

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—March 31, 2016 and 2015

ASSETS	Millions of yen	
	2016	2015
Current assets:		
Cash and time deposits	¥ 16,671	¥ 14,953
Trade notes and accounts receivables	61,152	61,828
Marketable securities	14,000	10
Inventories	61,044	66,045
Deferred tax assets	2,905	2,271
Other current assets	3,263	3,889
Allowance for doubtful receivables	(25)	(39)
Total current assets	<u>159,010</u>	<u>148,957</u>
Property, plant and equipment:		
Buildings and structures	23,887	27,255
Machinery and equipment	18,320	19,917
Land	19,260	20,265
Lease assets	1,252	1,165
Construction in progress	1,077	773
Other	—	321
	<u>63,796</u>	<u>69,696</u>
Intangible assets	1,971	1,747
Investments and other assets:		
Investments in securities	27,136	30,027
Long-term receivables	2,650	2,203
Deferred tax assets	1,254	1,361
Net defined benefit asset	844	2,834
Other	3,821	3,359
Allowance for doubtful receivables	(153)	(183)
	<u>35,552</u>	<u>39,601</u>
	<u>¥ 260,329</u>	<u>¥ 260,001</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2016	2015
Current liabilities:		
Trade notes and accounts payable	¥ 40,362	¥ 39,356
Short-term borrowings	15,515	22,386
Long-term debt due within one year	6,864	5,661
Lease obligations	531	498
Accounts payable	15,104	14,321
Income taxes payable	1,084	553
Accrued consumption taxes	1,167	2,309
Provision for bonuses	3,743	2,628
Other	2,423	1,975
Total current liabilities	<u>86,793</u>	<u>89,687</u>
Long-term liabilities:		
Long-term debt due after one year	34,339	30,295
Lease obligations	943	962
Deferred tax liabilities	1,562	795
Provision for loss on guarantees	84	137
Provision for loss on dissolution of employee's pension fund	34	468
Net defined benefit liability	1,545	1,458
Asset retirement obligations	859	856
Other long-term liabilities	1,041	1,048
Total long-term liabilities	<u>40,407</u>	<u>36,019</u>
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,033	30,045
Retained earnings	63,761	75,451
Treasury stock, at cost	-	(17,879)
Total shareholders' equity	<u>122,221</u>	<u>116,044</u>
Valuation and translation adjustments:		
Net unrealized holding gains on securities	6,357	7,053
Net unrealized holding gains on derivative instruments	(771)	594
Foreign currency translation adjustments	229	2,425
Remeasurements of defined benefit plans	(2,114)	142
Total valuation and translation adjustments	<u>3,701</u>	<u>10,214</u>
Stock acquisition rights	102	88
Non-controlling interests	7,105	7,949
Total net assets	<u>133,129</u>	<u>134,295</u>
	<u>¥ 260,329</u>	<u>¥ 260,001</u>

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Net sales	¥ 638,779	¥ 481,130
Cost and expenses:		
Cost of sales	543,551	400,032
Selling, general and administrative expenses	85,024	77,333
Operating income	<u>10,204</u>	<u>3,765</u>
Other income (expenses):		
Interest and dividend income	341	359
Interest expense	(1,211)	(220)
Gain (loss) on sales of property, plant and equipment, net	200	(278)
Loss on disposals of property, plant and equipment	(128)	(314)
Gain (loss) on sales of investments in securities, net	1,952	0
Equity in earnings of affiliates	735	1,958
Impairment losses on fixed assets	(1,026)	(221)
Reversal of provision for loss on guarantees	54	122
Reversal of reserve for loss on dissolution of employee's pension fund	434	133
Gain on step acquisitions	-	6,006
Other, net	808	674
	<u>2,159</u>	<u>8,219</u>
Income before income taxes	12,363	11,984
Income taxes-current	1,754	866
Income taxes-deferred	2,398	(489)
Profit	<u>¥ 8,211</u>	<u>¥ 11,607</u>
Profit attributable to non-controlling interests	¥ 417	¥ 84
Profit attributable to owners of parent	¥ 7,794	¥ 11,523
Other comprehensive income:		
Net unrealized holding gains on securities	(698)	2,897
Net unrealized holding losses on derivative instruments	(1,588)	394
Foreign currency translation adjustments	(2,723)	743
Remeasurements of defined benefit plans	(2,257)	1,823
Share of other comprehensive income of entities accounted for using equity method	(365)	(234)
	<u>(7,631)</u>	<u>5,623</u>
Comprehensive income	<u>¥ 580</u>	<u>¥ 17,230</u>
Comprehensive income attributable to owners of parent	1,280	17,137
Comprehensive income attributable to non-controlling interests	(700)	93

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Common stock:		
Balance at beginning of year	¥ 28,427	¥ 28,427
Balance at end of year	<u>¥ 28,427</u>	<u>¥ 28,427</u>
Capital surplus:		
Balance at beginning of year	¥ 30,045	¥ 30,047
Disposal of treasury stock	(3)	(2)
Retirement of treasury stock	(9)	-
Balance at end of year	<u>¥ 30,033</u>	<u>¥ 30,045</u>
Retained earnings:		
Balance at beginning of year	¥ 75,451	¥ 68,266
Cash dividends paid	(1,633)	(1,498)
Profit attributable to owners of patent	7,794	11,523
Retirement of treasury stock	(17,841)	-
Other	(10)	(2,840)
Balance at end of year	<u>¥ 63,761</u>	<u>¥ 75,451</u>
Treasury stock, at cost:		
Balance at beginning of year	¥ (17,879)	¥ (12,181)
Purchase of treasury stock	(2)	(5,724)
Disposal of treasury stock	31	26
Retirement of treasury stock	17,850	-
Balance at end of year	<u>¥ -</u>	<u>¥ (17,879)</u>
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 7,053	¥ 4,165
Decrease for the year	(696)	2,888
Balance at end of year	<u>¥ 6,357</u>	<u>¥ 7,053</u>
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 594	¥ 200
Increase (decrease) for the year	(1,365)	394
Balance at end of year	<u>¥ (771)</u>	<u>¥ 594</u>
Foreign currency translation adjustments:		
Balance at beginning of year	¥ 2,425	¥ 1,915
Increase (decrease) for the year	(2,196)	510
Balance at end of year	<u>¥ 229</u>	<u>¥ 2,425</u>
Remeasurements of defined benefit plans:		
Balance at beginning of year	¥ 142	¥ (1,680)
Increase (decrease) for the year	(2,256)	1,822
Balance at end of year	<u>¥ (2,114)</u>	<u>¥ 142</u>
Stock acquisition rights:		
Balance at beginning of year	¥ 88	¥ 92
Increase (decrease) for the year	14	(4)
Balance at end of year	<u>¥ 102</u>	<u>¥ 88</u>
Non-controlling interests:		
Balance at beginning of year	¥ 7,949	¥ 653
Increase (decrease) for the year	(844)	7,296
Balance at end of year	<u>¥ 7,105</u>	<u>¥ 7,949</u>

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 12,363	¥ 11,984
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,373	5,613
Impairment losses on fixed assets	1,026	221
Decrease in allowance for doubtful accounts	(43)	(44)
Increase (decrease) in provision for bonuses	1,115	(149)
Decrease in provision for loss on dissolution of employee's pension fund	(434)	(133)
Interest and dividend income	(341)	(359)
Interest expense	1,211	220
Equity in earnings of affiliates	(735)	(1,958)
Gain on step acquisitions	-	(6,006)
Loss (gain) on sales of property, plant and equipment	(200)	278
Loss on disposals of property, plant and equipment	63	202
Loss on sales of investments in securities, net	(1,952)	(0)
Increase in notes and accounts receivable	(912)	(1,293)
Decrease (increase) in inventories	2,897	(1,194)
Increase in notes and accounts payable	1,600	123
Increase (decrease) in accounts payable	1,053	131
Increase (decrease) in accrued consumption taxes	(1,142)	2,041
Increase in net defined benefit liability	21	48
Increase in net defined benefit asset	(1,316)	(418)
Other, net	(788)	865
	<u>19,859</u>	<u>10,172</u>
Interest and dividends received	1,159	652
Interest paid	(1,222)	(241)
Payments for business restructuring costs	(12)	(58)
Income taxes paid	(1,164)	(809)
Net cash provided by (used in) operating activities	<u>18,620</u>	<u>9,716</u>
Cash flows from investing activities:		
Investments in time deposits	(110)	(569)
Proceeds from time deposits	110	1,381
Acquisitions of property, plant and equipment	(4,337)	(5,370)
Proceeds from sale of property, plant and equipment	1,502	504
Acquisitions of intangible assets	(710)	(398)
Payments for purchase of investment securities	(68)	(261)
Proceeds from sale of investment securities	2,727	212
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(1,544)
Proceeds from sale of investments in affiliates	233	243
Payments of long-term debt receivable	(1,433)	(225)
Collection of long-term debt receivable	780	430
Other, net	(645)	37
Net cash used in investing activities	<u>(1,951)</u>	<u>(5,560)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(4,330)	(8)
Proceeds from long-term debt	20,243	5,350
Repayments of long-term debt	(14,176)	(5,906)
Payments for purchase of treasury stock	(3)	(5,745)
Dividends paid	(1,632)	(1,496)
Repayments of lease obligations	(539)	(589)
Other, net	(191)	(33)
Net cash used in financing activities	<u>(628)</u>	<u>(8,427)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(323)</u>	<u>339</u>
Net decrease in cash and cash equivalents	<u>15,718</u>	<u>(3,932)</u>
Cash and cash equivalents at beginning of year	<u>14,741</u>	<u>18,673</u>
Cash and cash equivalents at end of year	<u>¥ 30,459</u>	<u>¥ 14,741</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. - March 31, 2016 and 2015

ASSETS	Millions of yen	
	2016	2015
Current assets:		
Cash and time deposits	¥ 7,232	¥ 6,279
Trade notes and accounts receivables	46,927	45,886
Securities	14,000	0
Inventories	34,790	36,364
Prepaid expenses	402	338
Deferred tax assets	1,525	1,150
Other current assets	2,581	4,902
Allowance for doubtful receivables	(4)	(622)
Total current assets	<u>107,453</u>	<u>94,297</u>
Property, plant and equipment:		
Buildings and structures	10,207	10,789
Machinery and equipment	8,792	9,115
Land	12,238	12,229
Lease assets	414	305
Other	7	-
	<u>31,658</u>	<u>32,438</u>
Intangible assets	1,479	1,108
Investments and other assets:		
Investments in securities	31,970	34,760
Long-term receivables	4,058	2,516
Prepaid pension cost	5,640	4,840
Deferred tax assets	-	156
Other	3,991	3,615
Allowance for doubtful receivables	(2,679)	(1,833)
Allowance for investment losses	(401)	(627)
	<u>42,579</u>	<u>43,427</u>
	<u>¥ 183,169</u>	<u>¥ 171,270</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2016	2015
Current liabilities:		
Trade notes and accounts payable	¥ 35,371	¥ 33,428
Long-term debt due within one year	5,000	5,000
Lease obligations	173	157
Accounts payable	7,452	6,821
Provision for bonuses	1,725	1,127
Other	2,232	1,771
Total current liabilities	<u>51,953</u>	<u>48,304</u>
Long-term liabilities:		
Long-term debt due after one year	25,000	20,000
Lease obligations	303	227
Deferred tax liabilities	1,579	-
Provision for loss on guarantees	153	298
Asset retirement obligations	581	584
Other long-term liabilities	404	456
Total long-term liabilities	<u>28,020</u>	<u>21,565</u>
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,033	30,045
Retained earnings	38,859	53,468
Treasury stock, at cost	-	(17,879)
Total shareholders' equity	<u>97,319</u>	<u>94,061</u>
Valuation and translation adjustments:		
Net unrealized holding gains on securities	6,128	6,761
Net unrealized holding gains on derivative instruments	(353)	491
Total valuation and translation adjustments	<u>5,775</u>	<u>7,252</u>
Stock acquisition rights	102	88
Total net assets	<u>103,196</u>	<u>101,401</u>
	<u>¥ 183,169</u>	<u>¥ 171,270</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Net sales	¥ 451,643	¥ 421,359
Cost and expenses:		
Cost of sales	415,432	388,845
Selling, general and administrative expenses	34,926	33,995
Operating income (loss)	<u>1,285</u>	<u>(1,481)</u>
Other income (expenses):		
Interest and dividend income	3,028	1,323
Interest expense	(147)	(203)
Gain (loss) on sales of investments in securities, net	1,952	0
Reversal of provision for loss on guarantees	144	-
Reversal of allowance for investment loss	196	-
Loss on disposals of property, plant and equipment	(91)	(264)
Impairment losses on fixed assets	(3)	(145)
Provision of allowance for investment loss	-	(343)
Provision of allowance for doubtful accounts	(573)	(193)
Other, net	537	647
	<u>5,043</u>	<u>822</u>
Income (loss) before income taxes	<u>6,328</u>	<u>(659)</u>
Income taxes-current	(819)	(676)
Income taxes-deferred	2,282	(900)
Profit	<u>¥ 4,865</u>	<u>¥ 917</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. – Years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
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	¥ 30,045	¥ 30,047
Disposal of treasury stock	(3)	(2)
Retirement of treasury stock	(9)	-
Balance at end of year	¥ 30,033	¥ 30,045
Retained earnings:		
Balance at beginning of year	¥ 53,468	¥ 55,400
Cash dividends paid	(1,633)	(1,498)
Profit for the year	4,865	917
Retirement of treasury stock	(17,841)	-
Other	-	(1,351)
Balance at end of year	¥ 38,859	¥ 53,468
Treasury stock, at cost:		
Balance at beginning of year	¥ (17,879)	¥ (12,181)
Purchase of treasury stock	(2)	(5,724)
Disposal of treasury stock	31	26
Retirement of treasury stock	17,850	-
Balance at end of year	¥ -	¥ (17,879)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 6,761	¥ 3,971
Increase (decrease) for the year	(633)	2,790
Balance at end of year	¥ 6,128	¥ 6,761
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 491	¥ 134
Increase (decrease) for the year	(844)	357
Balance at end of year	¥ (353)	¥ 491
Stock acquisition rights:		
Balance at beginning of year	¥ 88	¥ 92
Increase (decrease) for the year	14	(4)
Balance at end of year	¥ 102	¥ 88

Note: These financial statements are unaudited.