

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2010 2Q (Sep 30, 2009) and fiscal 2009 (Mar 31, 2009)

ASSETS	Millions of yen	
	Sep 30, 2009	Mar 31, 2009
Current assets:		
Cash and time deposits	¥ 22,469	¥ 25,934
Marketable securities	8,500	–
Trade notes and accounts receivables	45,082	45,551
Inventories	42,134	42,692
Other current assets	3,756	3,489
Allowance for doubtful receivables	(342)	(204)
Total current assets	121,599	117,462
Property, plant and equipment:		
Land	19,117	19,179
Buildings and structures	20,719	21,083
Machinery	15,366	16,197
Lease assets	1,071	594
Construction in progress	140	129
Other	923	941
	57,336	58,123
Intangible assets	1,224	1,163
Investments and other assets:		
Investments in securities	21,070	20,543
Other	15,064	14,567
Allowance for doubtful receivables	(2,092)	(1,973)
	34,042	33,137
	¥ 214,201	¥ 209,885

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	Sep 30, 2009	Mar 31, 2009
Current liabilities:		
Short-term borrowings	¥ 7,532	¥ 6,277
Trade notes and accounts payable	39,457	35,168
Income taxes payable	1,176	1,038
Other	16,386	18,022
Total current liabilities	64,551	60,505
Long-term liabilities:		
Long-term debt due after one year	25,888	25,901
Employees' severance and retirement benefits	337	364
Directors' and statutory auditors' retirement benefits	—	489
Provision for loss on guarantees	473	473
Other long-term liabilities	6,779	4,716
Total long-term liabilities	33,477	31,943
Net assets:		
Shareholders' equity:		
Common stock	28,428	28,428
Capital surplus	30,038	30,033
Retained earnings	57,968	59,478
Treasury stock, at cost	(805)	(813)
Total shareholders' equity	115,629	117,126
Valuation and translation adjustments:		
Net unrealized holding gains on securities	2,368	1,516
Net unrealized holding losses on derivative instruments	(133)	(500)
Foreign currency translation adjustments	(2,332)	(1,317)
Total valuation and translation adjustments	(97)	(301)
Stock acquisition rights	81	64
Minority interests	560	548
Total net assets	116,173	117,437
	¥ 214,201	¥ 209,885

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2010 2Q (Apr 1-Sep 30, 2009) and fiscal 2009 2Q (Apr 1-Sep 30, 2008)

	Millions of yen	
	Apr 1-Sep 30, 2009	Apr 1-Sep 30, 2008
Net sales	¥ 222,866	¥ 254,367
Cost and expenses:		
Cost of sales	178,246	204,329
Selling, general and administrative expenses	44,861	47,309
Operating income (loss)	(241)	2,729
Other income (expenses):		
Interest and dividend income	278	291
Interest expense	(314)	(487)
Gain on sales of investments in securities, net	—	247
Gain on sales of property, plant and equipment	14	100
Loss on disposals of property, plant and equipment	(99)	(153)
Equity in earnings of affiliates	266	190
Write-down of inventories	—	(165)
Costs related to voluntary recall of products	—	(258)
Other, net	262	478
	407	243
Income before income taxes and minority interests	166	2,972
Provision for income taxes	890	1,460
Minority interests	(51)	(24)
Net income (loss)	¥ (775)	¥ 1,488

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2010

	Millions of yen	
	2010	
Net sales	¥	484,000
Operating income		2,700
Net income		2,000
	Yen	
	2010	
Net income per share	¥	8.15

Note: The above forecasts are based on management's assumptions and beliefs in light of the information available at the day of publication. We caution readers that actual results could differ materially from forecasts due to a number of factors outside the control of the Itoham Group.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2010 2Q (Apr 1-Sep 30, 2009) and fiscal 2009 2Q (Apr 1-Sep 30, 2008)

	Millions of yen	
	Apr 1-Sep 30, 2009	Apr 1-Sep 30, 2008
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 166	¥ 2,972
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,241	3,117
Decrease in employees' severance and retirement benefits	(28)	(163)
Increase in allowance for doubtful receivables	254	63
Interest and dividend income	(278)	(291)
Interest expense	314	487
Equity in earnings of affiliates	(266)	(190)
Write-down of investments in securities	44	18
Gain on sales of property, plant and equipment	(14)	(100)
Loss on disposals of property, plant and equipment	62	78
Decrease (increase) in notes and accounts receivable	619	(1,274)
Decrease (increase) in inventories	1,105	(17,990)
Increase in notes and accounts payable	4,155	10,680
Increase (decrease) in accrued consumption taxes	369	(60)
Other, net	(741)	(2,144)
	<u>9,002</u>	<u>(4,797)</u>
Interest and dividends received	553	492
Interest paid	(313)	(486)
Income taxes paid	(835)	(1,812)
Net cash provided by (used in) operating activities	<u>8,407</u>	<u>(6,603)</u>
Cash flows from investing activities:		
Investments in time deposits	(305)	(145)
Proceeds from time deposits	145	70
Acquisitions of property, plant and equipment	(2,775)	(3,469)
Proceeds from sale of property, plant and equipment	188	45
Acquisitions of intangible assets	(155)	(136)
Payments for purchase of investment securities	(35)	(32)
Proceeds from sale of investment securities	10	5
Proceeds from sale of investments in subsidiaries	-	1,241
resulting in change in scope of consolidation	(288)	-
Payments for purchase of stocks of subsidiaries and affiliates	(475)	(1,101)
Disbursement of loans receivable	1,051	2,416
Collection of loans receivable	(47)	444
Other, net	<u>(2,686)</u>	<u>(662)</u>
Net cash used in investing activities	<u>(2,686)</u>	<u>(662)</u>
Cash flows from financing activities:		
Increase in short-term borrowings, net	43	13
Proceeds from long-term debt	200	200
Repayments of long-term debt	(457)	(470)
Redemption of bonds	(10)	(10)
Payments for purchase of treasury stock	(2)	(6)
Dividends paid	(735)	(1,041)
Repayments of lease obligations	(97)	-
Dividends paid to minority shareholders of consolidated subsidiaries	(9)	(8)
Net cash used in financing activities	<u>(1,067)</u>	<u>(1,322)</u>
Effect of exchange rate changes on cash and cash equivalents	220	(72)
Net increase (decrease) in cash and cash equivalents	<u>4,874</u>	<u>(8,659)</u>
Cash and cash equivalents at beginning of year	25,705	31,962
Cash and cash equivalents at end of year	<u>¥ 30,579</u>	<u>¥ 23,303</u>

Note: This financial statements are unaudited.