

## Consolidated Financial Results

for the first quarter of the fiscal year ending April 30, 2011

*For Immediate Release*

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Supplementary Documents for Quarterly Results: Yes

Quarterly Results Presentation: None

(Figures are rounded down to million yen.)

### 1. Consolidated performance for the first quarter of the fiscal year ending April 30, 2011

(May 1, 2010 - July 31, 2010)

(1) Consolidated results of operations – cumulative (% 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	
7/31/2010	97,077	8.2%	5,950	46.4%	5,504	41.6%	2,648	35.6%
7/31/2009	89,708	-0.1%	4,064	83.8%	3,886	63.2%	1,953	81.5%

	Net income per share	Net income per share (diluted)
	Yen	Yen
7/31/2010	21.41	21.34
7/31/2009	15.70	15.66

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen		Yen
7/31/2010	188,711	99,681	52.8%	804.97
4/30/2010	179,846	100,455	55.8%	808.37

Note: Equity: 7/31/2010 99,568 million yen 4/30/2010 100,316 million yen

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

### 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
4/30/2010	-	19.00	-	19.00	38.00
4/30/2011	-				
4/30/2011 (Forecast)		19.00	-	19.00	38.00

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

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

### 3. Forecasted consolidated operation results for the fiscal year ending April 30, 2011 (May 1, 2010 - April 30, 2011)

(% 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
10/31/2010	182,300	1.6%	9,700	5.9%	9,100	4.4%	4,800	2.1%	37.41
4/30/2011	340,000	2.1%	13,200	6.0%	12,100	3.6%	6,200	3.4%	47.33

Note: Revision of forecasted consolidated operation results for the fiscal year ending April 30, 2011 in the first 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 "Reference" below.

**4. Others** (For details, please refer to “2. Other Information” on page 3 in the Attachment.)

- (1) Changes in important subsidiaries during the period: None

Note: Indicates changes in specific subsidiaries accompanied by a change in the scope of consolidation during the quarterly period.

- (2) Application of simplified accounting methods and special accounting methods: Yes

Note: Indicates whether simplified accounting treatment or special accounting treatment has been used in preparing the quarterly consolidated financial statements.

- (3) Changes in accounting treatment principles and procedures or presentation methods, etc.

. Changes associated with revisions in accounting standards: Yes

. Other changes: None

Note: Indicates any changes in accounting treatment principles and procedures or presentation methods, etc. for the preparation of quarterly consolidated financial statements included in “Changes in the basis for preparing quarterly consolidated financial statements.”

- (4) Shares outstanding (common stock)

. Numbers of shares outstanding (including treasury stock)    7/31/2010    91,212,380 shares                      4/30/2010    91,212,380 shares

. Numbers of treasury stock    7/31/2010    2,002,585 shares                      4/30/2010    2,008,298 shares

. Average number of shares during the period (consolidated, cumulative from the beginning of the fiscal year)

    7/31/2010    89,205,154 shares                      7/31/2009    89,197,019 shares

Note: The above “Shares outstanding” pertains to common stock. For “Shares outstanding” for Class-A Preferred Stock, refer to “Reference” on the next page.

Note: Indication of quarterly review procedure implementation status

These quarterly financial results fall outside the quarterly review requirements as provided in the Financial Instruments and Exchange Law. The review of quarterly consolidated financial statements as provided in the Financial Instruments and Exchange Law had not been completed as of the date of this Consolidated Financial Results for the Three-Month Period Ended July 31, 2010.

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,” on page 2 in the Attachment.



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## 1. Qualitative Information Regarding Consolidated Financial Results, Etc. For This Quarter

### (1) Qualitative Information Regarding Consolidated Business Results

During the first quarter of the current fiscal year, the Japanese economy was still unable to get back on track towards full recovery, and while corporate performance showed some signs of recovery, corporate earnings especially in small and medium sized enterprises stayed in a severe condition with severe employment conditions.

The beverage market as a whole continued to see prices decline. However, the sales volume remained at a high level due to high temperatures throughout Japan despite record-setting heavy rains in some areas.

Under these business conditions, the ITO EN Group maintained its "STILL NOW" strategy of seeking to discover what customers are not satisfied with and actively conducted business operation based on its management philosophy of "Always Putting the Customers First."

Sales of beverages showed steady growth led by the Japanese tea beverage "Oi Ocha Ryokucha" and the black tea beverage "TEAS' TEA NEW YORK" while sales of vegetable beverages and coffee beverages also increased.

As a result, the consolidated net sales recorded 97.0 billion yen, up 8.2% over the same period of the previous fiscal year, while profits also increased thanks to an implementation of a review of all costs to develop more efficient management with operating income at 5.9 billion yen, up 46.4%, ordinary income at 5.5 billion yen, up 41.6%, and net income at 2.6 billion yen, up 35.6% over the same period of the previous fiscal year, respectively.

### (2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of July 31, 2010 amounted to 188.7 billion yen, an increase of 8.8 billion yen from the end of the previous fiscal year. Major components of this change were increases of 9.3 billion yen in "notes and accounts receivable – trade" and of 3.9 billion yen in "inventories" while "cash and deposits," decreased by 6.3 billion yen.

Total liabilities as of July 31, 2010 amounted to 89.0 billion yen, an increase of 9.6 billion yen from the end of the previous fiscal year. This reflected mainly increases of 6.6 billion yen in "accounts payable," 1.4 billion yen in "accrued expenses," and 1.0 billion yen in "lease obligations."

Total net assets as of July 31, 2010 amounted to 99.6 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 2.6 billion yen in net income for the first quarter while earning surplus decreased by 2.5 billion yen for dividends paid, and decrease of 0.4 billion yen due to "foreign currency translation adjustments."

As a result of the above, the equity ratio was 52.8% compared to 55.8% for the end of the previous fiscal year.

Cash outflows from operating activities were 2.5 billion yen. The major factors of cash inflows were 5.1 billion yen from "income before income taxes" of the current quarter, 2.0 billion yen from "depreciation and amortization," and 6.6 billion yen due to increase in "notes and accounts payable." The major factors of cash outflows were 9.4 billion yen from increase in "notes and accounts receivable – trade," 4.0 billion yen due to increases of "inventories" and 3.3 billion yen due to "income taxes paid in cash."

Cash outflows from investing activities were 0.4 billion yen, reflecting outflows of 0.3 billion yen for system investment.

Cash outflows from financing activities were 3.2 billion yen. This was primarily due to outflows of 1.3 billion yen for repayment of finance lease obligations and of 1.8 billion yen for dividends paid were recorded.

As a result of the above, consolidated cash and cash equivalents at the end of the first quarter of the current fiscal year was 12.4 billion yen, decreased by 6.3 billion yen from the end of the previous fiscal year.

### (3) Qualitative Information Regarding Forecasts for Consolidated Operating Results

We expect to see a gradual recovery of the Japanese economy helped primarily by a steady increase in exports going forward although there is a concern as to a possible temporary slowdown in the pace of the recovery as the effects of economic stimulus measures wear off. In the beverage market where the rapid reorganization of the industry progresses through merger and acquisition, it is expected that the competition will become more intensive.

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 and will effectively invest to marketing activities with examining return on investment in order to increase the company share in the beverage market.

As for the consolidated business outlook for the first half year and full fiscal year, no change has been made without reviewing.

## 2. Other Information

### (1) Outline of Changes in Important Subsidiaries

Not applicable.

### (2) Outline of Application of Simplified Accounting Methods and Special Accounting Methods

. Simplified accounting methods

• Valuation of inventory assets

With regard to marking down the book value of inventory assets as of July 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 first 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) Outline of Changes in Accounting Treatment Principles and Procedures or Presentation Methods, etc.

. Application of “Accounting Standards for Asset Retirement Obligations”

Effective from this first quarter consolidated fiscal period, the “Accounting Standards for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and the “Guidelines for Application of the Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) shall apply hereto.

The effect of the application on the Company’s operating income and ordinary income decreased by 9 million yen, and quarterly income before taxes decreased by 0.3 billion yen.

. Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

Effective from this first quarter consolidated fiscal period, the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No.16, March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issue Task Force (PITF) No.24, March 10, 2008) shall apply hereto.

There was no impact on the Company’s ordinary income and quarterly income before taxes.

### 3. Quarterly Consolidated Financial Statements Etc.

#### (1) Quarterly Consolidated Balance Sheets (Unaudited)

as of July 31, 2010 and April 30, 2010

	Million yen	
	4/30/2010	7/31/2010
<b>Current assets:</b>		
1 Cash and deposits	18,795	12,414
2 Notes and accounts receivable – trade	34,466	43,803
3 Merchandise and finished products	16,072	19,478
4 Raw materials and supplies	7,127	7,681
5 Other	12,066	13,227
6 Allowance for doubtful accounts	(125)	(104)
<b>Total current assets</b>	<b>88,402</b>	<b>96,500</b>
<b>Fixed assets:</b>		
<b>Property, plant and equipment;</b>		
1 Buildings and structures	14,720	15,055
2 Land	13,941	13,913
3 Lease assets	19,702	20,677
4 Other	4,445	4,685
<b>Subtotal</b>	<b>52,810</b>	<b>54,332</b>
<b>Intangible fixed assets;</b>		
1 Goodwill	13,944	13,608
2 Lease assets	144	133
3 Other	9,870	9,521
<b>Subtotal</b>	<b>23,959</b>	<b>23,263</b>
<b>Investments and other assets;</b>	<b>14,674</b>	<b>14,614</b>
<b>Total fixed assets</b>	<b>91,444</b>	<b>92,210</b>
<b>Total assets</b>	<b>179,846</b>	<b>188,711</b>

## Consolidated Balance Sheets – Continued (Unaudited)

	Million yen	
	4/30/2010	7/31/2010
<b>Current liabilities:</b>		
1 Accounts payable	25,083	31,707
2 Short-term loans payable	310	611
3 Lease obligations	5,116	5,609
4 Accrued expenses	14,243	15,741
5 Income taxes payable	3,532	2,554
6 Accrued bonuses	2,573	1,891
7 Other	1,681	2,871
<b>Total current liabilities</b>	<b>52,541</b>	<b>60,986</b>
<b>Non-current liabilities:</b>		
1 Long-term loans payable	3,457	3,380
2 Lease obligations	16,554	17,082
3 Allowance for retirement and severance benefits for employees	4,268	4,422
4 Other	2,569	3,158
<b>Total non-current liabilities</b>	<b>26,849</b>	<b>28,043</b>
<b>Total liabilities</b>	<b>79,390</b>	<b>89,029</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	73,095	73,204
4 Treasury stock, at cost	(5,348)	(5,528)
<b>Total shareholders' equity</b>	<b>107,917</b>	<b>107,847</b>
<b>Valuation, translation adjustments and others:</b>		
1 Unrealized holding gains on securities, net of tax	329	114
2 Deferred gains (losses) on hedges	41	(4)
3 Land revaluation difference, net of tax	(6,260)	(6,260)
4 Foreign currency translation adjustments	(1,712)	(2,128)
<b>Total accumulated gains (losses) from valuation, translation adjustments and others</b>	<b>(7,601)</b>	<b>(8,279)</b>
<b>Stock acquisition rights</b>	<b>11</b>	<b>9</b>
<b>Minority interests</b>	<b>128</b>	<b>103</b>
<b>Total net assets</b>	<b>100,455</b>	<b>99,681</b>
<b>Total liabilities and net assets</b>	<b>179,846</b>	<b>188,711</b>

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

for the first quarter of the fiscal year ending April 30, 2010 and 2011 (May 1, 2010 - July 31, 2010)

Million yen

	7/31/2009	7/31/2010
<b>Operating income and expenses:</b>		
<b>Net sales</b>	<b>89,708</b>	<b>97,077</b>
Cost of sales	45,805	50,370
<b>Gross profit</b>	<b>43,903</b>	<b>46,707</b>
Selling, general and administrative expenses	39,839	40,756
<b>Operating income</b>	<b>4,064</b>	<b>5,950</b>
<b>Non-operating income and expenses:</b>		
<b>Non-operating income;</b>	<b>95</b>	<b>120</b>
1 Interest income	5	3
2 Dividend income from securities	26	26
3 Equity income from an unconsolidated subsidiary and affiliates	-	26
4 Other	64	64
<b>Non-operating expenses;</b>	<b>273</b>	<b>566</b>
1 Interest expense	160	228
2 Loss on foreign currency exchange	66	302
3 Equity in losses of an unconsolidated subsidiary and affiliates	1	-
4 Other	45	35
<b>Ordinary income</b>	<b>3,886</b>	<b>5,504</b>
<b>Extraordinary gains and losses:</b>		
<b>Extraordinary gains;</b>	<b>4</b>	<b>53</b>
1 Gain on sales of fixed assets	2	-
2 Gain on donation of fixed assets	2	53
<b>Extraordinary losses;</b>	<b>18</b>	<b>386</b>
1 Loss on disposal of fixed assets	12	10
2 Loss on valuation of investment securities	-	35
3 Impairment losses	0	-
4 Loss on valuation of golf membership	4	0
5 Loss on adjustment for changes of accounting standard for asset retirement obligations	-	335
6 Other	-	4
<b>Income before income taxes</b>	<b>3,872</b>	<b>5,170</b>
<b>Income taxes</b>	<b>1,903</b>	<b>2,518</b>
<b>Income before minority interests</b>	<b>-</b>	<b>2,652</b>
<b>Minority interests in income</b>	<b>14</b>	<b>3</b>
<b>Net income</b>	<b>1,953</b>	<b>2,648</b>

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

for the first quarter of the fiscal year ending April 30, 2010 and 2011 (May 1, 2010 - July 31, 2010)

	Million yen	
	7/31/2009	7/31/2010
Cash flows from operating activities:		
1	3,872	5,170
2	1,451	2,039
3	0	-
4	236	234
5	28	155
6	12	10
7	-	35
8	-	335
9	(1)	(2)
10	(966)	(681)
11	158	154
12	(31)	(29)
13	160	228
14	1	26
15	(6,597)	(9,418)
16	(8,259)	(4,046)
17	(1,877)	(1,249)
18	(56)	(163)
19	7,756	6,687
20	681	73
21	2,018	1,503
22	42	(110)
<b>Subtotal</b>	<b>(1,367)</b>	<b>953</b>
22	34	31
23	(160)	(230)
24	(1,304)	(3,318)
<b>Net cash flows from operating activities</b>	<b>(2,798)</b>	<b>(2,564)</b>
Cash flows from investing activities:		
1	(0)	(6)
2	(1,582)	(380)
3	(66)	(40)
4	-	(5)
5	33	1
6	(902)	-
7	106	0
<b>Net cash flows from investing activities</b>	<b>(2,411)</b>	<b>(430)</b>
Cash flows from financing activities:		
1	1,200	301
2	2,800	-
3	-	(77)
4	(1)	(193)
5	0	0
6	(770)	(1,330)
7	(1,816)	(1,890)
8	(52)	(22)
9	(3)	(10)
<b>Net cash flows from financing activities</b>	<b>1,355</b>	<b>(3,224)</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>(12)</b>	<b>(161)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,866)</b>	<b>(6,381)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>13,988</b>	<b>18,795</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,121</b>	<b>12,414</b>

#### (4) Note Regarding the Company's Position as a Going Concern

Not applicable.

#### (5) Segment Information

Segment information by business type

for the first quarter of the previous fiscal year ended April 30, 2010 (May 1, 2009 - July 31, 2009)

(Figures are rounded down to million yen.)

	Million yen					
	Tea leaves Business	Beverages Business	Others	Total	Elimination or Corporate	Consolidated
Net sales:						
(1) Outside	7,433	77,475	4,799	89,708	-	89,708
(2) Intersegment	-	-	-	-	-	-
Total net sales	7,433	77,475	4,799	89,708	-	89,708
Operating income (loss)	1,025	8,925	232	10,184	(6,120)	4,064

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

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

#### [Business segment information]

##### 1. Outline of reporting segments

The Company's reporting segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The ITO EN Group is engaged in the manufacture, purchase and sales of tea leaves/beverages in both domestic and overseas markets as its mainstay business and also is engaged in restaurant business. As such, the company's reporting segments consist of "Tea Leaves/Beverage Businesses" and "Others".

"Tea Leaves/Beverage Businesses" include the manufacture, purchase and sales of tea leaves (tea-leaf products such as green tea and oolong tea) and beverages (such as Japanese tea, Chinese tea, vegetable, fruit, coffee, black tea, functional beverages, and other soft drinks) in both domestic and overseas markets.

"Others" include management of restaurants as well as operation of restaurants through franchises.

##### 2. Information regarding amounts of sales and profits or losses by reporting segment.

for the first quarter of the fiscal year ending April 30, 2011 (May 1, 2010 - July 31, 2010)

(Figures are rounded down to million yen.)

	Tea leaves /Beverages Business	Others	Adjustment	Amount on Consolidated Statements of Operations
Net sales:				
(1) Outside	92,673	4,404	-	97,077
(2) Intersegment	47	685	732	-
Total net sales	92,720	5,089	732	97,077
Segment earnings (loss)	5,832	334	216	5,950

Notes: 1. The segment earnings (loss) adjustment includes (¥223) million in amortization of goodwill and ¥6 million in intersegment transactions.

2. Segment earnings (loss) are adjusted to the operating income figure on the Consolidated Statements of Operations.

#### (Additional Information)

Effective from this first quarter consolidated fiscal period, the "Accounting Standards for Disclosure of Segment Information, Etc." (ASBJ Statement No. 17, March 27, 2009) and the "Guidance for Application of the Accounting Standards for Disclosure of Segment Information, Etc." (ASBJ Guidance No. 20, March 21, 2008) shall apply hereto.

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

Not applicable.