

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-March 31, 2013 and 2012

ASSETS	Millions of yen	
	2013	2012
Current assets:		
Cash and time deposits	¥ 11,469	¥ 9,507
Marketable securities	19,000	17,250
Receivables:		
Trade notes and accounts	48,839	48,958
Allowance for doubtful receivables	(65)	(101)
	<u>48,774</u>	<u>48,857</u>
Inventories	36,073	30,666
Deferred tax assets	2,924	2,291
Other current assets	<u>1,865</u>	<u>2,090</u>
Total current assets	<u>120,105</u>	<u>110,661</u>
Property, plant and equipment:		
Land	16,092	17,828
Buildings and structures	16,312	16,392
Machinery and equipment	11,461	12,553
Lease assets	1,261	1,237
Construction in progress	142	51
Other	<u>289</u>	<u>-</u>
	<u>45,557</u>	<u>48,061</u>
Intangible assets	1,563	1,231
Investments and other assets:		
Investments in securities	25,336	24,103
Long-term receivables	2,307	2,295
Deferred tax assets	1,123	1,352
Other	10,108	11,033
Allowance for doubtful receivables	(748)	(798)
	<u>38,126</u>	<u>37,985</u>
	<u><u>¥ 205,351</u></u>	<u><u>¥ 197,938</u></u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2013	2012
Current liabilities:		
Short-term borrowings	¥ 340	¥ 1,420
Long-term debt due within one year	639	10,634
Trade notes and accounts payable	38,329	32,408
Lease obligations	611	514
Income taxes payable	1,582	709
Deferred tax liabilities	4	6
Asset retirement obligations	54	6
Other	16,124	15,565
Total current liabilities	57,683	61,262
Long-term liabilities:		
Long-term debt due after one year	26,570	16,948
Lease obligations	1,164	977
Employees' severance and retirement benefits	207	181
Provision for loss on guarantees	775	271
Deferred tax liabilities	34	34
Asset retirement obligations	866	760
Other long-term liabilities	1,211	1,769
Total long-term liabilities	30,827	20,940
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,048	30,048
Retained earnings	64,564	61,116
Treasury stock, at cost	(9,975)	(4,662)
Total shareholders' equity	113,064	114,929
Valuation and translation adjustments:		
Net unrealized holding gains on securities	3,552	2,687
Net unrealized holding gains on derivative instruments	361	76
Foreign currency translation adjustments	(788)	(2,526)
Total valuation and translation adjustments	3,125	237
Stock acquisition rights	76	60
Minority interests	576	510
Total net assets	116,841	115,736
	¥ 205,351	¥ 197,938

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
Net sales	¥ 438,827	¥ 447,399
Cost and expenses:		
Cost of sales	354,511	363,006
Selling, general and administrative expenses	78,657	81,513
Operating income	5,659	2,880
Other income (expenses):		
Interest and dividend income	390	361
Interest expense	(262)	(296)
Gain on sales of investments in securities	490	159
Loss on disposals of property, plant and equipment	(341)	(471)
Equity in earnings of affiliates	(1,048)	497
Impairment losses on fixed assets	(154)	(743)
Compensation income	659	-
Provision for loss on guarantees	(505)	-
Employee's pension fund withdrawal contributions	(534)	-
Business restructuring costs	(191)	(981)
Other, net	859	1,153
	(637)	(321)
Income before income taxes and minority interests	5,022	2,559
Provision for income taxes		
Current	1,841	901
Deferred	(1,036)	(441)
Minority interests	(71)	(39)
Net income	¥ 4,146	¥ 2,060

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2014

	Millions of yen	
	2014 interim	2014
Net sales	¥ 218,000	¥ 456,000
Operating income	2,100	7,000
Net income	1,200	5,200

	Yen	
	2014 interim	2014
Net income per share	¥ 5.53	¥ 24.11

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
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	¥ 30,048	¥ 30,042
Disposal of treasury stock	-	6
Balance at end of year	¥ 30,048	¥ 30,048
Retained earnings:		
Balance at beginning of year	¥ 61,116	¥ 59,779
Net income for the year	4,146	2,060
Cash dividends paid	(698)	(723)
Balance at end of year	¥ 64,564	¥ 61,116
Treasury stock, at cost:		
Balance at beginning of year	¥ (4,662)	¥ (2,133)
Purchase of treasury stock	(5,316)	(2,564)
Disposal of treasury stock	3	35
Balance at end of year	¥ (9,975)	¥ (4,662)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 2,687	¥ 1,862
Increase for the year	865	825
Balance at end of year	¥ 3,552	¥ 2,687
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 76	¥ 45
Increase for the year	285	31
Balance at end of year	¥ 361	¥ 76
Foreign currency translation adjustments:		
Balance at beginning of year	¥ (2,526)	¥ (2,022)
Net increase (decrease)	1,738	(504)
Balance at end of year	¥ (788)	¥ (2,526)
Stock acquisition rights:		
Balance at beginning of year	¥ 60	¥ 82
Net increase (decrease)	16	(22)
Balance at end of year	¥ 76	¥ 60
Minority interests:		
Balance at beginning of year	¥ 510	¥ 647
Net increase (decrease)	66	(137)
Balance at end of year	¥ 576	¥ 510

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 5,022	¥ 2,560
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,552	5,969
Impairment losses on fixed assets	154	743
Interest and dividend income	(390)	(361)
Interest expense	262	296
Equity in earnings of affiliates	1,048	(497)
Loss on sales of property, plant and equipment	135	107
Loss on disposals of property, plant and equipment	156	264
Employee's pension fund withdrawal contributions	534	-
Compensation income	(659)	-
Business restructuring costs	191	981
Decrease (increase) in notes and accounts receivable	199	(5,669)
Decrease (increase) in inventories	(5,327)	6,148
Increase (decrease) in notes and accounts payable	5,889	(9,423)
Increase (decrease) in accrued consumption taxes	(256)	454
Other, net	2,629	615
	<u>15,139</u>	<u>2,187</u>
Interest and dividends received	670	819
Interest paid	(280)	(285)
Proceeds from compensation	326	-
Payments for special retirement payments	-	(3,094)
Payments for employee's pension fund withdrawal contributions	(534)	-
Payments for business restructuring costs	(166)	(981)
Income taxes paid	(910)	(983)
Other, net	-	(94)
Net cash provided by (used in) operating activities	<u>14,245</u>	<u>(2,431)</u>
Cash flows from investing activities:		
Investments in time deposits	(765)	(190)
Proceeds from time deposits	120	215
Acquisitions of property, plant and equipment	(4,293)	(4,777)
Proceeds from sale of property, plant and equipment	1,646	424
Acquisitions of intangible assets	(393)	(201)
Payments for purchase of investment securities	(285)	(267)
Proceeds from sale of investment securities	952	226
Payments for purchase of stocks of subsidiaries and affiliates	-	(3,300)
Proceeds from sale of investments in affiliates	229	146
Other, net	(196)	(770)
Net cash used in investing activities	<u>(2,985)</u>	<u>(8,494)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(1,080)	472
Proceeds from long-term debt	300	6,750
Repayments of long-term debt	(676)	(733)
Proceeds from issuance of bonds	9,944	-
Redemption of bonds	(10,000)	-
Payments for purchase of treasury stock	(5,323)	(2,666)
Dividends paid	(702)	(718)
Repayments of lease obligations	(622)	(509)
Other, net	(36)	(13)
Net cash provided by (used in) financing activities	<u>(8,195)</u>	<u>2,583</u>
Effect of exchange rate changes on cash and cash equivalents	195	(78)
Net increase (decrease) in cash and cash equivalents	<u>3,260</u>	<u>(8,420)</u>
Cash and cash equivalents at beginning of year	26,286	34,706
Cash and cash equivalents at end of year	<u>¥ 29,546</u>	<u>¥ 26,286</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. -March 31, 2013 and 2012

ASSETS	Millions of yen	
	2013	2012
Current assets:		
Cash and time deposits	¥ 5,337	¥ 4,626
Marketable securities	19,000	17,250
Receivables:		
Trade notes and accounts	48,082	48,803
Allowance for doubtful receivables	(120)	(134)
	<u>47,962</u>	<u>48,669</u>
Inventories	26,787	21,651
Other current assets	3,770	3,785
Total current assets	<u>102,856</u>	<u>95,981</u>
Property, plant and equipment:		
Land	14,308	15,755
Buildings and structures	10,898	10,935
Machinery and equipment	7,950	8,777
Lease assets	446	443
Construction in progress	3	3
	<u>33,605</u>	<u>35,913</u>
Intangible assets	1,035	951
Investments and other assets:		
Investments in securities	27,469	26,606
Long-term receivables	7,081	6,625
Other	12,112	13,410
Allowance for doubtful receivables	(4,152)	(4,621)
Allowance for investment losses	(373)	(669)
	<u>42,137</u>	<u>41,351</u>
	<u>¥ 179,633</u>	<u>¥ 174,196</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2013	2012
Current liabilities:		
Long-term debt due within one year	¥ 20	¥ 10,020
Trade notes and accounts payable	35,939	30,643
Lease obligations	215	205
Income taxes payable	374	226
Other	10,610	10,381
Total current liabilities	47,158	51,475
Long-term liabilities:		
Long-term debt due after one year	25,020	15,040
Lease obligations	405	422
Provision for loss on guarantees	823	384
Asset retirement obligations	541	422
Other long-term liabilities	718	973
Total long-term liabilities	27,507	17,241
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,048	30,048
Retained earnings	52,682	48,853
Treasury stock, at cost	(9,975)	(4,662)
Total shareholders' equity	101,182	102,666
Valuation and translation adjustments:		
Net unrealized holding gains on securities	3,408	2,661
Net unrealized holding gains on derivative instruments	302	93
Total valuation and translation adjustments	3,710	2,754
Stock acquisition rights	76	60
Total net assets	104,968	105,480
	¥ 179,633	¥ 174,196

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
Net sales	¥ 379,117	¥ 387,389
Cost and expenses:		
Cost of sales	341,369	349,857
Selling, general and administrative expenses	36,152	38,428
Operating income (loss)	1,596	(896)
Other income (expenses):		
Interest and dividend income	1,549	1,186
Interest expense	(233)	(257)
Gain on sales of investments in securities	489	111
Loss on disposals of property, plant and equipment	(398)	(213)
Impairment losses on fixed assets	(154)	(685)
Gain on extinguishment of tie-in shares	-	785
Reversal of allowance for doubtful accounts	449	563
Reversal of allowance for investment loss	-	807
Compensation income	333	-
Business restructuring costs	(33)	(593)
Provision for loss on guarantees	(439)	-
Other, net	754	912
Income before income taxes	2,317	2,616
Provision for income taxes	3,913	1,720
Current	209	70
Deferred	(823)	(379)
Net income	¥ 4,527	¥ 2,029

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NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. - Years ended March 31, 2013 and 2012

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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	¥ 30,048	¥ 30,042
Disposal of treasury stock	-	6
Balance at end of year	¥ 30,048	¥ 30,048
Retained earnings:		
Balance at beginning of year	¥ 48,853	¥ 47,547
Net income for the year	4,527	2,029
Cash dividends paid	(698)	(723)
Balance at end of year	¥ 52,682	¥ 48,853
Treasury stock, at cost:		
Balance at beginning of year	¥ (4,662)	¥ (2,133)
Purchase of treasury stock	(5,316)	(2,564)
Disposal of treasury stock	3	35
Balance at end of year	¥ (9,975)	¥ (4,662)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 2,661	¥ 1,895
Increase for the year	747	766
Balance at end of year	¥ 3,408	¥ 2,661
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 93	¥ 45
Increase for the year	209	48
Balance at end of year	¥ 302	¥ 93
Stock acquisition rights:		
Balance at beginning of year	¥ 60	¥ 82
Net increase (decrease)	16	(22)
Balance at end of year	¥ 76	¥ 60

Note: This financial statements are unaudited.