

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-March 31, 2011 and 2010

ASSETS	Millions of yen	
	2011	2010
Current assets:		
Cash and time deposits	¥ 35,028	¥ 40,311
Receivables:		
Trade notes and accounts	43,571	42,809
Allowance for doubtful receivables	(160)	(223)
	<u>43,411</u>	<u>42,586</u>
Inventories	36,913	37,728
Deferred tax assets	3,435	2,011
Other current assets	990	1,059
Total current assets	<u>119,777</u>	<u>123,695</u>
Property, plant and equipment:		
Land	18,427	18,722
Buildings and structures	16,348	19,764
Machinery and equipment	13,189	15,382
Lease assets	1,437	1,214
Construction in progress	485	1,312
	<u>49,886</u>	<u>56,394</u>
Intangible assets	1,331	1,260
Investments and other assets:		
Investments in securities	20,635	23,115
Long-term receivables	2,010	1,542
Deferred tax assets	476	594
Other	11,267	11,810
Allowance for doubtful receivables	(825)	(953)
	<u>33,563</u>	<u>36,108</u>
	<u>¥ 204,557</u>	<u>¥ 217,457</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2011	2010
Current liabilities:		
Short-term borrowings	¥ 948	¥ 6,508
Long-term debt due within one year	573	9,974
Trade notes and accounts payable	42,022	38,885
Lease obligations	473	338
Income taxes payable	822	1,188
Deferred tax liabilities	4	10
Asset retirement obligations	5	-
Other	16,982	16,575
Total current liabilities	61,829	73,478
Long-term liabilities:		
Long-term debt due after one year	20,993	16,352
Lease obligations	1,219	1,049
Employees' severance and retirement benefits	142	301
Provision for loss on guarantees	376	407
Deferred tax liabilities	526	3,601
Asset retirement obligations	760	-
Other long-term liabilities	1,983	2,414
Total long-term liabilities	25,999	24,124
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,042	30,038
Retained earnings	59,779	60,036
Treasury stock, at cost	(2,133)	(805)
Total shareholders' equity	116,115	117,696
Valuation and translation adjustments:		
Net unrealized holding gains on securities	1,862	2,978
Net unrealized holding gains on derivative instruments	45	151
Foreign currency translation adjustments	(2,022)	(1,637)
Total valuation and translation adjustments	(115)	1,492
Stock acquisition rights	82	81
Minority interests	647	586
Total net assets	116,729	119,855
	¥ 204,557	¥ 217,457

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Net sales	¥ 455,990	¥ 452,454
Cost and expenses:		
Cost of sales	363,935	358,851
Selling, general and administrative expenses	89,573	91,513
Operating income	2,482	2,090
Other income (expenses):		
Interest and dividend income	366	418
Interest expense	(507)	(625)
Gain on sales of investments in securities, net	572	33
Gain (loss) on disposals of property, plant and equipment	2,986	(243)
Write-down of investment securities	(18)	(190)
Equity in earnings of affiliates	743	742
Impairment losses on fixed assets	(3,864)	(574)
Loss on disaster	(1,148)	-
Loss on liquidation of business	(814)	-
Special retirement expenses	(3,083)	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	(535)	-
Other, net	934	611
Income (loss) before income taxes and minority interests	(4,368)	172
Provision for income taxes	(1,886)	2,262
Current	1,235	1,403
Deferred	(3,679)	(512)
Minority interests	(79)	(78)
Net income	¥ 479	¥ 1,293

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2012

	Millions of yen	
	2012 interim	2012
Net sales	¥ 222,000	¥ 454,000
Operating income	2,000	6,000
Net income	1,000	4,000

	Yen	
	2012 interim	2012
Net income per share	¥ 4.15	¥ 16.60

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
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	¥ 30,038	¥ 30,033
Disposal of treasury stock	4	5
Balance at end of year	¥ 30,042	¥ 30,038
Retained earnings:		
Balance at beginning of year	¥ 60,036	¥ 59,479
Net income for the year	479	1,293
Cash dividends paid	(736)	(736)
Balance at end of year	¥ 59,779	¥ 60,036
Treasury stock, at cost:		
Balance at beginning of year	¥ (805)	¥ (813)
Purchase of treasury stock	(1,350)	(3)
Disposal of treasury stock	22	11
Balance at end of year	¥ (2,133)	¥ (805)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 2,978	¥ 1,516
Increase (decrease) for the year	(1,116)	1,462
Balance at end of year	¥ 1,862	¥ 2,978
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 151	¥ (500)
Increase (decrease) for the year	(106)	651
Balance at end of year	¥ 45	¥ 151
Foreign currency translation adjustments:		
Balance at beginning of year	¥ (1,637)	¥ (1,317)
Net decrease	(385)	(320)
Balance at end of year	¥ (2,022)	¥ (1,637)
Stock acquisition rights:		
Balance at beginning of year	¥ 81	¥ 65
Net increase	1	16
Balance at end of year	¥ 82	¥ 81
Minority interests:		
Balance at beginning of year	¥ 586	¥ 547
Net increase	61	39
Balance at end of year	¥ 647	¥ 586

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	¥ (1,886)	¥ 2,262
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	6,316	6,611
Impairment losses on fixed assets	3,864	574
Decrease in employees' severance and retirement benefits	(159)	(63)
Decrease in allowance for doubtful receivables	(191)	(1,005)
Interest and dividend income	(366)	(418)
Interest expense	507	625
Equity in earnings of affiliates	(743)	(742)
Write-down of investments in securities	18	190
Gain on sales of property, plant and equipment	(3,329)	(107)
Loss on disposals of property, plant and equipment	154	224
Loss on disaster	1,108	-
Loss on liquidation of business	463	-
Special retirement expenses	3,083	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	535	-
Decrease (increase) in notes and accounts receivable	(692)	3,714
Decrease (increase) in inventories	(131)	5,625
Increase in notes and accounts payable	3,173	3,552
Increase (decrease) in accrued consumption taxes	(748)	782
Other, net	(1,651)	589
	<u>9,325</u>	<u>22,413</u>
Interest and dividends received	654	780
Interest paid	(522)	(627)
Income taxes paid	(1,909)	(2,014)
Income taxes refunded	87	448
Net cash provided by operating activities	<u>7,635</u>	<u>21,000</u>
Cash flows from investing activities:		
Investments in time deposits	(120)	(355)
Proceeds from time deposits	120	265
Acquisitions of property, plant and equipment	(6,231)	(4,581)
Proceeds from sale of property, plant and equipment	6,037	478
Acquisitions of intangible assets	(314)	(333)
Payments for purchase of investment securities	(98)	(65)
Proceeds from sale of investment securities	1,100	69
Payments for purchase of stocks of subsidiaries and affiliates	-	(288)
Proceeds from sale of investments in affiliates	70	-
Disbursement of loans receivable	(1,877)	(967)
Collection of loans receivable	1,414	1,996
Other, net	(219)	(84)
Net cash used in investing activities	<u>(118)</u>	<u>(3,865)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(5,447)	(1,333)
Proceeds from long-term debt	5,250	450
Repayments of long-term debt	(9,994)	(1,168)
Redemption of bonds	(10)	(20)
Payments for purchase of treasury stock	(1,351)	(3)
Dividends paid	(736)	(736)
Repayments of lease obligations	(406)	(242)
Dividends paid to minority shareholders of consolidated subsidiaries	(13)	(9)
Net cash used in financing activities	<u>(12,707)</u>	<u>(3,061)</u>
Effect of exchange rate changes on cash and cash equivalents	(94)	211
Net increase (decrease) in cash and cash equivalents	<u>(5,284)</u>	<u>14,285</u>
Cash and cash equivalents at beginning of year	39,990	25,705
Cash and cash equivalents at end of year	<u>¥ 34,706</u>	<u>¥ 39,990</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. -March 31, 2011 and 2010

ASSETS	Millions of yen	
	2011	2010
Current assets:		
Cash and time deposits	¥ 28,831	¥ 33,782
Receivables:		
Trade notes and accounts	43,805	41,015
Allowance for doubtful receivables	(48)	(187)
	<u>43,757</u>	<u>40,828</u>
Inventories	25,181	24,836
Other current assets	<u>1,999</u>	<u>2,343</u>
Total current assets	<u>99,768</u>	<u>101,789</u>
Property, plant and equipment:		
Land	16,201	14,304
Buildings and structures	11,584	13,085
Machinery and equipment	9,855	10,536
Lease assets	617	534
Construction in progress	<u>16</u>	<u>1,184</u>
	<u>38,273</u>	<u>39,643</u>
Intangible assets	1,017	945
Investments and other assets:		
Investments in securities	24,884	25,359
Long-term receivables	9,906	9,702
Other	14,540	14,596
Allowance for doubtful receivables	(5,249)	(3,702)
Allowance for investment losses	<u>(3,273)</u>	<u>(1,545)</u>
	<u>40,808</u>	<u>44,410</u>
	<u>¥ 179,866</u>	<u>¥ 186,787</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2011	2010
Current liabilities:		
Long-term debt due within one year	¥ 180	¥ 9,550
Trade notes and accounts payable	39,240	35,796
Lease obligations	204	141
Income taxes payable	268	321
Other	10,658	11,264
Total current liabilities	50,550	57,072
Long-term liabilities:		
Long-term debt due after one year	20,060	15,240
Lease obligations	589	490
Provision for loss on guarantees	450	1,380
Deferred tax liabilities	499	3,571
Asset retirement obligations	466	-
Other long-term liabilities	1,347	1,720
Total long-term liabilities	23,411	22,401
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,042	30,038
Retained earnings	47,547	46,513
Treasury stock, at cost	(2,133)	(805)
Total shareholders' equity	103,883	104,173
Valuation and translation adjustments:		
Net unrealized holding gains on securities	1,895	2,975
Net unrealized holding gains on derivative instruments	45	85
Total valuation and translation adjustments	1,940	3,060
Stock acquisition rights	82	81
Total net assets	105,905	107,314
	¥ 179,866	¥ 186,787

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITO HAM FOODS INC. – Years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
Net sales	¥ 383,925	¥ 373,257
Cost and expenses:		
Cost of sales	343,318	333,779
Selling, general and administrative expenses	41,307	41,580
Operating loss	<u>(700)</u>	<u>(2,102)</u>
Other income (expenses):		
Interest and dividend income	1,752	1,504
Interest expense	(293)	(310)
Gain on sales of investments in securities, net	611	1
Gain (loss) on disposals of property, plant and equipment	3,044	(51)
Write-down of investment securities	(18)	(156)
Impairment losses on fixed assets	(902)	(269)
Loss on disaster	(527)	–
Provision of allowance for investment losses	(875)	–
Special retirement expenses	(1,184)	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	(301)	–
Other, net	(1,000)	1,494
	<u>307</u>	<u>2,213</u>
Income (loss) before income taxes	<u>(393)</u>	<u>111</u>
Provision for income taxes		
Current	71	104
Deferred	(2,234)	(388)
Net income	<u>¥ 1,770</u>	<u>¥ 395</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. – Years ended March 31, 2011 and 2010

	Millions of yen	
	2011	2010
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	¥ 30,038	¥ 30,033
Disposal of treasury stock	4	5
Balance at end of year	¥ 30,042	¥ 30,038
Retained earnings:		
Balance at beginning of year	¥ 46,513	¥ 46,854
Net income for the year	1,770	395
Cash dividends paid	(736)	(736)
Balance at end of year	¥ 47,547	¥ 46,513
Treasury stock, at cost:		
Balance at beginning of year	¥ (805)	¥ (813)
Purchase of treasury stock	(1,350)	(3)
Disposal of treasury stock	22	11
Balance at end of year	¥ (2,133)	¥ (805)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 2,975	¥ 1,561
Increase (decrease) for the year	(1,080)	1,414
Balance at end of year	¥ 1,895	¥ 2,975
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 85	¥ (1)
Increase (decrease) for the year	(40)	86
Balance at end of year	¥ 45	¥ 85
Stock acquisition rights:		
Balance at beginning of year	¥ 81	¥ 65
Net increase	1	16
Balance at end of year	¥ 82	¥ 81

Note: This financial statements are unaudited.