

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-March 31, 2012 and 2011

ASSETS	Millions of yen	
	2012	2011
Current assets:		
Cash and time deposits	¥ 9,507	¥ 35,028
Marketable securities	17,250	-
Receivables:		
Trade notes and accounts	48,958	43,571
Allowance for doubtful receivables	(101)	(160)
	48,857	43,411
Inventories	30,666	36,913
Deferred tax assets	2,291	3,435
Other current assets	2,090	990
Total current assets	110,661	119,777
Property, plant and equipment:		
Land	17,828	18,427
Buildings and structures	16,392	16,348
Machinery and equipment	12,553	13,189
Lease assets	1,237	1,437
Construction in progress	51	485
	48,061	49,886
Intangible assets	1,231	1,331
Investments and other assets:		
Investments in securities	24,103	20,635
Long-term receivables	2,295	2,010
Deferred tax assets	1,352	476
Other	11,033	11,267
Allowance for doubtful receivables	(798)	(825)
	37,985	33,563
	¥ 197,938	¥ 204,557

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2012	2011
Current liabilities:		
Short-term borrowings	¥ 1,420	¥ 948
Long-term debt due within one year	10,634	573
Trade notes and accounts payable	32,408	42,022
Lease obligations	514	473
Income taxes payable	709	822
Deferred tax liabilities	6	4
Asset retirement obligations	6	5
Other	15,565	16,982
Total current liabilities	61,262	61,829
Long-term liabilities:		
Long-term debt due after one year	16,948	20,993
Lease obligations	977	1,219
Employees' severance and retirement benefits	181	142
Provision for loss on guarantees	271	376
Deferred tax liabilities	34	526
Asset retirement obligations	760	760
Other long-term liabilities	1,769	1,983
Total long-term liabilities	20,940	25,999
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,048	30,042
Retained earnings	61,116	59,779
Treasury stock, at cost	(4,662)	(2,133)
Total shareholders' equity	114,929	116,115
Valuation and translation adjustments:		
Net unrealized holding gains on securities	2,687	1,862
Net unrealized holding gains on derivative instruments	76	45
Foreign currency translation adjustments	(2,526)	(2,022)
Total valuation and translation adjustments	237	(115)
Stock acquisition rights	60	82
Minority interests	510	647
Total net assets	115,736	116,729
	¥ 197,938	¥ 204,557

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITO HAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Net sales	¥ 447,399	¥ 455,990
Cost and expenses:		
Cost of sales	363,006	363,935
Selling, general and administrative expenses	81,513	89,573
Operating income	2,880	2,482
Other income (expenses):		
Interest and dividend income	361	366
Interest expense	(296)	(507)
Gain on sales of investments in securities	159	572
Gain (loss) on disposals of property, plant and equipment	(471)	2,986
Equity in earnings of affiliates	497	743
Impairment losses on fixed assets	(743)	(3,864)
Loss on disaster	-	(1,148)
Loss on liquidation of business	(2)	(814)
Special retirement expenses	(11)	(3,083)
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	(535)
Business restructuring costs	(981)	-
Other, net	1,166	916
Income (loss) before income taxes and minority interests	(321)	(4,368)
Provision for income taxes	2,559	(1,886)
Current	901	1,235
Deferred	(441)	(3,679)
Minority interests	(39)	(79)
Net income	¥ 2,060	¥ 479

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2013

	Millions of yen	
	2013 interim	2013
Net sales	¥ 222,000	¥ 454,000
Operating income	1,100	5,500
Net income	300	3,800

	Yen	
	2013 interim	2013
Net income per share	¥ 1.29	¥ 16.33

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Common stock:		
Balance at beginning of year	¥ 28,427	¥ 28,427
Balance at end of year	¥ 28,427	¥ 28,427
Capital surplus:		
Balance at beginning of year	¥ 30,042	¥ 30,038
Disposal of treasury stock	6	4
Balance at end of year	¥ 30,048	¥ 30,042
Retained earnings:		
Balance at beginning of year	¥ 59,779	¥ 60,036
Net income for the year	2,060	479
Cash dividends paid	(723)	(736)
Balance at end of year	¥ 61,116	¥ 59,779
Treasury stock, at cost:		
Balance at beginning of year	¥ (2,133)	¥ (805)
Purchase of treasury stock	(2,564)	(1,350)
Disposal of treasury stock	35	22
Balance at end of year	¥ (4,662)	¥ (2,133)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 1,862	¥ 2,978
Increase (decrease) for the year	825	(1,116)
Balance at end of year	¥ 2,687	¥ 1,862
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 45	¥ 151
Increase (decrease) for the year	31	(106)
Balance at end of year	¥ 76	¥ 45
Foreign currency translation adjustments:		
Balance at beginning of year	¥ (2,022)	¥ (1,637)
Net decrease	(504)	(385)
Balance at end of year	¥ (2,526)	¥ (2,022)
Stock acquisition rights:		
Balance at beginning of year	¥ 82	¥ 81
Net increase (decrease)	(22)	1
Balance at end of year	¥ 60	¥ 82
Minority interests:		
Balance at beginning of year	¥ 647	¥ 586
Net increase (decrease)	(137)	61
Balance at end of year	¥ 510	¥ 647

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	¥ 2,560	¥ (1,886)
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,969	6,247
Impairment losses on fixed assets	743	3,864
Increase (decrease) in employees' severance and retirement benefits	68	(159)
Decrease in allowance for doubtful receivables	(77)	(191)
Interest and dividend income	(361)	(366)
Interest expense	296	507
Equity in earnings of affiliates	(497)	(743)
Loss (gain) on sales of property, plant and equipment	107	(3,329)
Loss on disposals of property, plant and equipment	264	154
Loss on disaster	-	1,108
Loss on liquidation of business	-	463
Special retirement expenses	11	3,083
Business restructuring costs	981	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	535
Increase in notes and accounts receivable	(5,669)	(692)
Decrease (increase) in inventories	6,148	(131)
Increase (decrease) in notes and accounts payable	(9,423)	3,173
Increase (decrease) in accrued consumption taxes	454	(748)
Other, net	613	(1,564)
	<u>2,187</u>	<u>9,325</u>
Interest and dividends received	819	654
Interest paid	(285)	(522)
Payments for loss on disaster	(94)	-
Payments for special retirement payments	(3,094)	-
Payments for business restructuring costs	(981)	-
Income taxes paid	(983)	(1,822)
Net cash provided by (used in) operating activities	<u>(2,431)</u>	<u>7,635</u>
Cash flows from investing activities:		
Investments in time deposits	(190)	(120)
Proceeds from time deposits	215	120
Acquisitions of property, plant and equipment	(4,777)	(6,231)
Proceeds from sale of property, plant and equipment	424	6,037
Acquisitions of intangible assets	(201)	(314)
Payments for purchase of investment securities	(267)	(98)
Proceeds from sale of investment securities	226	1,100
Purchase of investments in subsidiaries	(41)	-
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	19	-
Payments for purchase of stocks of subsidiaries and affiliates	(3,300)	-
Proceeds from sale of investments in affiliates	146	70
Disbursement of loans receivable	(44,011)	(1,877)
Collection of loans receivable	43,725	1,414
Other, net	(462)	(219)
Net cash used in investing activities	<u>(8,494)</u>	<u>(118)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	472	(5,447)
Proceeds from long-term debt	6,750	5,250
Repayments of long-term debt	(733)	(9,994)
Redemption of bonds	-	(10)
Payments for purchase of treasury stock	(2,666)	(1,351)
Dividends paid	(718)	(736)
Repayments of lease obligations	(509)	(406)
Dividends paid to minority shareholders of consolidated subsidiaries	(13)	(13)
Net cash provided by (used in) financing activities	<u>2,583</u>	<u>(12,707)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(78)</u>	<u>(94)</u>
Net decrease in cash and cash equivalents	<u>(8,420)</u>	<u>(5,284)</u>
Cash and cash equivalents at beginning of year	34,706	39,990
Cash and cash equivalents at end of year	<u>¥ 26,286</u>	<u>¥ 34,706</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. - March 31, 2012 and 2011

ASSETS	Millions of yen	
	2012	2011
Current assets:		
Cash and time deposits	¥ 4,626	¥ 28,831
Marketable securities	17,250	-
Receivables:		
Trade notes and accounts	48,803	43,805
Allowance for doubtful receivables	(134)	(48)
	<u>48,669</u>	<u>43,757</u>
Inventories	21,651	25,181
Other current assets	<u>3,785</u>	<u>1,999</u>
Total current assets	<u>95,981</u>	<u>99,768</u>
Property, plant and equipment:		
Land	15,755	16,201
Buildings and structures	10,935	11,584
Machinery and equipment	8,777	9,855
Lease assets	443	617
Construction in progress	3	16
	<u>35,913</u>	<u>38,273</u>
Intangible assets	951	1,017
Investments and other assets:		
Investments in securities	26,606	24,884
Long-term receivables	6,625	9,906
Other	13,410	14,540
Allowance for doubtful receivables	(4,621)	(5,249)
Allowance for investment losses	(669)	(3,273)
	<u>41,351</u>	<u>40,808</u>
	<u>¥ 174,196</u>	<u>¥ 179,866</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2012	2011
Current liabilities:		
Long-term debt due within one year	¥ 10,020	¥ 180
Trade notes and accounts payable	30,643	39,240
Lease obligations	205	204
Income taxes payable	226	268
Other	10,381	10,658
Total current liabilities	51,475	50,550
Long-term liabilities:		
Long-term debt due after one year	15,040	20,060
Lease obligations	422	589
Provision for loss on guarantees	384	450
Deferred tax liabilities	-	499
Asset retirement obligations	422	466
Other long-term liabilities	973	1,347
Total long-term liabilities	17,241	23,411
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,048	30,042
Retained earnings	48,853	47,547
Treasury stock, at cost	(4,662)	(2,133)
Total shareholders' equity	102,666	103,883
Valuation and translation adjustments:		
Net unrealized holding gains on securities	2,661	1,895
Net unrealized holding gains on derivative instruments	93	45
Total valuation and translation adjustments	2,754	1,940
Stock acquisition rights	60	82
Total net assets	105,480	105,905
	¥ 174,196	¥ 179,866

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Net sales	¥ 387,389	¥ 383,925
Cost and expenses:		
Cost of sales	349,857	343,318
Selling, general and administrative expenses	38,428	41,307
Operating loss	(896)	(700)
Other income (expenses):		
Interest and dividend income	1,186	1,752
Interest expense	(257)	(293)
Gain on sales of investments in securities	111	633
Gain (loss) on disposals of property, plant and equipment	(213)	3,044
Impairment losses on fixed assets	(685)	(902)
Gain on extinguishment of tie-in shares	785	-
Reversal of allowance for doubtful accounts	563	-
Reversal of allowance for investment loss	807	-
Business restructuring costs	(593)	-
Loss on disaster	-	(527)
Provision of allowance for investment losses	-	(875)
Special retirement expenses	-	(1,184)
Provision of allowance for doubtful accounts	-	(1,866)
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	(301)
Other, net	912	826
	2,616	307
Income (loss) before income taxes	1,720	(393)
Provision for income taxes		
Current	70	71
Deferred	(379)	(2,234)
Net income	¥ 2,029	¥ 1,770

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. - Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Common stock:		
Balance at beginning of year	¥ 28,427	¥ 28,427
Balance at end of year	¥ 28,427	¥ 28,427
Capital surplus:		
Balance at beginning of year	¥ 30,042	¥ 30,038
Disposal of treasury stock	6	4
Balance at end of year	¥ 30,048	¥ 30,042
Retained earnings:		
Balance at beginning of year	¥ 47,547	¥ 46,513
Net income for the year	2,029	1,770
Cash dividends paid	(723)	(736)
Balance at end of year	¥ 48,853	¥ 47,547
Treasury stock, at cost:		
Balance at beginning of year	¥ (2,133)	¥ (805)
Purchase of treasury stock	(2,564)	(1,350)
Disposal of treasury stock	35	22
Balance at end of year	¥ (4,662)	¥ (2,133)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 1,895	¥ 2,975
Increase (decrease) for the year	766	(1,080)
Balance at end of year	¥ 2,661	¥ 1,895
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 45	¥ 85
Increase (decrease) for the year	48	(40)
Balance at end of year	¥ 93	¥ 45
Stock acquisition rights:		
Balance at beginning of year	¥ 82	¥ 81
Net increase (decrease)	(22)	1
Balance at end of year	¥ 60	¥ 82

Note: This financial statements are unaudited.