

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2011 2Q (Sep 30, 2010) and fiscal 2010 (Mar 31, 2010)

ASSETS	Millions of yen	
	Sep 30, 2010	Mar 31, 2010
Current assets:		
Cash and time deposits	¥ 30,100	¥ 40,311
Marketable securities	5,500	-
Trade notes and accounts receivables	45,372	42,809
Inventories	44,043	37,728
Other current assets	4,481	3,070
Allowance for doubtful receivables	(243)	(223)
Total current assets	129,253	123,695
Property, plant and equipment:		
Land	18,098	18,721
Buildings and structures	19,206	19,764
Machinery	14,042	14,645
Lease assets	1,339	1,214
Construction in progress	963	1,312
Other	721	738
	54,369	56,394
Intangible assets	1,272	1,260
Investments and other assets:		
Investments in securities	20,100	23,115
Other	14,638	13,946
Allowance for doubtful receivables	(964)	(953)
	33,774	36,108
	¥ 218,668	¥ 217,457

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	Sep 30, 2010	Mar 31, 2010
Current liabilities:		
Short-term borrowings	¥ 5,204	¥ 6,508
Trade notes and accounts payable	44,068	38,885
Income taxes payable	1,030	1,187
Assets retirement obligations	17	–
Other	25,627	26,897
Total current liabilities	75,946	73,477
Long-term liabilities:		
Long-term debt due after one year	16,297	16,352
Employees' severance and retirement benefits	219	301
Provision for loss on guarantees	407	407
Assets retirement obligations	749	–
Other long-term liabilities	6,074	7,064
Total long-term liabilities	23,746	24,124
Net assets:		
Shareholders' equity:		
Common stock	28,428	28,428
Capital surplus	30,042	30,039
Retained earnings	61,673	60,035
Treasury stock, at cost	(1,395)	(805)
Total shareholders' equity	118,748	117,697
Valuation and translation adjustments:		
Net unrealized holding gains on securities	1,708	2,978
Net unrealized holding gains (losses) on derivative instruments	(250)	151
Foreign currency translation adjustments	(1,927)	(1,637)
Total valuation and translation adjustments	(469)	1,492
Stock acquisition rights	82	81
Minority interests	615	586
Total net assets	118,976	119,856
	¥ 218,668	¥ 217,457

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2011 2Q (Apr 1-Sep 30, 2010) and fiscal 2010 2Q (Apr 1-Sep 30, 2009)

	Millions of yen	
	Apr 1-Sep 30, 2010	Apr 1-Sep 30, 2009
Net sales	¥ 222,252	¥ 222,866
Cost and expenses:		
Cost of sales	178,316	178,246
Selling, general and administrative expenses	44,380	44,861
Operating loss	(444)	(241)
Other income (expenses):		
Interest and dividend income	227	278
Interest expense	(297)	(314)
Gain on sales of property, plant and equipment	3,359	14
Loss on disposals of property, plant and equipment	-	(99)
Equity in earnings of affiliates	(87)	266
Loss on adjustment for changes of accounting standard for asset retirement obligations	(535)	-
Other, net	849	262
	3,516	407
Income before income taxes and minority interests	3,072	166
Provision for income taxes	652	890
Minority interests	(47)	(51)
Net income (loss)	¥ 2,373	¥ (775)

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	¥	8.21

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 2Q (Apr 1-Sep 30, 2010) and fiscal 2010 2Q (Apr 1-Sep 30, 2009)

	Millions of yen	
	Apr 1-Sep 30, 2010	Apr 1-Sep 30, 2009
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 3,072	¥ 166
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,103	3,241
Decrease in employees' severance and retirement benefits	(83)	(28)
Increase in allowance for doubtful receivables	33	254
Interest and dividend income	(227)	(278)
Interest expense	297	314
Equity in earnings of affiliates	87	(266)
Write-down of investments in securities	5	44
Gain on sales of property, plant and equipment	(3,359)	(14)
Loss on disposals of property, plant and equipment	52	62
Loss on adjustment for changes of accounting standard for asset retirement obligations	535	—
Decrease (increase) in notes and accounts receivable	(2,660)	619
Decrease (increase) in inventories	(6,313)	1,105
Increase in notes and accounts payable	5,221	4,155
Increase (decrease) in accrued consumption taxes	(817)	369
Other, net	(774)	(741)
	(1,828)	9,002
Interest and dividends received	452	553
Interest paid	(295)	(313)
Income taxes paid	(1,048)	(835)
Net cash provided by (used in) operating activities	(2,719)	8,407
Cash flows from investing activities:		
Investments in time deposits	(70)	(305)
Proceeds from time deposits	70	145
Acquisitions of property, plant and equipment	(2,432)	(2,775)
Proceeds from sale of property, plant and equipment	3,511	188
Acquisitions of intangible assets	(101)	(155)
Payments for purchase of investment securities	(28)	(35)
Proceeds from sale of investment securities	810	10
Payments for purchase of stocks of subsidiaries and affiliates	—	(288)
Disbursement of loans receivable	(1,460)	(475)
Collection of loans receivable	522	1,051
Other, net	(220)	(47)
Net cash provided by (used in) investing activities	602	(2,686)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(916)	43
Proceeds from long-term debt	200	200
Repayments of long-term debt	(235)	(457)
Redemption of bonds	(10)	(10)
Payments for purchase of treasury stock	(613)	(2)
Dividends paid	(735)	(735)
Repayments of lease obligations	(177)	(97)
Dividends paid to minority shareholders of consolidated subsidiaries	(13)	(9)
Net cash used in financing activities	(2,499)	(1,067)
Effect of exchange rate changes on cash and cash equivalents	(95)	220
Net increase (decrease) in cash and cash equivalents	(4,711)	4,874
Cash and cash equivalents at beginning of year	39,990	25,705
Cash and cash equivalents at end of year	¥ 35,279	¥ 30,579

Note: This financial statements are unaudited.