

# CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-March 31, 2010 and 2009

ASSETS	Millions of yen	
	2010	2009
<b>Current assets:</b>		
Cash and time deposits	¥ 40,311	¥ 25,934
Receivables:		
Trade notes and accounts	42,809	45,551
Other	-	35
Allowance for doubtful receivables	(223)	(204)
	<u>42,586</u>	<u>45,382</u>
Inventories	37,728	42,692
Deferred tax assets	2,011	1,580
Other current assets	<u>1,059</u>	<u>1,874</u>
Total current assets	<u>123,695</u>	<u>117,462</u>
<b>Property, plant and equipment:</b>		
Land	18,722	19,179
Buildings and structures	19,764	21,083
Machinery and equipment	15,382	17,023
Livestock	-	115
Lease assets	1,214	594
Construction in progress	<u>1,312</u>	<u>129</u>
	<u>56,394</u>	<u>58,123</u>
<b>Intangible assets</b>	1,260	1,163
<b>Investments and other assets:</b>		
Investments in securities	23,115	20,542
Long-term receivables	1,542	2,533
Deferred tax assets	594	604
Other	11,810	11,431
Allowance for doubtful receivables	(953)	(1,973)
	<u>36,108</u>	<u>33,137</u>
	<u>¥ 217,457</u>	<u>¥ 209,885</u>

Note: This financial statements are unaudited. Final audited results may vary slightly from those listed.  
For detailed information, please see Itoham's annual report scheduled for release in mid-August 2010.

LIABILITIES AND NET ASSETS	Millions of yen	
	2010	2009
<b>Current liabilities:</b>		
Short-term borrowings	¥ 6,508	¥ 6,277
Long-term debt due within one year	9,974	1,156
Trade notes and accounts payable	38,885	35,168
Lease obligations	338	150
Income taxes payable	1,188	1,038
Deferred tax liabilities	10	4
Other	16,575	16,712
Total current liabilities	73,478	60,505
<b>Long-term liabilities:</b>		
Long-term debt due after one year	16,352	25,901
Lease obligations	1,049	513
Employees' severance and retirement benefits	301	364
Directors' and statutory auditors' retirement benefits	-	489
Provision for loss on guarantees	407	473
Deferred tax liabilities	3,601	2,815
Other long-term liabilities	2,414	1,388
Total long-term liabilities	24,124	31,943
<b>Net assets:</b>		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,038	30,033
Retained earnings	60,036	59,479
Treasury stock, at cost	(805)	(813)
Total shareholders' equity	117,696	117,126
Valuation and translation adjustments:		
Net unrealized holding gains on securities	2,978	1,516
Net unrealized holding gains (losses) on derivative instruments	151	(500)
Foreign currency translation adjustments	(1,637)	(1,317)
Total valuation and translation adjustments	1,492	(301)
Stock acquisition rights	81	65
Minority interests	586	547
Total net assets	119,855	117,437
	¥ 217,457	¥ 209,885

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# CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2010 and 2009

	Millions of yen	
	2010	2009
Net sales	¥ 452,454	¥ 487,128
Cost and expenses:		
Cost of sales	358,851	397,263
Selling, general and administrative expenses	91,513	92,330
Operating income (loss)	2,090	(2,465)
Other income (expenses):		
Interest and dividend income	418	459
Interest expense	(625)	(759)
Gain on sales of investments in securities, net	33	224
Loss on disposals of property, plant and equipment	(243)	(301)
Write-down of investment securities	(190)	(57)
Equity in earnings of affiliates	742	1,076
Impairment losses on fixed assets	(574)	(587)
Costs related to voluntary recall of products	-	(1,246)
Loss from suspension of plant operations	-	(1,080)
Provision for loss on guarantees	-	(473)
Other, net	611	625
	172	(2,119)
Income (loss) before income taxes and minority interests	2,262	(4,584)
Provision for income taxes		
Current	1,403	1,401
Deferred	(512)	261
Minority interests	(78)	(48)
Net income (loss)	¥ 1,293	¥ (6,294)

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## Forecast of consolidated operating results for the years ending March 31, 2011

	Millions of yen	
	2011 interim	2011
Net sales	¥ 227,000	¥ 460,000
Operating income	1,400	4,600
Net income	3,500	3,800

  

	Yen	
	2011 interim	2011
Net income per share	¥ 14.27	¥ 15.49

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2010 and 2009

	Millions of yen	
	2010	2009
<b>Common stock:</b>		
Balance at beginning of year	¥ 28,427	¥ 22,415
Issuance of new shares	-	6,012
Balance at end of year	<u>¥ 28,427</u>	<u>¥ 28,427</u>
<b>Capital surplus:</b>		
Balance at beginning of year	¥ 30,033	¥ 24,021
Issuance of new shares	-	6,012
Disposal of treasury stock	5	-
Balance at end of year	<u>¥ 30,038</u>	<u>¥ 30,033</u>
<b>Retained earnings:</b>		
Balance at beginning of year	¥ 59,479	¥ 66,815
Net income (loss) for the year	1,293	(6,294)
Cash dividends paid	(736)	(1,042)
Balance at end of year	<u>¥ 60,036</u>	<u>¥ 59,479</u>
<b>Treasury stock, at cost:</b>		
Balance at beginning of year	¥ (813)	¥ (805)
Purchase of treasury stock	(3)	(8)
Disposal of treasury stock	11	-
Balance at end of year	<u>¥ (805)</u>	<u>¥ (813)</u>
<b>Net unrealized holding gains on securities:</b>		
Balance at beginning of year	¥ 1,516	¥ 4,098
Increase (decrease) for the year	1,462	(2,582)
Balance at end of year	<u>¥ 2,978</u>	<u>¥ 1,516</u>
<b>Net unrealized holding gains (losses) on derivative instruments:</b>		
Balance at beginning of year	¥ (500)	¥ (269)
Increase (decrease) for the year	651	(231)
Balance at end of year	<u>¥ 151</u>	<u>¥ (500)</u>
<b>Foreign currency translation adjustments:</b>		
Balance at beginning of year	¥ (1,317)	¥ 1,757
Net decrease	(320)	(3,074)
Balance at end of year	<u>¥ (1,637)</u>	<u>¥ (1,317)</u>
<b>Stock acquisition rights:</b>		
Balance at beginning of year	¥ 65	¥ -
Net increase	16	65
Balance at end of year	<u>¥ 81</u>	<u>¥ 65</u>
<b>Minority interests:</b>		
Balance at beginning of year	¥ 547	¥ 524
Net increase	39	23
Balance at end of year	<u>¥ 586</u>	<u>¥ 547</u>

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# CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2010 and 2009

	Millions of yen	
	2010	2009
<b>Cash flows from operating activities:</b>		
Income (loss) before income taxes and minority interests	¥ 2,262	¥ (4,584)
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,611	6,496
Impairment losses on fixed assets	574	587
Decrease in employees' severance and retirement benefits	(63)	(319)
Increase (decrease) in allowance for doubtful receivables	(1,005)	59
Interest and dividend income	(418)	(459)
Interest expense	625	759
Costs related to voluntary recall of products	-	761
Loss from suspension of plant operations	-	664
Equity in earnings of affiliates	(742)	(1,076)
Write-down of investments in securities	190	58
Gain on sales of property, plant and equipment	(107)	(245)
Loss on disposals of property, plant and equipment	224	287
Decrease in notes and accounts receivable	3,714	3,770
Decrease (increase) in inventories	5,625	(558)
Increase (decrease) in notes and accounts payable	3,552	(9,725)
Increase (decrease) in accrued consumption taxes	782	(39)
Other, net	589	(1,362)
	<u>22,413</u>	<u>(4,926)</u>
Interest and dividends received	780	737
Interest paid	(627)	(813)
Income taxes paid	(2,014)	(2,801)
Income taxes refunded	448	75
Net cash provided by (used in) operating activities	<u>21,000</u>	<u>(7,728)</u>
<b>Cash flows from investing activities:</b>		
Investments in time deposits	(355)	(195)
Proceeds from time deposits	265	120
Acquisitions of property, plant and equipment	(4,581)	(6,823)
Proceeds from sale of property, plant and equipment	478	368
Acquisitions of intangible assets	(333)	(458)
Payments for purchase of investment securities	(65)	(75)
Proceeds from sale of investment securities	69	39
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	-	1,527
Payments for purchase of stocks of subsidiaries and affiliates	(288)	(53)
Disbursement of loans receivable	(967)	(1,690)
Collection of loans receivable	1,996	3,326
Other, net	(84)	436
Net cash used in investing activities	<u>(3,865)</u>	<u>(3,478)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings, net	(1,333)	552
Proceeds from long-term debt	450	200
Repayments of long-term debt	(1,168)	(1,047)
Redemption of bonds	(20)	(5,020)
Proceeds from issuance of common stock	-	12,025
Payments for purchase of treasury stock	(3)	(8)
Dividends paid	(736)	(1,042)
Repayments of lease obligations	(242)	(36)
Dividends paid to minority shareholders of consolidated subsidiaries	(9)	(8)
Net cash provided by (used in) financing activities	<u>(3,061)</u>	<u>5,616</u>
Effect of exchange rate changes on cash and cash equivalents	211	(667)
Net increase (decrease) in cash and cash equivalents	<u>14,285</u>	<u>(6,257)</u>
Cash and cash equivalents at beginning of year	25,705	31,962
Cash and cash equivalents at end of year	<u>¥ 39,990</u>	<u>¥ 25,705</u>

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# NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. - March 31, 2010 and 2009

ASSETS	Millions of yen	
	2010	2009
Current assets:		
Cash and time deposits	¥ 33,782	¥ 20,117
Receivables:		
Trade notes and accounts	41,015	44,258
Other	-	384
Allowance for doubtful receivables	(187)	(185)
	40,828	44,457
Inventories	24,836	28,551
Other current assets	2,343	2,554
Total current assets	101,789	95,679
Property, plant and equipment:		
Land	14,304	14,748
Buildings and structures	13,085	13,925
Machinery and equipment	10,536	12,291
Lease assets	534	241
Construction in progress	1,184	1
	39,643	41,206
Intangible assets	945	969
Investments and other assets:		
Investments in securities	25,359	25,499
Long-term receivables	9,702	10,800
Other	14,596	13,930
Allowance for doubtful receivables	(3,702)	(4,378)
Allowance for investment losses	(1,545)	(4,494)
	44,410	41,357
	¥ 186,787	¥ 179,211

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2010	2009
<b>Current liabilities:</b>		
Long-term debt due within one year	¥ 9,550	¥ 733
Trade notes and accounts payable	35,796	31,139
Lease obligations	141	60
Income taxes payable	321	-
Other	11,264	10,941
Total current liabilities	57,072	42,873
<b>Long-term liabilities:</b>		
Long-term debt due after one year	15,240	24,690
Lease obligations	490	221
Provision for loss on guarantees	1,380	1,389
Deferred tax liabilities	3,571	2,806
Other long-term liabilities	1,720	1,106
Total long-term liabilities	22,401	30,212
<b>Net assets:</b>		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,038	30,033
Retained earnings	46,513	46,854
Treasury stock, at cost	(805)	(813)
Total shareholders' equity	104,173	104,501
Valuation and translation adjustments:		
Net unrealized holding gains on securities	2,975	1,561
Net unrealized holding gains (losses) on derivative instruments	85	(1)
Total valuation and translation adjustments	3,060	1,560
Stock acquisition rights	81	65
Total net assets	107,314	106,126
	¥ 186,787	¥ 179,211

Note: This financial statements are unaudited.

# NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2010 and 2009

	Millions of yen	
	2010	2009
Net sales	¥ 373,257	¥ 406,512
Cost and expenses:		
Cost of sales	333,779	370,431
Selling, general and administrative expenses	41,580	41,502
Operating loss	(2,102)	(5,421)
Other income (expenses):		
Interest and dividend income	1,504	1,108
Interest expense	(310)	(386)
Gain on sales of investments in securities, net	1	633
Loss on disposals of property, plant and equipment	(51)	(183)
Write-down of investment securities	(156)	(46)
Impairment losses on fixed assets	(269)	(573)
Provision of allowance for investment losses	-	(1,351)
Provision for loss on guarantees	-	(948)
Costs related to voluntary recall of products	-	(1,246)
Loss from suspension of plant operations	-	(1,080)
Other, net	1,494	782
	2,213	(3,290)
Income (loss) before income taxes	111	(8,711)
Provision for income taxes		
Current	104	75
Deferred	(388)	219
Net income (loss)	¥ 395	¥ (9,005)

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# NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. - Years ended March 31, 2010 and 2009

	Millions of yen	
	2010	2009
<b>Common stock:</b>		
Balance at beginning of year	¥ 28,427	¥ 22,415
Issuance of new shares	-	6,012
Balance at end of year	<u>¥ 28,427</u>	<u>¥ 28,427</u>
<b>Capital surplus:</b>		
Balance at beginning of year	¥ 30,033	¥ 24,021
Issuance of new shares	-	6,012
Disposal of treasury stock	5	-
Balance at end of year	<u>¥ 30,038</u>	<u>¥ 30,033</u>
<b>Retained earnings:</b>		
Balance at beginning of year	¥ 46,854	¥ 56,901
Net income (loss) for the year	395	(9,005)
Cash dividends paid	(736)	(1,042)
Balance at end of year	<u>¥ 46,513</u>	<u>¥ 46,854</u>
<b>Treasury stock, at cost:</b>		
Balance at beginning of year	¥ (813)	¥ (805)
Purchase of treasury stock	(3)	(8)
Disposal of treasury stock	11	-
Balance at end of year	<u>¥ (805)</u>	<u>¥ (813)</u>
<b>Net unrealized holding gains on securities:</b>		
Balance at beginning of year	¥ 1,561	¥ 4,086
Increase (decrease) for the year	1,414	(2,525)
Balance at end of year	<u>¥ 2,975</u>	<u>¥ 1,561</u>
<b>Net unrealized holding gains (losses) on derivative instruments:</b>		
Balance at beginning of year	¥ (1)	¥ (252)
Increase for the year	86	251
Balance at end of year	<u>¥ 85</u>	<u>¥ (1)</u>
<b>Stock acquisition rights:</b>		
Balance at beginning of year	¥ 65	¥ -
Net increase	16	65
Balance at end of year	<u>¥ 81</u>	<u>¥ 65</u>

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