Japan with the exception of the Okinawa region, where OKINAWA ITO EN, LTD. markets the products purchased from Ito En. ITO EN SANGYO, LTD. produces green tea, black tea, barley tea and whole rice tea, most of which are purchased by Ito En. ITO EN SANGYO, LTD. also consigns in distribution of the tea leaves products to the customers. ITO EN KANSAI-CHAGYO, LTD. also produces green tea and white rice tea, most of which are purchased by Ito En. In the overseas, Ningbo Shunyi Tea Products Co., Ltd. produces green tea, most of which is supplied to Ito En and ITO EN AUSTRALIA PTY LIMITED is also growing tea leaves in order to prepare future increased demand for green tea.

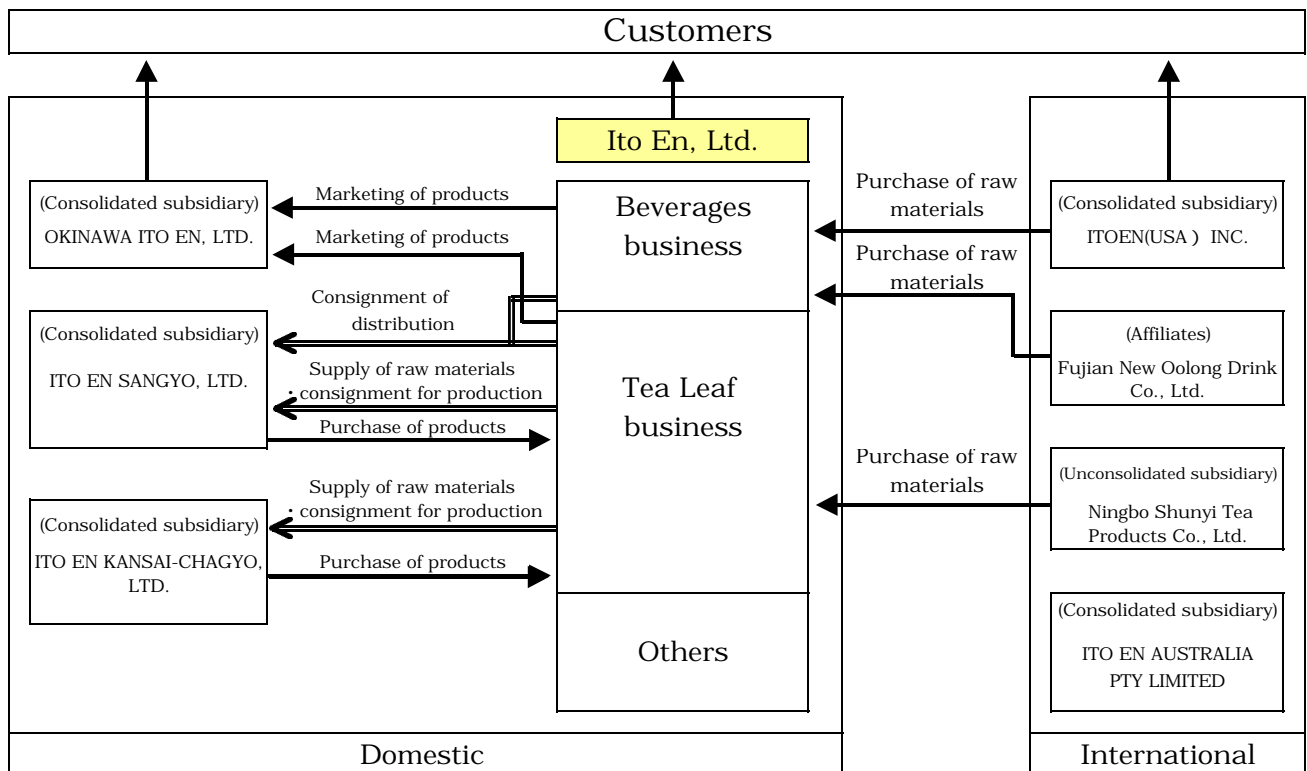
Business related to beverages

Ito En has been in charge of planning and developing all of its beverage products and production of those products is consigned to companies outside the group. Ito En purchases these products and markets them throughout Japan. ITO EN SANGYO, LTD. is consigned to supervise distribution of the products throughout Japan except Okinawa region, where OKINAWA ITO EN, LTD. purchases beverage products from Ito En for local marketing. For overseas markets, ITOEN(USA)INC., manufactures and markets beverage products. The company is also a supplier of ingredients for fruit juice to Ito En. Fujian New Oolong Drink Co., Ltd. produces ingredients for oolong tea, which are purchased by Ito En.

Other business

Ito En purchases products such as seaweed and Japanese sweets from outside vendors and markets them mainly at specialty stores. Ito En also plans and develops new food products other than products dealt in two segments above and consigns their production to companies outside the group for nationwide-marketing. ITOEN(USA)INC. produces and markets food products for overseas markets.

A diagram below illustrates business relationship within the Ito En Group



- Marketing and purchase of products and raw materials
- ⇒ Supply of raw materials · consignment for production

Attachment

Management Policies

1. Basic Management Policies

Since incorporation in 1966, Ito En has maintained the philosophy of "always putting the customer first". Under this philosophy, Ito En has always striven to develop original products and the technologies that meet customer needs while expanding the sales and service network with remaining a close link to the communities in which are Ito En products are sold.

The term "customers" defined by Ito En encompasses not only the consumers buying the products, but also stockholders and investors, business partners who purchase and supply the products, and financial institutions. Ito En believes that each of these customers at the forefront of the activities sustains the best corporate management.

In search and development, Ito En works out to the five basic product development concepts of "natural, healthy, safe, well-designed and delicious". All of the R&D personnel also work from a marketing point of view under the concept of "Still Now", which calls a constant search of what customers are still not satisfied with. Ito En actively develops new products based on these concepts and its total marketing plan.

In recent years, the management environment surrounding private-sector companies in Japan has changed radically. In this situation, Ito En is aware that the information disclosed in a timely manner is becoming more important for the purpose of the company's accountability. Based on a philosophy of "always putting the customer first", Ito En intends to disclose appropriate and enough management-related information as quickly as possible in order to inform its customers of its business.

2. Profit Allocation Policies

One of the most important management concerns of Ito En is to ensure a stable dividend trend to the stockholders. Ito En's basic stance is to pay dividends in accordance with its business results, even in difficult times in the operating environment.

Another policy is to maintain funds in-house for the purpose of strengthening the financial position and further reinforcing the sales and service operations. To this end, Ito En places high priority on funds for new sales facilities and product development. Ito En believes that through future business development, this policy will allow Ito En to continue progressively returning profits to a stockholders.

3. Midterm and Long-term Management Strategies and Objectives

Ito En's midterm management plan sets the objectives of attaining annual sales of ¥200 billion, a return on equity of 15% and a total of 200 sales branches throughout Japan by the close of fiscal 2002 (April 30, 2002). And in this fiscal year ended April 30, 2000, Ito En recorded annual sales by ¥171.6 billion, a return on equity of 15.5% and a total of 156 sales branches throughout Japan. In the past five years, Ito En has achieved an average annual growth rate of 12.0% through increased sales, an indication of steady progress toward the goals.

Under the new long-term management plan introduced in fiscal 2000, Ito En has established the new objectives of ¥260 billion in annual sales, a return on assets of 8.7% and a total of 230 sales branches by the end of fiscal 2005. The long-term plan also encompasses new business development, including the development of a market for green tea beverages in the United States.

With increasing health consciousness in every age group the world are steadily developing a preference for green tea. Ito En is confident that this trend will become a major driving force in order to achieve business objectives.

Ito En has five management strategies for its business development.

The first is to promote highly innovative product development. The second is to maintain "route sales", an original sales structure that directly links production and sales offices. Specifically, Ito En is concentrating on a nationwide network of sales offices and vending machines, and active area marketing closely linked to individual communities. Route sales also make it possible for us to speedily and accurately grasp consumer need and market trends. The third strategy is to pursue fabrication-less production, or the entrusting of 100% of the production to third-party sources. This

strategy significantly reduces the capital investment risk while enabling us to respond quickly and precisely to changes in the market environment. The fourth strategy is to take full advantage of the R&D capabilities around the core Central Research Institute, which is undertaking a variety of research programs to sustain the product development. Part of this strategy incorporates support for clinical studies on the potential of green tea to prevent cancer, which are being performed out at the University of Texas M.D. Anderson Center in the United States. The fifth strategy is to promote Ito En brand. In addition to the all-encompassing the brand, Ito En is actively reinforcing individual beverage brands such as Oi Ocha green tea beverages, Jujitsu Yasai vegetable beverages, Kaori Kirei Jasmine Cha (Aromatically Pleasant Jasmine Tea) and Kaori Kaoru Mugi Cha (Aromatic Barley Tea).

Based on these strategies, Ito En struggles in order to achieve the objectives of its midterm and long-term management plans.

4. Corporate Governance Reinforcement Plans

Meetings of the Ito En Board of Directors are held monthly to decide matters highest management priority. In addition, to ensure the comprehensive execution of policies set at board meetings, Ito En has established a Management Steering Committee that deliberates on and decides important operational matters to support the Board and President of Ito En.

Furthermore, Ito En has established various organizations under the auspices of the Management Steering Committee, including the Management Planning Committee and twelve other committees—such as the long-term Planning, Environment, Distribution System Improvement, Information Enhancement and Employee Pension Fund Improvement committees—which surpass the bounds of individual business divisions and departments. For the radical changes in economic and business environments, Ito En is making efforts to build and reinforce a management organization that allows Ito En to rapidly and comprehensively resolve current management issues.

Ito En also has established a check system for management, including an Auditors Committee, an internal auditing department that works directly under the direction of President and a system of auditing by accredited third parties.

In addition to these activities, Ito En is stepping up efforts to disclose information on management issues such as Ito En's financial condition. Ito En began presenting cash flow statements in reports of operation results starting from April 1998 and actively stage meetings with investors around the world to explain the management policies and operation results. Ito En's efforts to disclose useful business information and provide reference materials to the stockholders were appreciated and in January 1999, the Tokyo Stock Exchange awarded Ito En for one of the top companies in Japan disclosing financial information to their investors.

Along with the standpoint of timely disclosure and transparent operations, Ito En will further build up a structure under which the opinions of stockholders and investors can be readily reflected in the corporate management.

5. Issues Underlying Ahead

While the food and beverages industry in Japan has still continued facing the problems of the sluggish consumer spending, the need to deal with environmental concerns, the expansion of investments in the latest advances of digital information and communications technologies, and the growing demand among consumers for the higher quality and service are expected. As a result, more competition is expected to increase in an already highly competitive market.

Ito En is constantly concerned to the environmental problems and recognizes that its future activity must also maintain the ability to effectively meet demands brought forth by various environmental issues. As such, Ito En has promoted the production of good by recycling RET bottles, particularly tackled the dioxin problem, and Ito En has altered the type of bottle used for its beverages from a vinyl base to a RET base. Enforcing these actions, Ito En has achieved 100% recycle of harmful disposals. At the central research institute, effective ingredients of green tea, "Catechin" is also reported to prevent harmful actions of dioxin. These actions were a direct result from Ito En's strong desire to enhance environmental preservation and set an example as a promoter of a recycle-oriented society. With "nature" as an underlying theme, Ito En is actively involved in combating the deterioration of the global environment.

With commitment to the management philosophy of "always putting customers first", Ito En aims at maintaining a corporate structure that can rapidly meet customer needs. In addition to developing products that satisfy consumer preferences and improving services, Ito En will reinforce its network of community-linked sales offices in Japan and seek to expand Ito En as a whole through further improvements of the business results.

No problems related to Y2K countermeasures had been incurred.

Results of Operations

1. Fiscal 2000 Results Report

(1) Outline of results

In fiscal 2000 ended April 30, 2000, measures continuously taken by the Japanese Government and the Bank of Japan to stimulate Japanese economy and to loosen monetary policies resulted in a slight recovery in Japanese economy. However, capital investment and consumer spending still remained low, the employment environment has not been improved and, as a whole, the Japanese economy was still in a bad condition.

In food and beverage industry, products such as green tea and other sugar-free beverages, as well as beverages in compact PET bottles led the market. On the other hand, the influence of weak consumer spending and unfavorable weather conditions at the peak of the summer season in western Japan led once again to a harsh operating environment.

In this situation, based on its management philosophy of "always putting the customer first", Ito En strove to actively develop new products. In the area of strengthening marketing capabilities, Ito En expanded its domestic sales network, placed the highest priority on quality control, and made efforts to reduce costs to increase the efficiency of its business and reinforce the business foundations. As a result of these efforts, Ito En achieved a 11.1% increase in consolidated net sales for the fiscal 2000 to ¥173.9 billion. Ordinary income increased 18.2% to ¥13.7 billion. In order to prepare introduction of a new accounting standard for retirement benefit obligations, which will be effective in the next fiscal year, and to prepare fair-value oriented accounting, Ito En decided to adopt a present value concept to its retirement benefits plans for employees and to devalue golf memberships and to revalue land owned by Ito En to fair-value. Management believes that this decision makes to make financial position more stable. As a result, additional retirement obligations totaled ¥1.7 billion was recognized as liabilities, ¥1.5 billion of which, a portion for past adjustments, and golf memberships devaluation loss of ¥0.3 billion were charged to net income as extraordinary expenses. In spite of those extraordinary expenses, net income increased 22.6% to ¥6.5 billion.

As to land revaluation, in accordance with "the Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land" for accounting treatment of land revaluation, ¥5.2 billion land revaluation was recognized, and ¥3.0 billion, which is net of deferred tax assets related to the revaluation of land, was directly charged to stockholder's equity. As cash flows, at April 30, 2000, cash flows from operating activities stood at ¥7.8 billion, an increase of ¥4.6 billion from the previous corresponding period. Cash used in financing activities was ¥2.7 billion, a decrease of ¥1.6 billion from the previous corresponding period, and cash used in financing activities was ¥3.8 billion, a decrease of ¥6.1 billion from the previous corresponding period. Total cash and cash equivalents increased ¥1.2 billion from the balance of cash and cash equivalents at the end of the last fiscal year.

(2) Major results by division

Tea Leaves Division

Green tea leaf production in Japan recovered from the sharp drop occurred in the previous fiscal year and the production in fiscal 2000 increased by 5,900 ton to 88,500 ton, an increase of 7%. Although previous year's low temperatures at sprouting time and high rainfall greatly reduced the harvest of top-grade Ichiban-Cha, tea prices rose steadily due to the good weather after the second harvest.

On the other hand, consumer awareness of the healthful and pharmacological benefits of the ingredients of green tea continued to heighten in line with advancing research and the rising preference of for natural and healthful foods and beverages. Nevertheless, big demand for tea leaves is not expected due to a change of consumers' preference to PET bottled products and canned products and sluggish overall consumer spending. Under the circumstances, Ito En tightened controls covering from the purchase of leaves to the production and logistics. Ito En has been chasing high quality on its products and trying to meet preference of local customers. Ito En established a brand name of barley tea leaf and strengthened sales of barley tea leaf. As a result, sales of tea leaves amounted to ¥28.1 billion, an increase of 0.7%.

Beverages Division

The beverages industry called for continuous demand for products in compact PET bottles due to consumer's preference for its convenience, and shipments of products in large PET bottles also increased on a unit basis in the fiscal 2000. However, unfavorable weather conditions at the peak of the summer season in western Japan and a significant drop in sales of canned beverages created a severe market environment.

In this situation, Ito En applied itself to active product development under the concepts of "natural, healthy, safe, well-designed and delicious" and in accordance with its Total Marketing Plan. Particularly in operations for green tea beverages, the best known sugar-free beverages in Japan, consumption trend toward healthful beverages expanded acknowledgement of the pharmacological benefits of the ingredients of green tea and increased sales of the green tea beverages in both compact and large PET bottles resulting from the strengthening of *Oi Ocha* brand. Ito En reinforced marketing *Kaori Kirei Jasmine Cha* and *Jujitsu Yasai*, overall sales in the beverages division recorded ¥141.8 billion, a 12.0% up from the previous year.

Others

Sales of other products totaled ¥3.8 billion, a 107.4% up from the previous year, owing mainly to expanded wholesale sales of industrial materials.

(3)Capital investment and fund procurement

Capital investment amounted to ¥2.6 billion in fiscal 2000, the major portion of which was devoted to building construction for sales offices. All of the funds used in this investment were provided by in-house sources.

2. Outlook for the Remainder of Fiscal Year 2000

Although further beneficial effects are anticipated from economic measures by the Japanese Government and loose monetary policies by the Bank of Japan, continuing sluggish consumer spending and weak capital investment in the private sector are likely to combine with the severe employment environment to prolong the current harsh economic situation.

The food and beverages industry still faces many challenges, including the extended recession, countermeasures for environmental issues and the expanding trend among consumers to choose products of superior quality. Ito En foresees intensifying competition under these circumstances. Continuing to devote itself to the corporate philosophy of "always putting the customer first", and aiming to maintain organization that can respond rapidly to consumer needs, Ito En group will strive to develop the products consumers want and improve its services. In addition, Ito En group will reinforce its sales activities linked to individual communities in the effort to further advance the business results. Under the circumstances, Ito En forecasts that consolidated sales, ordinary income and net income for fiscal 2001 will be ¥188.2 billion (a 8.2% up), ¥14.2 billion (a 3.0% up) and ¥7.7billion (a 17.9% up), respectively.

As closing words, the management of Ito En sincerely ask the shareholders and investors more support and favor to Ito En.

Consolidated Balance Sheets (Unaudited)

(As of April 30, 2000 and 1999)

(Figures are rounded down to the nearest million yen.)

ASSETS	Millions of yen		
	4/30/2000	4/30/1999	Change
Current assets:			
Cash and deposits	17,078	16,403	675
Notes and accounts receivable-trade	13,847	13,522	325
Inventories	12,865	12,830	34
Advances to suppliers	4,943	6,647	(1,704)
Deferred income taxes	589	503	86
Other	727	638	89
Allowance for doubtful accounts	(40)	(137)	96
Total	50,013	50,409	(395)
Fixed Assets:			
Property, plant and equipment;			
Buildings and structures	10,093	8,587	1,505
Machines and Vehicles	1,110	841	268
Tools and furniture	406	393	12
Land	8,107	13,056	(4,949)
Construction in progress	-	431	(431)
Subtotal	19,717	23,311	(3,593)
Intangible assets;			
Goodwill	51	59	(8)
Software	558	-	558
Adjustments required for consolidation	-	4	(4)
Other	278	292	(13)
Subtotal	889	356	532
Investments and other assets;			
Investments in securities	2,684	2,765	(81)
Recovered Receivables	44	6	37
Long-term prepaid expenses	81	398	(317)
Deferred income taxes	1,239	470	769
Deferred income taxes related to revaluated land	2,179	-	2,179
Other	5,580	5,615	(35)
Allowance for doubtful accounts	(43)	(5)	(38)
Subtotal	11,765	9,251	2,514
Total	32,372	32,919	(546)
Foreign statements translation adjustments	-	477	(477)
Total assets	82,386	83,806	(1,420)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	14,936	16,216	(1,279)
Short-term borrowings	2,790	2,670	120
Income taxes payable	3,238	3,857	(619)
Consumption tax payable	748	724	24
Accrued expenses	4,816	5,193	(377)
Accrued bonuses	1,889	1,777	111
Other	292	536	(243)
Total	28,711	30,975	(2,264)
Non-current liabilities:			
Long-term debt	9,295	11,435	(2,140)
Retirement and severance benefits for employees	2,406	381	2,025
Retirement benefits for directors and statutory corporate auditors	1,086	868	218
Adjustments required for consolidation	9	-	9
Other	27	278	(251)
Total	12,825	12,962	(137)
Total liabilities	41,536	43,938	(2,402)
Minority interests	65	66	-
Common stock	12,655	12,655	-
Additional paid-in capital	13,002	13,002	-
Land revaluation, net of deferred tax asset	(3,034)	-	(3,034)
Retained earnings	18,894	14,144	4,750
Total	41,517	39,801	1,715
Foreign statements translation adjustments	(733)	-	(733)
Total stockholders' equity	40,783	39,801	982
Total liabilities, stockholders' equity and minority interests	82,386	83,806	(1,420)

Consolidated Statements of Income (Unaudited)

for the years ended April 30, 2000 and 1999

(Figures are rounded down to the nearest million yen.)

	Millions of yen		
	4/30/2000	4/30/1999	Change
Operating income and expenses:			
Net sales	173,966	156,557	17,408
Cost of sales	90,593	83,225	7,368
Gross profit	83,372	73,332	10,040
Selling, general and administrative expenses	69,106	60,763	8,342
Operating Income	14,266	12,568	1,698
Non-operating income and expenses:			
Non-operating income;	233	305	(71)
Interest income	30	50	(19)
Dividend income from securities	38	38	-
Lease income	14	17	(3)
Dividend income from insurance with maturities	24	43	(18)
Amortization of adjustments required for consolidation	2	-	2
Equity income from a subsidiary	5	-	5
Other	116	154	(37)
Non-operating expenses;	709	1,205	(495)
Interest expenses	216	279	(62)
Loss on disposal of obsolete inventories	322	673	(350)
Cancellation of finance leases	41	42	-
Other	128	210	(81)
Ordinary Income	13,790	11,668	2,122
Extraordinary income and expenses:			
Extraordinary income;	99	354	(255)
Gain on sales of fixed assets	-	13	(13)
Gain on sales of investments in securities	-	317	(316)
Reversal of allowance for doubtful accounts	98	22	76
Other extraordinary income	-	1	(1)
Extraordinary expenses;	2,007	1,021	985
Loss on sales and disposal of fixed assets	21	62	(41)
Loss on revaluation of investments in securities	102	72	30
Loss on sales of investments in securities	-	13	(12)
Devaluation of golf membership	361	-	361
Loss from recognition of retirement benefit obligations	1,509	211	1,297
Prior service costs for directors and statutory corporate auditors	12	118	(106)
Retirement benefits paid to retired directors	-	47	(47)
Amortization of prior service costs	-	495	(495)
Income before income and enterprise taxes, and minority interests	11,882	11,001	881
Income taxes and enterprise taxes-current	6,225	6,190	34
Income taxes and enterprise taxes-deferred	(872)	(513)	(358)
Minority interests in net income of consolidated subsidiaries	-	1	-
Net income	6,530	5,325	1,204

Consolidated Statements of Retained Earnings (Unaudited)

for the years ended April 30, 2000 and 1999

(Figures are rounded down to the nearest million yen.)

	Millions of yen		
	4/30/2000	4/30/1999	Change
1. Retained earnings at beginning of year:			
Retained earnings carried forward from previous period	14,144	10,266	3,878
Legal Reserve carried forward from previous period	-	650	(650)
2. Increase in retained earnings	2	1	-
(1) Increase of consolidated subsidiary	2	-	-
(2) Application of equity method	-	1	-
3. Decrease in retained earnings	1,781	2,099	(317)
(1) Cash dividends paid	1,710	2,030	-
(2) Bonus to directors and statutory corporate auditors	71	69	2
4. Net income	6,530	5,325	1,204
5. Retained earnings at end of period	18,894	14,144	4,750

Consolidated Statements of Cash Flows

(Years ended April 30, 2000 and 1999)

(Figures are rounded down to the nearest million yen.)

	Millions of yen		
	4/30/2000	4/30/1999	change
Cash flows from operating activities:			
Income before income taxes and minority interests	11,882	11,001	881
Depreciation and amortization	1,095	1,128	(32)
Gain on sales of investments in securities	-	(318)	317
Loss on revaluation of investments in securities	102	72	30
Loss on sales of investments in securities	-	13	(12)
Loss on devaluation of golf membership	361	-	361
Amortization of prior service pension costs	-	495	(495)
Allowance for doubtful accounts	(58)	3	(61)
Accrued bonuses	111	183	(71)
Retirement and severance benefits for employees	2,025	239	1,785
Retirement benefits for directors and statutory corporate auditors	218	216	1
Interests and dividends income	(68)	(88)	19
Interest expenses	216	279	(62)
Bonuses paid to directors and statutory corporate auditors	(71)	(69)	(2)
Notes and accounts receivable-trade	(293)	491	(784)
Inventories	(30)	(1,001)	971
Other current assets	1,615	(818)	2,434
Other non-current assets	(120)	(141)	20
Notes and accounts payable	(1,327)	(2,142)	814
Income tax payable	20	(159)	179
Other current liabilities	(620)	(188)	(431)
Other non-current liabilities	(218)	(13)	(204)
Subtotal	14,841	9,184	5,657
Interests and dividends income received in cash	69	91	(21)
Interest expenses paid in cash	(212)	(286)	73
Income taxes paid in cash	(6,849)	(5,788)	(1,060)
Net cash provided by operating activities	7,849	3,200	4,648
Cash flows from investing activities:			
Cash payment to time deposits	-	(1,408)	1,408
Cash return from time deposits	554	1,909	(1,354)
Acquisition of investments in securities	(22)	(1,344)	1,322
Sales of investments in securities	-	1,871	(1,870)
Acquisition of assets and long-term prepaid expenses	(3,053)	(1,698)	(1,355)
Acquisition of golf memberships	(277)	(465)	187
Other	91	46	44
Net cash used in investing activities	(2,706)	(1,088)	(1,617)
Cash flows from financing activities:			
Net decrease in short-term borrowings	380	(1,450)	1,830
Proceeds from long-term debt	-	12,050	(12,050)
Repayment of long term debt	(2,520)	(6,245)	3,725
Dividends paid	(1,710)	(2,030)	320
Increase in other financial activities	-	2	(2)
Net cash (used in) provided by financing activities	(3,849)	2,327	(6,177)
Translation losses to cash and cash equivalents	(30)	(17)	(13)
Net increase in cash and cash equivalents	1,263	4,421	(3,158)
Cash and cash equivalents at beginning of year	15,581	11,159	4,421
Cash and cash equivalents at end of year	16,844	15,581	1,263
Notes to Consolidated Statements of Cash Flows			
1. Non-cash transaction			
Conversion of convertible bonds into common stock	-	1,730	(1,730)
2. Breakdown of cash and cash equivalents			
Cash and cash equivalents include cash on hand and time deposits with maturities of three months or less in banks.			
Cash and deposits	17,078	16,403	675
Deposits with maturities more than three months	(234)	(822)	588
Cash and cash equivalents at end of year	16,844	15,581	1,263

Note: 1. Long-term debt with maturities within one year is included in the account of "Long-term debt".

2. The statement above is based on the Japanese standard for preparation of consolidated statements of cash flow.

Notes to consolidated financial statements

1. Consolidation scope

- (1)Consolidated subsidiaries 5 companies: ITO EN SANGYO, LTD., OKINAWA ITO EN, LTD., ITO EN KANSAI-CHAGYO, LTD., ITOEN(USA) INC., and ITO EN AUSTRALIA PTY. LTD.
- (2)Unconsolidated subsidiary One company: Ningbo Shunyi Tea Products Co., Ltd.
- (3)Affiliates One company: Fujian New Oolong Drink Co., Ltd.

Assets, net sales, net income and retained earnings of the unconsolidated subsidiary is excluded from consolidated financial statements due to immateriality of those amounts. The equity method is applied for accountings of all unconsolidated subsidiaries and affiliates.

Fiscal year-end for the unconsolidated subsidiary, Ningbo Shunyi Tea Products Co., Ltd., and for an affiliate, Fujian New Oolong Tea Drink Co., Ltd. is December 31. Equity income/loss from them are determined of their fiscal year-end date and significant transactions occurred between their balance sheet date and consolidated balance sheet date are adjusted into the consolidated statements when necessary.

2. Change in the scope of consolidation and application of equity method

Consolidation (novelty): ITO EN KANSAI-CHAGYO, LTD.
(exemption): None

Equity method (novelty): None
(exemption): KANSAI-CHAGYO, LTD.

Ito En had completed an acquisition of a 100% of KANSAI-CHAGYO, LTD.'s stock until May 1, 1999 and became the consolidated subsidiary from current period. Along with the 100% acquisition, the name of KANSAI-CHAGYO has been changed to ITO EN KANSAI-CHAGYO, LTD.

Consolidated subsidiaries, ROYAL SPENCER, LTD., and GENMAIYA, LTD. have been merged, and have become a new company, ITO EN SANGYO LTD. from current period.

3. Fiscal year-end for the consolidated subsidiaries

The fiscal year-end of all consolidated subsidiaries is April 30.

4. Significant Accounting Policies

A. Marketable and investments in securities:

Domestic companies Listed securities other than securities of subsidiaries and one affiliated company are valued at the lower of moving average cost or market value, and the other securities(unlisted) are stated at cost determined by the moving average method.

Oversea companies Securities are stated in accordance with Statement of Financial Accounting Standards No. 115.

B. Inventories:

Domestic companies Inventories are stated at cost determined by the average method.

Oversea companies Inventories are stated at the lower cost, determined on the first-in first-out method, or market.

C. Property, plant and equipment:

Domestic companies Property, plant and equipment are depreciated on the declining balance method in accordance with the Corporation Tax Law. For buildings acquired after April 1, 1998, the straight line method is applied due to change of Corporation Tax Law.

Oversea companies Property, plant and equipment are depreciated over estimated useful life on the straight line method.

D. Intangible assets:

Domestic companies Intangible assets are amortized on the straight line method in accordance with the Corporation Tax Law.

The conventional accounting method is continuously applied for Companies-owned software which is exclusively employed in-house in accordance with "Guidance for accounting method on research and development cost and software - Japan Certified Public Accountant Association Code 12." Such costs are previously included in the section of "Investments". From the current period, account "Software" is included in the section of "Intangible assets", and is amortized over an estimated useful life (5 years).

Oversea companies Intangible assets are amortized over estimated useful life on the straight line method

E. Long-term prepaid expenses:

Domestic & oversea companies Long-term prepaid expenses are amortized over estimated useful life on the straight line method.

F. Allowance for doubtful accounts:

Domestic companies Allowance for doubtful accounts is a sum of the calculated maximum amount deductible for tax purposes in accordance with the Corporation Tax Law and the amounts estimated according to the collectibility of individual accounts.

Oversea companies Allowance for doubtful accounts is provided for the amounts estimated according to the collectibility of individual accounts.

G. Accrued bonus:

Domestic companies only Accrued bonus is recorded as an estimate for the future payment to employees.

H. Retirement and severance benefits for employees:

Domestic companies only During the current fiscal year, the Companies changed their accounting for retirement benefits plans. The new accounting is to accrue the difference between the present value of the future obligations required for both of a lump-sum severance retirement plan and non-contributory defined pension plan supported by government and the pension plan assets at the fiscal year-end.

Prior to a change, the Companies accrued 100% of obligation required for the lump-sum severance retirement plan under the assumption that all employees qualified for retirement and severance benefits were voluntarily retired from the Companies at the fiscal year-end. As for the non-contributory defined benefit plan, Ito En recognized unfunded prior service costs as liabilities in the previous year.

During the current fiscal year, Ito En changed an accounting for retirement benefit plans, the new accounting adopts a present value concept in order to avoid a shortage of the retirement plan assets in the future due to prolonged employment periods and continuous interest low rates. This change was made in order that Ito En's financial position becomes more stable and Ito En's operation results shows more appropriate.

Retirement benefits costs included in manufacturing costs and selling, general and administrative expenses were ¥855 million, and the extraordinary loss, which was the effect on this change at the beginning of the current fiscal year, was ¥1,509 million, and this change resulted in a decrease of both operating income and ordinary income by ¥207 million, and income before income taxes by ¥1,717 million.

This change was made during the second-half of the current fiscal year due to necessity of much time to calculate the present value of obligations required for both retirement plans. Accordingly, if this change were to be made at the beginning of this current fiscal year, manufacturing costs and selling, general and administrative expenses, and the extraordinary loss for the semi-annual period ended October 31, 1999 would increase by ¥63 million and by ¥1,509 million, respectively, resulting in an increase of ordinary income and income before income taxes by ¥63 million and by ¥1,573 million, respectively.

I. Retirement benefits for directors and statutory auditors:

Domestic companies only Retirement benefits for directors and statutory auditors are accrued for the amount in conformity to internal rules. Prior service costs are amortized on the straight line method over 5 years. The accrual is based on the provision stipulated in Japan Commercial Code 287-2.

J. Leases:

Domestic companies only Finance lease transactions, unless the ownership is transferred to the lessee, are accounted for in the same manner as operating leases.

K. Fund pension plan:

The Companies and ITO EN SANGYO, LTD participate in non-contributory defined pension plan supported by Government. The plan covers 85% of retirement benefit plans.

L. Consumption tax:

Domestic companies only Consumption tax(including local consumption) received and paid are netted in the consumption tax payable.

M. Evaluation of assets and liabilities of consolidated subsidiaries at the time of acquisition of control:

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time Ito En acquired control of the respective subsidiaries.

N. Amortization of adjustments required for consolidation:

Domestic & oversea companies Adjustments required for consolidation are amortized on the straight line method over 5 years.

O. Appropriation of retained earnings:

Domestic & oversea companies Consolidated statements of retained earnings for fiscal year are prepared based on the appropriation of retained earning approved by the stockholders' meeting held during the fiscal year.

(Additional information)

1. The notes and accounts receivable and accounts payable with maturities on fiscal year-end date are recorded as if they were liquidated on the same day from the current fiscal year irrelevant to the financial institutions' business closed due to a holiday or weekends.

Prior to this change, those balance was recorded as liquidated on the actual exchange-date basis.

2. Prior to April 1, 1999, foreign currency transaction adjustments were included in the assets section in the consolidated balance sheet. In accordance with a change of accounting principal, foreign currency transaction adjustments are included in the shareholder's equity section from current fiscal year.

5. Notes to Balance Sheets (Figures are rounded down to the nearest million yen.)

A. Accumulated depreciation

	Millions of yen	
	4/30/2000	4/30/1999
Accumulated depreciation	9,186	8,355

B. Capital investments in and common stock of affiliates

	Millions of yen	
	4/30/2000	4/30/1999
Capital investments	72	83
Common Stock	-	2

C. In accordance with "the Enforcement Ordinance for the Law concerning Revaluation Reserve for Land", Ito En revaluated land, and the revaluated amount after net of deferred income tax of ¥3,034 million was directly charged to shareholder's equity. As a result, total assets and total stockholders' equity as of April 30, 2000 decreased by ¥3,034 million.

- (1) Date of revaluation : April 30, 2000
- (2) Book value before revaluation : ¥12,952 million
- (3) Book value after revaluation : ¥7,738 million
- (4) Revaluation method
Pursuant to Paragraph 3 in Article 2 of "the Enforcement Ordinance for the Law concerning Revaluation Reserve for Land", effective March 31, 1998, fair value for the land was determined based on the real estate valuation performed by a third party.

D. The notes and accounts receivable and accounts payable with maturities on fiscal year-end which were recorded as if liquidated on fiscal year-end due to financial institutions' business close because the fiscal year-end stood on Sunday

	Millions of yen	
	4/30/2000	4/30/1999
Notes receivable	736	-
Accounts receivable-trade	4,309	-
Accounts receivable-other	4,558	-
Total	9,604	-
Accounts payable	12,006	-
Total	12,006	-

E. Treasury stock

	4/30/2000	4/30/1999
Number of treasury stock	28	95

6. Notes to Statements of Income (Figures are rounded down to the nearest million yen.)

A. Main items of selling, general and administrative expenses

	Millions of yen	
	Year ended 4/30/2000	Year ended 4/30/1999
Selling commission	15,415	12,908
Advertising	5,070	4,295
Allowance for doubtful accounts	41	35
Transportation	6,274	5,942
Salaries paid to employees	16,206	14,602
Allowance for accrued bonuses	1,766	1,662
Retirement and severance benefits costs for employees	770	44
Retirement benefit costs for directors and statutory corporate auditors	220	98
Lease expenses	7,440	7,066
Depreciation and amortization	713	804
Research and development expenses	1,109	-

- B. Breakdown of retirement benefit costs included in manufacturing costs and selling, general and administrative expenses for the current fiscal year

(Millions of yen)	
4/30/2000	
Costs of the lump-sum severance retirement benefit calculated based on the former accounting method	56
Costs of non-contributory defined benefit calculated based on the former accounting method	590
Effect on a change of accounting for retirement benefits	207
Total	855

- C. Research and development expenses included in general administrative expenses and manufacturing expenses for the fiscal year ended April 30, 2000 is ¥ 1,109 million.

7. Financial lease transactions without ownership transfer to lessee

(Figures are rounded down to the nearest million yen.)

- A. Purchase price equivalents, accumulated depreciation equivalents, and book value equivalents of leased properties as of April 30, 2000 and 1999 are as follows:

(Millions of yen)			
4/30/2000			
	Machines & vehicle	Tools & furniture	Total
Purchase price equivalents	7,922	27,442	35,364
Accumulated depreciation equivalents	3,773	12,625	16,399
Book value equivalents	4,148	14,816	18,964

(Millions of yen)			
4/30/1999			
	Machines & vehicle	Tools & furniture	Total
Purchase price equivalents	7,189	25,079	32,268
Accumulated depreciation equivalents	3,336	11,905	15,242
Book value equivalents	3,853	13,173	17,026

- B. Lease obligations

Millions of yen		
	4/30/2000	4/30/1999
Due within one year	6,635	5,874
Due after one year	13,028	11,829
Total	19,664	17,703

- C. Lease payments, depreciation equivalents and interest expense equivalents

Millions of yen		
	Year ended 4/30/2000	Year ended 4/30/1999
Lease payments	7,612	6,728
Depreciation equivalents	6,605	5,801
Interest expense equivalents	933	891

- D. Calculation method of depreciation equivalents and interest expense equivalents

Depreciation equivalents are calculated by the straight line method over the lease period with no residual value. Difference between the total lease payment and the purchase price equivalents is accounted for as interest expense equivalents and allocated to the appropriate period based on interest method.

8. Segment information (Figures are rounded down to the nearest million yen.)

A. Business segment information

(Millions of yen)

4/30/2000						
	Tea leaves	Beverages	Others	Total	Elimination or Corporate	Consolidated
Net sales:						
(1) Outside	28,196	141,898	3,871	173,966	-	173,966
(2) Intersegment	-	-	-	-	-	-
Total net sales	28,196	141,898	3,871	173,966	-	173,966
Operating expenses	24,156	119,305	3,978	147,440	12,258	159,699
Operating income(loss)	4,040	22,592	(107)	26,525	(12,258)	14,266
Identifiable assets	13,101	35,915	745	49,762	32,623	82,386
Depreciation and amortization	299	409	14	722	373	1,095
Capital expenditures	966	1,742	33	2,743	299	3,042

(Millions of yen)

4/30/1999						
	Tea leaves	Beverages	Others	Total	Elimination or Corporate	Consolidated
Net sales:						
(1) Outside	27,994	126,696	1,866	156,557	-	156,557
(2) Intersegment	-	-	-	-	-	-
Total net sales	27,994	126,696	1,866	156,557	-	156,557
Operating expenses	23,810	108,084	1,906	133,171	10,817	143,989
Operating income(loss)	4,813	18,611	(39)	23,386	(10,817)	12,568
Identifiable assets	11,410	35,030	594	47,035	36,771	83,806
Depreciation and amortization	278	435	13	727	400	1,128
Capital expenditures	468	1,037	25	1,531	167	1,698

The Companies are primarily engaged in the manufacture and sales of products in three business segments: Tea leaves group, beverages group, and other. Tea leaves group deals with products which relate to green tea leaves, oolong tea leaves and other tea leaves. Beverages group operates in products which relate to green tea, oolong tea, other tea and coffee. Operations of other group involve merchandise and products other than those included in tea leaves and beverages groups.

¥12,258 million(4/30/2000), ¥10,817 million(4/30/1999) of unallocatable operating expenses such as advertisement and administrative operating expenses of the Company are included in "Elimination or corporate".

¥32,623 million(4/30/2000), ¥36,771 million(4/30/1999) of corporate assets consisting primarily of cash, marketable securities, investments in securities and administrative properties are included in "Elimination or corporate".

"Depreciation and amortization" includes amortization of software and long-term prepaid expenses, and "Capital expenditures" includes software and long-term prepaid expenses.

As mentioned 4. H in notes to consolidated financial statements, the Companies changed their accounting for retirement benefit obligations. The new accounting is to accrue the difference between the present value of the future obligations required for both a lump-sum severance retirement plan and a non-contributory defined pension plan and the pension plan assets at the fiscal year end. In connection with this change, operating expenses in Tea leaves segment, Beverages segment and "Elimination or corporate" increased by ¥23 million, ¥5million and ¥178 million, respectively, and operating income in these segments and "Eliminate or corporate" decreased by the same amount, respectively.

B. Geographic segment information and overseas sales

Geographic segment information and overseas sales are not disclosed due to immateriality of those information to the consolidated financial statements.

9. Market value information of securities and derivative transactions

(Figures are rounded down to the nearest million yen.)

A. Market value information of securities

	Millions of yen					
	4/30/2000			4/30/1999(Non-consolidated)		
	Book value	Market value	Unrealized gains(losses)	Book value	Market value	Unrealized gains(losses)
Current assets:						
Equity stock	-	-	-	-	-	-
Bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Fixed assets:						
Equity stock	2,519	3,008	489	2,545	3,186	640
Bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	2,519	3,008	489	2,545	3,186	640
Total	2,519	3,008	489	2,545	3,186	641

(1) Computation of market value

- a. Listed securities the closing price mainly at the Tokyo Stock Exchange
- b. Over-the-counter securities the latest transaction price announced by the Japan Securities Dealers Association

(2) The following securities are excluded from the table above.

	Millions of yen	
	4/30/2000	4/30/1999 (Non-consolidated)
Unlisted stock categorized into fixed assets (Including investments in affiliate securities)	165 -	3,478 3,286

B. Derivative transactions

(1) Notes to derivative transactions contracts for fiscal year ended April 30, 2000 and 1999.

- a. Ito En makes foreign currency exchange forward contracts relating to partial import of raw materials. No other derivative transactions are entered by Ito En.
- b. Those contracts are made only to offset exposure of market risks arising from changes in foreign exchange rates.
- c. Those kinds of contracts still have risks arising from changes in foreign exchange rates. However, Ito En recognizes little risks arising from the contracts, such as nonfulfillment of contracts, because those contracts are made only with reliable financial institutions.
- d. Those contracts are operated by financial department, and are supervised by accounting department under an internal rules on derivative transaction authorization, range and regulation. Results of those contracts are reported by the monthly board meetings.

(For the fiscal year ended April 30, 1999 only):

- e. Contracted amount does not necessarily show risk of derivative transaction.

(2) Forward foreign currency exchange contracts outstanding as of April 30, 2000 and 1999 is as follows:

	Millions of yen					
	4/30/2000			4/30/1999(Non-consolidated)		
Direction of forward contracts/foreign currency	Contracted price (Over one year)	Period-end valuation in yen	Unrealized gains/losses	Contracted price (Over one year)	Period-end valuation in yen	Unrealized gains/losses
Contracts to buy U.S. dollar	-	-	-	5	-	5
Total	-	-	-	5	-	5

(Notes): a. Forward contract rates are applied to the period-end valuation.

- b. Hedged foreign currency denominated transactions related to assets and liabilities, if all of their future foreign currency exposures are converted into yen by forward contracts and such yen amounts are presented on the balance sheets, are excluded from the table above.

10. Notes to deferred income tax accounting (Figures are rounded down to the nearest million yen.)

Breakdown of main factors of deferred income tax assets and liabilities incurred

1. Current assets

(Deferred income tax assets)	Millions of yen	
	4/30/2000	4/30/1999
Enterprise tax payable	294	351
Accrued bonus	208	81
Other	76	59
Elimination of unrealized gains and losses	10	13
Total	590	506

(Deferred income tax liabilities)	Millions of yen	
	4/30/2000	4/30/1999
Allowance for bad debt accounts	-	2
Total-current assets	589	503

2. Fixed assets

(Deferred income tax assets)	Millions of yen	
	4/30/2000	4/30/1999
Retirement and severance benefits for employees	835	100
Retirement benefits for directors and statutory corporate auditors	454	362
Amortization of prior service costs	-	211
Net operating losses carried forward	163	176
Other	170	17
Total	1,623	868

(Deferred income tax liabilities)	Millions of yen	
	4/30/2000	4/30/1999
Reserve for deferred gain on sale of property	359	363
Other	24	34
Total	384	398
Total-fixed assets	1,239	470

11. Subsequent Events

There are no significant subsequent events that would have effect on the consolidated financial statements.