

**ITO EN, LTD.**

March 2, 2010  
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**Consolidated Financial Results**

for the third quarter of the fiscal year ending April 30, 2010

Quarterly Report Filing Date (as planned): March 17, 2010

*For Immediate Release*

(Figures are rounded down to million yen.)

**1. Consolidated performance for the third quarter of the fiscal year ending April 30, 2010****(May 1, 2009 - January 31, 2010)**

(1) Results of operations – consolidated (% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen		Million yen		Million yen		Million yen	
1/31/2010	253,261	-0.8%	10,103	21.6%	9,445	18.5%	4,952	35.9%
1/31/2009	255,360	-	8,310	-	7,972	-	3,644	-

	Net income per share	Net income per share (diluted)
	Yen	Yen
1/31/2010	38.40	38.29
1/31/2009	27.87	27.79

(2) Financial position – consolidated

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen		Yen
1/31/2010	163,904	99,250	60.4%	798.49
4/30/2009	160,803	99,989	62.1%	800.94

Note: Equity: 1/31/2010 99,051 million yen 4/30/2009 99,828 million yen

Note: The above information per share pertains to common stock. For information per share of Class-A Preferred Stock, refer to page 3.

**2. Dividends**

(Record date)	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2009	-	19.00	-	19.00	38.00
4/30/2010	-	19.00	-		
4/30/2010 (Forecast)				19.00	38.00

Note: Revision of forecast for dividends in the third quarter: None

Note: The above "Dividends" pertains to common stock. For "Dividends" for Class-A Preferred Stock, refer to page 3.

**3. Forecasted consolidated operation results for the fiscal year ending April 30, 2010 (May 1, 2009 - April 30, 2010)**

(% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen		Million yen		Million yen		Million yen		Yen
4/30/2010	335,500	0.8%	12,000	13.1%	11,000	6.0%	5,200	9.1%	39.03

Note: Revision of forecasted consolidated operation results for the fiscal year ending April 30, 2010 in the third quarter: None

Note: The above "Net income per share" pertains to common stock. For "Net income per share" for Class-A Preferred Stock, refer to page 3.

**4. Others**

- (1) Changes in important subsidiaries during the period  
(Changes in certain specified subsidiaries resulting in revised scope of consolidation): None
- (2) Adoption of simplified accounting methods and accounting methods particular to the presentation of quarterly financial statements  
: Yes  
Note: For details, refer to “4. Others” in “Qualitative Information and Financial Statements,” on page 5.
- (3) Changes in accounting principles, procedures, presentation methods, etc., pertaining to preparation of consolidated financial statements  
(Those to be stated as significant accounting policies)  
. Changes associated with revisions in accounting standards: None  
. Other changes: None
- (4) Shares outstanding
- |   |           |            |           |            |
|---|-----------|------------|-----------|------------|
| . Numbers of shares outstanding (including treasury stock)  | 1/31/2010 | 91,212,380 | 4/30/2009 | 91,212,380 |
| . Numbers of treasury stock   | 1/31/2010 | 2,013,498  | 4/30/2009 | 2,019,425  |
| . Average number of shares during the period (consolidated, cumulative from the beginning of the fiscal year) | 1/31/2010 | 89,198,334 | 1/31/2009 | 89,191,395 |
- Note: The above “Shares outstanding” pertains to common stock. For “Shares outstanding” for Class-A Preferred Stock, refer to page 3.

Note: Request for appropriate use of the business outlook and other special remarks

The forecasts are based on information available to the management at the time of an announcement. Due to variable factors, actual results may be different from the forecast figures. For the basis of presumption of the forecasted operation results and the notes on its use, refer to “3. Qualitative information regarding forecasts for consolidated operating results” in “Qualitative Information and Financial Statements,” on page 5.

## Reference

**(1) Dividends – Class-A Preferred Stock**

(Record date)	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
4/30/2009	Yen -	Yen 24.00	Yen -	Yen 24.00	Yen 48.00
4/30/2010	-	24.00	-		
4/30/2010 (Forecast)				24.00	48.00

**(2) Information per share of Class-A Preferred Stock (May 1, 2009 - January 31, 2010)**

	Net income per share	Net income per share (diluted)
1/31/2010	Yen 43.41	Yen 43.30
1/31/2009	32.87	32.79

	Net assets per share
1/31/2010	Yen 798.49
4/30/2009	805.94

**(3) Information per share of Class-A Preferred Stock in forecasted consolidated operation results**

	Net income per share
4/30/2010	Yen 49.00

**(4) Shares outstanding – Class-A Preferred Stock**

- Numbers of shares outstanding (including treasury stock)
 

1/31/2010	35,246,962	4/30/2009	35,246,962
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- Numbers of treasury stock
 

1/31/2010	396,662	4/30/2009	21,222
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- Numbers of average shares outstanding (cumulative, consolidated at the end of the third quarter)
 

1/31/2010	35,182,609	1/31/2009	35,227,866
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Note: Request for appropriate use of the business outlook and other special remarks

The forecasts are based on information available to the management at the time of an announcement. Due to variable factors, actual results may be different from the forecast figures. For the basis of presumption of the forecasted operation results and the notes on its use, refer to “3. Qualitative information regarding forecasts for consolidated operating results” in “Qualitative Information and Financial Statements,” on page 5.

## Qualitative Information and Financial Statements

### 1. Qualitative information regarding consolidated business results

During the nine months ended January 31, 2010, the Japanese economy has not reached track on full recovery yet while some effects of government stimulus packages had been predicted, and remained in a difficult situation with worsening employment situation and personal income at a low level.

The business environment surrounding the beverage market also continued to be severe with sluggish private consumption reflecting consumers saving mind due to unpredictable economy and persistent situation of unemployment and personal income level.

Under these business conditions, the ITO EN Group maintained its “STILL NOW” strategy of seeking to discover what customers are not satisfied with” and took active business operation in areas of new product development and sales activities based on its management philosophy of “Always Putting the Customers First.” In addition, we have promoted streamlining of management with efficient use of resources based on analyses of market environment and competitive climate.

Regarding the sales, our core brands of the green tea beverages increased in sales volume with a success of wide selection of tastes to meet a variety of consumer preferences. However, it's sales slightly decreased from the same period of the last year affected by price sensitivity among consumers. Also we have actively launched new products collaborated with our Group companies such as “TEAS' TEA NEW YORK,” introducing the new tastes of black tea and “TULLY'S COFFEE BARISTA'S CHOICE” which pursued maximum quality through procurement to manufacturing. As a result of steady performance, the consolidated sales recorded 253.2 billion yen slightly down by 0.8% from the same period of the previous fiscal year.

As for earnings, we have implemented measures to reform earning structure by promoting cost reductions and efficient use of sales and marketing expenses. For the nine months, operating income amounted to 10.1 billion yen, up by 21.6%, ordinary income was 9.4 billion yen, up by 18.5% and net income recorded 4.9 billion yen, up by 35.9% compared to the same period of the previous fiscal year.

### 2. Qualitative information regarding consolidated financial position

Total assets as of January 31, 2010 amounted to 163.9 billion yen, an increase of 3.1 billion yen from the end of the previous fiscal year. Major components of this change were increases of 1.9 billion yen in “cash and deposits,” and of 5.9 billion yen in “lease assets” under “tangible fixed assets,” while “notes and accounts receivable – trade” decreased by 4.6 billion yen.

Total liabilities as of January 31, 2010 amounted to 64.6 billion yen, an increase of 3.8 billion yen from the end of the previous fiscal year. This reflected mainly increases of 3.8 billion yen in “loans payable,” of 6.3 billion yen in “lease obligations,” and decrease of 5.3 billion yen in “notes and accounts payable.”

Total net assets as of January 31, 2010 amounted to 99.2 billion yen, decreased by 0.7 billion yen compared to the end of the previous fiscal year. The major changes of the net assets were an increase of 4.9 billion yen in net income for the third quarter while earning surplus decreased by 5.1 billion yen for dividends paid, and decrease of 0.3 billion yen due to acquisition of treasury stock.

As a result of the above, the equity ratio was 60.4% compared to 62.1% for the end of the previous fiscal year.

Cash inflows from operating activities were 12.5 billion yen. The major factors of cash inflows were 9.0 billion yen from “income before income taxes” of the current quarter, 5.0 billion yen from depreciation and amortization, and 4.5 billion yen from decrease in “notes and accounts receivable – trade”, respectively, while “notes and accounts payable” decreased by 5.3 billion yen and “income taxes paid in cash” was 3.7 billion yen.

Cash outflows from investing activities were 6.0 billion yen, reflecting outflows of 3.9 billion yen for acquisitions of plant and equipment and system investment, of 0.9 billion yen for additional stock acquisition of Tully's Coffee Japan Co., Ltd., and of 1.4 billion yen for acquisition of investments in securities including NEOS Corporation.

Cash outflows from financing activities were 4.1 billion yen. This was primarily due to inflows of net increase of 1.1 billion yen in short-term loans payable and of 2.8 billion yen in long-term loans payables in Tully's Coffee Japan Co., Ltd., while cash outflows of 4.7 billion yen for dividends paid and of 2.7 billion yen for repayment of finance lease obligations were recorded.

As a result of the above, consolidated cash and cash equivalents at the end of the third quarter of the current fiscal year was 16.3 billion yen increased by 2.3 billion yen from the end of the previous fiscal year.

### 3. Qualitative information regarding forecasts for consolidated operating results

With regard to the forecast for the forth quarter of this fiscal year, the business environment will continue to be severe due to inherent risks including latent causes of international financial instability, concerns for downturn in overseas economy, worsening unemployment situation and sluggish personal income due to flagging corporate earnings without strong recovery in Japan.

The ITO EN Group will continue to provide customers our products and sufficient services for the further growth that comply with our five key concepts, which are “natural,” “healthy,” “safe,” “well-designed,” and “delicious” under the strict product quality management.

As for the consolidated business outlook for the full fiscal year, considering the financial results of the nine months of the current fiscal year, no change has been made without reviewing.

### 4. Others

- (1) Changes in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None
- (2) Adoption of simplified accounting methods and accounting methods particular to the presentation of quarterly financial statements
- . Simplified accounting methods
    - Valuation of inventory assets
 

With regard to marking down the book value of inventory assets as of January 31, 2010, the lower of cost or market method was applied for the inventories on which values had clearly declined.
    - Calculation of deferred tax assets and liabilities
 

The method used to calculate the recoverability of deferred tax assets is based on the consolidated financial forecasts and tax planning used in the previous fiscal year, since no significant change has been recognized in the managerial environment and situation in which temporary differences occur since the end of the previous fiscal year.
  - . Accounting methods particular to the presentation of quarterly financial statements
    - Calculation of income taxes
 

The effective tax rate after the application of deferred tax accounting to the net income before income taxes for the consolidated fiscal year including the third quarter under review is reasonably estimated, and the tax expenses are calculated by multiplying net income before income taxes by this estimated effective tax rate. Also, the account of “income taxes” includes both of “income taxes - current” and “income taxes - deferred.”
- (3) Changes in accounting principles, procedures, presentation methods, etc., pertaining to preparation of consolidated financial statements : None

**5. Consolidated Financial Statements etc.****(1) Consolidated Balance Sheets (Unaudited)**

as of January 31, 2010 and April 30, 2009

	Million yen	
	4/30/2009	1/31/2010
<b>Current assets:</b>		
1 Cash and deposits	14,334	16,306
2 Notes and accounts receivable – trade	28,617	23,992
3 Merchandise and finished products	15,515	15,854
4 Raw materials and supplies	8,884	8,493
5 Other	11,395	9,171
Allowance for doubtful accounts	(123)	(79)
<b>Total current assets</b>	<b>78,624</b>	<b>73,738</b>
<b>Fixed assets:</b>		
<b>Property, plant and equipment;</b>		
1 Buildings and structures	15,592	14,937
2 Land	14,061	14,032
3 Lease assets	12,539	18,464
4 Other	4,033	4,456
<b>Subtotal</b>	<b>46,226</b>	<b>51,890</b>
<b>Intangible fixed assets;</b>		
1 Goodwill	14,065	14,109
2 Lease assets	166	155
3 Other	9,071	10,055
<b>Subtotal</b>	<b>23,303</b>	<b>24,320</b>
<b>Investments and other assets;</b>	<b>12,649</b>	<b>13,954</b>
<b>Total fixed assets</b>	<b>82,178</b>	<b>90,165</b>
<b>Total assets</b>	<b>160,803</b>	<b>163,904</b>

**Consolidated Balance Sheets – Continued (Unaudited)**

	Million yen	
	4/30/2009	1/31/2010
<b>Current liabilities:</b>		
1 Accounts payable	22,921	17,522
2 Short-term loans payable	-	1,375
3 Lease obligations	2,796	4,557
4 Accrued expenses	12,382	11,841
5 Income taxes payable	1,354	1,725
6 Accrued bonuses	2,565	1,308
7 Other	1,732	1,673
<b>Total current liabilities</b>	<b>43,750</b>	<b>40,003</b>
<b>Non-current liabilities:</b>		
1 Long-term loans payable	-	2,470
2 Lease obligations	10,832	15,451
3 Allowance for retirement and severance benefits for employees	3,679	4,127
4 Other	2,551	2,601
<b>Total non-current liabilities</b>	<b>17,064</b>	<b>24,650</b>
<b>Total liabilities</b>	<b>60,814</b>	<b>64,654</b>
<b>Shareholders' equity:</b>		
1 Common stock and preferred stock	19,912	19,912
2 Capital surplus	20,259	20,259
3 Retained earnings	72,141	71,947
4 Treasury stock, at cost	(4,876)	(5,204)
<b>Total shareholders' equity</b>	<b>107,435</b>	<b>106,914</b>
<b>Valuation, translation adjustments and others:</b>		
1 Unrealized holding gains on securities, net of tax	270	335
2 Deferred gains (losses) on hedges	(23)	(4)
3 Land revaluation difference, net of tax	(6,196)	(6,196)
4 Foreign currency translation adjustments	(1,658)	(1,998)
<b>Total accumulated gains (losses) from valuation, translation adjustments and others</b>	<b>(7,607)</b>	<b>(7,863)</b>
<b>Stock acquisition rights</b>	<b>14</b>	<b>12</b>
<b>Minority interests</b>	<b>146</b>	<b>186</b>
<b>Total net assets</b>	<b>99,989</b>	<b>99,250</b>
<b>Total liabilities and net assets</b>	<b>160,803</b>	<b>163,904</b>

**(2) Consolidated Statement of Income (Unaudited)**

for the third quarter of the fiscal year ending April 30, 2009 and 2010 (May 1, 2009 - January 31, 2010)

	Million yen	
	1/31/2009	1/31/2010
<b>Operating income and expenses:</b>		
<b>Net sales</b>	<b>255,360</b>	<b>253,261</b>
Cost of sales	129,282	128,762
<b>Gross profit</b>	<b>126,077</b>	<b>124,498</b>
Selling, general and administrative expenses	117,767	114,395
<b>Operating income</b>	<b>8,310</b>	<b>10,103</b>
<b>Non-operating income and expenses:</b>		
<b>Non-operating income;</b>	<b>388</b>	<b>318</b>
1 Interest income	40	18
2 Dividend income from securities	41	39
3 Equity income from an unconsolidated subsidiary and affiliates	39	38
4 Other	267	221
<b>Non-operating expenses;</b>	<b>727</b>	<b>976</b>
1 Interest expense	210	569
2 Loss on foreign currency exchange	337	271
3 Other	178	136
<b>Ordinary income</b>	<b>7,972</b>	<b>9,445</b>
<b>Extraordinary gains and losses:</b>		
<b>Extraordinary gains;</b>	<b>82</b>	<b>4</b>
1 Gain on sales of fixed assets	-	2
2 Gain on donation of fixed assets	79	2
3 Gain on sales of investment in securities	3	-
<b>Extraordinary losses;</b>	<b>754</b>	<b>351</b>
1 Loss on disposal of fixed assets	91	52
2 Impairment losses	199	29
3 Loss on valuation of investment securities	457	232
4 Loss on valuation of golf membership	-	22
5 Other	6	13
<b>Income before income taxes</b>	<b>7,300</b>	<b>9,098</b>
<b>Income taxes</b>	<b>3,577</b>	<b>4,105</b>
<b>Minority interests in income</b>	<b>78</b>	<b>40</b>
<b>Net income</b>	<b>3,644</b>	<b>4,952</b>

**(3) Consolidated Statements of Cash Flows (Unaudited)**

for the third quarter of the fiscal year ending April 30, 2009 and 2010 (May 1, 2009 - January 31, 2010)

	Million yen	
	1/31/2009	1/31/2010
Cash flows from operating activities:		
1 Income before income taxes	7,300	9,098
2 Depreciation and amortization	2,876	5,007
3 Impairment loss	199	29
4 Amortization of goodwill	677	705
5 Increase (decrease) in allowance for doubtful accounts	15	(100)
6 Increase (decrease) in accrued bonuses for employees	(1,271)	(1,256)
7 Increase (decrease) in allowance for retirement and severance benefits for employees	358	447
8 Interest and dividends income	(82)	(57)
9 Interest expenses	210	569
10 Loss (gain) on foreign currency translation	73	104
11 Equity in (earnings) losses of an unconsolidated subsidiary and affiliates	(39)	(38)
12 Gain on donation of fixed assets	(79)	(2)
13 Loss on abandonment of fixed assets	91	52
14 Loss (gain) on valuation of investment securities	457	232
15 Loss (gain) on sales of investment securities	0	-
16 Decrease (increase) in notes and accounts receivable – trade	4,206	4,543
17 Decrease (increase) in inventories	(2,809)	(43)
18 Decrease (increase) in other current assets	1,716	1,978
19 Decrease (increase) in other fixed assets	(226)	227
20 Increase (decrease) in notes and accounts payable	(6,390)	(5,338)
21 Increase (decrease) in consumption tax payable	339	1,184
22 Increase (decrease) in other current liabilities	(1,681)	(599)
23 Other, net	(101)	43
<b>Subtotal</b>	<b>5,841</b>	<b>16,789</b>
24 Interest and dividend income received in cash	87	63
25 Interest expenses paid in cash	(210)	(571)
26 Income taxes paid in cash	(6,662)	(3,726)
<b>Net cash flows from operating activities</b>	<b>(943)</b>	<b>12,553</b>
Cash flows from investing activities:		
1 Acquisition of investments in securities	(12)	(1,441)
2 Acquisition of fixed assets	(4,185)	(3,959)
3 Proceeds from sales of fixed assets	4	33
4 Acquisition of long-term prepaid expenses	(172)	(35)
5 Acquisition of investments in affiliates	(540)	(902)
6 Decrease (increase) in other investments	13	256
<b>Net cash flows from investing activities</b>	<b>(4,892)</b>	<b>(6,049)</b>
Cash flows from financing activities:		
1 Increase (decrease) in short-term loans payable	-	1,155
2 Proceeds from long-term loans payable	-	2,800
3 Repayment of long-term loans payable	-	(110)
4 Purchase of treasury stock	(11)	(345)
5 Proceeds from sales of treasury stock	5	2
6 Repayment of finance lease obligations	(929)	(2,794)
7 Dividends paid	(4,733)	(4,773)
8 Dividends paid to minority shareholders	-	(52)
9 Other, net	(6)	(5)
<b>Net cash flows from financing activities</b>	<b>(5,675)</b>	<b>(4,124)</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>(120)</b>	<b>(62)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,632)</b>	<b>2,318</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>22,549</b>	<b>13,988</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,916</b>	<b>16,306</b>

**(4) Notes to Going Concern**

Not applicable

**(5) Segment Information**

Business segment information

for the third quarter of the fiscal year ended April 30, 2009 (May 1, 2008 - January 31, 2009)

(Figures are rounded down to million yen.)

	Million yen					
	Tea leaves division	Beverages division	Other	Total	Elimination or Corporate	Consolidated
Net sales:						
(1) Outside	21,974	218,467	14,918	255,360	-	255,360
(2) Intersegment	-	-	-	-	-	-
Total net sales	21,974	218,467	14,918	255,360	-	255,360
Operating income (loss)	3,139	21,381	391	24,912	(16,602)	8,310

Business segment information

for the third quarter of the fiscal year ending April 30, 2010 (May 1, 2009 - January 31, 2010)

(Figures are rounded down to million yen.)

	Million yen					
	Tea leaves division	Beverages division	Other	Total	Elimination or Corporate	Consolidated
Net sales:						
(1) Outside	22,157	216,046	15,057	253,261	-	253,261
(2) Intersegment	-	-	-	-	-	-
Total net sales	22,157	216,046	15,057	253,261	-	253,261
Operating income (loss)	3,706	21,564	893	26,163	(16,060)	10,103

Notes: 1. The Companies are primarily engaged in the manufacture and sales of products in three business segments: Tea Leaves Division, Beverages Division, and Other.

2. Tea Leaves Division deals with products that relate to green tea leaves, oolong tea leaves and other tea leaves. Beverages Division operates in products that relate to Japanese tea, Chinese tea, fruit and vegetable juice, coffee, black tea, functional and other soft drinks. Other Operation involves merchandise and products other than those included in Tea Leaves and Beverages division.

**(6) Notes to Significant Changes in Shareholders' Equity**

Not Applicable