

## CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2011 3Q (Dec 31, 2010) and fiscal 2010 (Mar 31, 2010)

ASSETS	Millions of yen	
	Dec 31, 2010	Mar 31, 2010
<b>Current assets:</b>		
Cash and time deposits	¥ 20,952	¥ 40,311
Trade notes and accounts receivables	73,955	42,809
Inventories	36,111	37,728
Other current assets	3,879	3,070
Allowance for doubtful receivables	(390)	(223)
Total current assets	<u>134,507</u>	<u>123,695</u>
<b>Property, plant and equipment:</b>		
Land	17,882	18,721
Buildings and structures	18,044	19,764
Machinery	12,798	14,645
Lease assets	1,436	1,214
Construction in progress	1,090	1,312
Other	695	738
	<u>51,945</u>	<u>56,394</u>
<b>Intangible assets</b>	1,241	1,260
<b>Investments and other assets:</b>		
Investments in securities	20,759	23,115
Other	14,326	13,946
Allowance for doubtful receivables	(966)	(953)
	<u>34,119</u>	<u>36,108</u>
	<u>¥ 221,812</u>	<u>¥ 217,457</u>

*Note: This financial statements are unaudited.*

LIABILITIES AND NET ASSETS	Millions of yen	
	Dec 31, 2010	Mar 31, 2010
<b>Current liabilities:</b>		
Short-term borrowings	¥ 1,258	¥ 6,508
Trade notes and accounts payable	47,008	38,885
Income taxes payable	965	1,187
Assets retirement obligations	5	-
Other	21,354	26,897
Total current liabilities	<u>70,590</u>	<u>73,477</u>
<b>Long-term liabilities:</b>		
Long-term debt due after one year	21,244	16,352
Employees' severance and retirement benefits	165	301
Provision for loss on guarantees	407	407
Assets retirement obligations	761	-
Other long-term liabilities	6,346	7,064
Total long-term liabilities	<u>28,923</u>	<u>24,124</u>
<b>Net assets:</b>		
Shareholders' equity:		
Common stock	28,428	28,428
Capital surplus	30,042	30,039
Retained earnings	65,373	60,035
Treasury stock, at cost	(2,133)	(805)
Total shareholders' equity	<u>121,710</u>	<u>117,697</u>
Valuation and translation adjustments:		
Net unrealized holding gains on securities	2,095	2,978
Net unrealized holding gains (losses) on derivative instruments	(176)	151
Foreign currency translation adjustments	(2,059)	(1,637)
Total valuation and translation adjustments	<u>(140)</u>	<u>1,492</u>
Stock acquisition rights	82	81
Minority interests	647	586
Total net assets	<u>122,299</u>	<u>119,856</u>
	<u>¥ 221,812</u>	<u>¥ 217,457</u>

Note: This financial statements are unaudited.

## CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2011 3Q (Apr 1-Dec 31, 2010) and fiscal 2010 3Q (Apr 1-Dec 31, 2009)

	Millions of yen	
	Apr 1-Dec 31, 2010	Apr 1-Dec 31, 2009
<b>Net sales</b>	¥ 358,406	¥ 354,061
<b>Cost and expenses:</b>		
Cost of sales	283,464	277,913
Selling, general and administrative expenses	71,067	71,309
<b>Operating income</b>	<u>3,875</u>	<u>4,839</u>
<b>Other income (expenses):</b>		
Interest and dividend income	331	382
Interest expense	(435)	(464)
Gain on sales of property, plant and equipment	3,312	17
Loss on disposals of property, plant and equipment	(242)	(130)
Equity in earnings of affiliates	660	804
Loss on adjustment for changes of accounting standard for asset retirement obligations	(535)	-
Loss on liquidation of business	(733)	-
Other, net	1,208	238
	<u>3,566</u>	<u>847</u>
<b>Income before income taxes and minority interests</b>	<u>7,441</u>	<u>5,686</u>
Provision for income taxes	1,290	1,522
Minority interests	(78)	(89)
<b>Net income</b>	<u>¥ 6,073</u>	<u>¥ 4,075</u>

Note: This financial statements are unaudited.

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

	Millions of yen	
	2011	
Net sales	¥	454,000
Operating income		2,700
Net income		2,000
	Yen	
	2011	
Net income per share	¥	8.20

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 2011 3Q (Apr 1–Dec 31, 2010) and fiscal 2010 3Q (Apr 1–Dec 31, 2009)

	Millions of yen	
	Apr 1–Dec 31, 2010	Apr 1–Dec 31, 2009
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥ 7,441	¥ 5,686
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,671	4,886
Decrease in employees' severance and retirement benefits	(136)	(40)
Increase in allowance for doubtful receivables	181	398
Interest and dividend income	(331)	(382)
Interest expense	435	464
Equity in earnings of affiliates	(660)	(804)
Write-down of investments in securities	13	59
Gain on sales of property, plant and equipment	(3,312)	(17)
Loss on disposals of property, plant and equipment	72	93
Loss on liquidation of business	479	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	535	–
Increase in notes and accounts receivable	(31,201)	(26,205)
Decrease in inventories	1,584	6,126
Increase in notes and accounts payable	8,149	9,317
Increase (decrease) in accrued consumption taxes	(278)	1,051
Other, net	3,171	4,124
	<u>(9,187)</u>	<u>4,756</u>
Interest and dividends received	569	697
Interest paid	(504)	(534)
Income taxes paid	(1,760)	(1,649)
Net cash provided by (used in) operating activities	<u>(10,882)</u>	<u>3,270</u>
<b>Cash flows from investing activities:</b>		
Investments in time deposits	(120)	(355)
Proceeds from time deposits	120	195
Acquisitions of property, plant and equipment	(3,204)	(3,317)
Proceeds from sale of property, plant and equipment	5,961	202
Acquisitions of intangible assets	(137)	(222)
Payments for purchase of investment securities	(41)	(49)
Proceeds from sale of investment securities	1,079	10
Payments for purchase of stocks of subsidiaries and affiliates	–	(288)
Proceeds from sale of investments in affiliates	70	–
Disbursement of loans receivable	(1,666)	(725)
Collection of loans receivable	803	1,321
Other, net	(223)	(60)
Net cash provided by (used in) investing activities	<u>2,642</u>	<u>(3,288)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings, net	(5,115)	(705)
Proceeds from long-term debt	5,250	400
Repayments of long-term debt	(8,760)	(926)
Redemption of bonds	(10)	(20)
Payments for purchase of treasury stock	(1,351)	(2)
Dividends paid	(735)	(736)
Repayments of lease obligations	(281)	(175)
Dividends paid to minority shareholders of consolidated subsidiaries	(13)	(9)
Net cash used in financing activities	<u>(11,015)</u>	<u>(2,173)</u>
Effect of exchange rate changes on cash and cash equivalents	(105)	150
Net decrease in cash and cash equivalents	<u>(19,360)</u>	<u>(2,041)</u>
Cash and cash equivalents at beginning of year	39,990	25,705
Cash and cash equivalents at end of year	<u>¥ 20,630</u>	<u>¥ 23,664</u>

Note: This financial statements are unaudited.