

CONSOLIDATED BALANCE SHEETS

ITO HAM FOODS INC. and Consolidated Subsidiaries-March 31, 2014 and 2013

ASSETS	Millions of yen	
	2014	2013
Current assets:		
Cash and time deposits	¥ 9,877	¥ 11,469
Trade notes and accounts receivables	46,302	48,839
Marketable securities	10,002	19,000
Inventories	46,605	36,073
Deferred tax assets	2,917	2,924
Other current assets	1,920	1,865
Allowance for doubtful receivables	(45)	(65)
Total current assets	117,578	120,105
Property, plant and equipment:		
Buildings and structures	16,893	16,312
Machinery and equipment	12,487	11,461
Land	14,346	16,092
Lease assets	1,135	1,261
Construction in progress	275	142
Other	323	289
	45,459	45,557
Intangible assets	1,343	1,563
Investments and other assets:		
Investments in securities	27,340	25,336
Long-term receivables	1,517	2,307
Long-term prepaid expenses	370	530
Deferred tax assets	1,741	1,123
Net defined benefit asset	3,783	-
Other	4,020	9,578
Allowance for doubtful receivables	(220)	(748)
	38,551	38,126
	¥ 202,931	¥ 205,351

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2014	2013
Current liabilities:		
Trade notes and accounts payable	¥ 34,372	¥ 38,329
Short-term borrowings	8	340
Long-term debt due within one year	5,883	639
Lease obligations	570	611
Accounts payable	10,040	11,003
Income taxes payable	486	1,582
Accrued consumption taxes	268	507
Deferred tax liabilities	3	4
Provision for bonuses	2,777	2,915
Asset retirement obligations	33	54
Other	1,671	1,699
Total current liabilities	56,111	57,683
Long-term liabilities:		
Long-term debt due after one year	21,154	26,570
Lease obligations	965	1,164
Deferred tax liabilities	925	34
Employees' severance and retirement benefits	-	207
Provision for loss on guarantees	259	775
Provision for loss on dissolution of employee's pension fund	601	-
Net defined benefit liability	1,225	-
Asset retirement obligations	841	866
Other long-term liabilities	946	1,211
Total long-term liabilities	26,916	30,827
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,047	30,048
Retained earnings	68,266	64,564
Treasury stock, at cost	(12,181)	(9,975)
Total shareholders' equity	114,559	113,064
Valuation and translation adjustments:		
Net unrealized holding gains on securities	4,165	3,552
Net unrealized holding gains on derivative instruments	200	361
Foreign currency translation adjustments	1,915	(788)
Remeasurements of defined benefit plans	(1,680)	-
Total valuation and translation adjustments	4,600	3,125
Stock acquisition rights	92	76
Minority interests	653	576
Total net assets	119,904	116,841
	¥ 202,931	¥ 205,351

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
Net sales	¥ 463,396	¥ 438,827
Cost and expenses:		
Cost of sales	381,588	354,511
Selling, general and administrative expenses	76,907	78,657
Operating income	4,901	5,659
Other income (expenses):		
Interest and dividend income	363	390
Interest expense	(242)	(262)
Gain (loss) on sales of property, plant and equipment	719	(135)
Loss on disposals of property, plant and equipment	(288)	(207)
Gain on sales of investments in securities	112	485
Equity in earnings (losses) of affiliates	224	(1,048)
Impairment losses on fixed assets	(1)	(154)
Compensation income	36	659
Gain on change in equity	273	-
Reversal of provision for loss on guarantees	516	-
Provision for loss on guarantees	-	(505)
Employee's pension fund withdrawal contributions	-	(534)
Business restructuring costs	(89)	(191)
Provision of reserve for loss on dissolution of employee's pension fund	(601)	-
Other, net	591	865
Income before income taxes and minority interests	6,514	5,022
Provision for income taxes		
Current	767	1,841
Deferred	855	(1,036)
Minority interests	(81)	(71)
Net income	¥ 4,811	¥ 4,146

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2015

	Millions of yen	
	2015 interim	2015
Net sales	¥ 223,000	¥ 471,000
Operating income	1,100	7,000
Net income	700	5,500

	Yen	
	2015 interim	2015
Net income per share	¥ 3.27	¥ 25.69

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
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	¥ 30,048
Disposal of treasury stock	(1)	-
Balance at end of year	¥ 30,047	¥ 30,048
Retained earnings:		
Balance at beginning of year	¥ 64,564	¥ 61,116
Net income for the year	4,811	4,146
Cash dividends paid	(1,095)	(698)
Other	(14)	-
Balance at end of year	¥ 68,266	¥ 64,564
Treasury stock, at cost:		
Balance at beginning of year	¥ (9,975)	¥ (4,662)
Purchase of treasury stock	(2,215)	(5,316)
Disposal of treasury stock	9	3
Balance at end of year	¥ (12,181)	¥ (9,975)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 3,552	¥ 2,687
Increase for the year	613	865
Balance at end of year	¥ 4,165	¥ 3,552
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 361	¥ 76
Increase (decrease) for the year	(161)	285
Balance at end of year	¥ 200	¥ 361
Foreign currency translation adjustments:		
Balance at beginning of year	¥ (788)	¥ (2,526)
Increase for the year	2,703	1,738
Balance at end of year	¥ 1,915	¥ (788)
Remeasurements of defined benefit plans:		
Balance at beginning of year	¥ -	¥ -
Decrease for the year	(1,680)	-
Balance at end of year	¥ (1,680)	¥ -
Stock acquisition rights:		
Balance at beginning of year	¥ 76	¥ 60
Increase for the year	16	16
Balance at end of year	¥ 92	¥ 76
Minority interests:		
Balance at beginning of year	¥ 576	¥ 510
Increase for the year	77	66
Balance at end of year	¥ 653	¥ 576

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 6,514	¥ 5,022
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,453	5,552
Impairment losses on fixed assets	1	154
Decrease in allowance for doubtful accounts	(408)	(87)
Increase in provision for loss on dissolution of employee's pension fund	601	-
Interest and dividend income	(363)	(390)
Interest expense	242	262
Equity in earnings (losses) of affiliates	(224)	1,048
Gain on change in equity	(273)	-
Loss (gain) on sales of property, plant and equipment	(719)	135
Loss on disposals of property, plant and equipment	88	156
Employee's pension fund withdrawal contributions	-	534
Compensation income	(36)	(659)
Business restructuring costs	89	191
Decrease in notes and accounts receivable	2,880	199
Increase in inventories	(10,368)	(5,327)
Increase (decrease) in notes and accounts payable	(4,007)	5,889
Increase (decrease) in accounts payable	(1,369)	1,030
Decrease in accrued consumption taxes	(230)	(256)
Increase in provision for retirement benefits	-	27
Increase in net defined benefit liability	989	-
Decrease in prepaid pension costs	-	240
Increase in net defined benefit asset	(293)	-
Other, net	(893)	1,419
	(2,326)	15,139
Interest and dividends received	586	670
Interest paid	(242)	(280)
Proceeds from compensation	333	326
Payments for employee's pension fund withdrawal contributions	-	(534)
Payments for business restructuring costs	(94)	(166)
Income taxes paid	(2,620)	(910)
Net cash provided by (used in) operating activities	(4,363)	14,245
Cash flows from investing activities:		
Investments in time deposits	(913)	(765)
Proceeds from time deposits	858	120
Acquisitions of property, plant and equipment	(5,892)	(4,293)
Proceeds from sale of property, plant and equipment	2,795	1,646
Acquisitions of intangible assets	(323)	(393)
Proceeds from sale of intangible assets	139	-
Payments for purchase of investment securities	(59)	(285)
Proceeds from sale of investment securities	84	952
Proceeds from sale of investments in affiliates	456	229
Payments of long-term debt receivable	(494)	(761)
Collection of long-term debt receivable	1,285	752
Other, net	(331)	(187)
Net cash used in investing activities	(2,395)	(2,985)
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(332)	(1,080)
Proceeds from long-term debt	500	300
Repayments of long-term debt	(673)	(676)
Proceeds from issuance of bonds	-	9,944
Redemption of bonds	-	(10,000)
Payments for purchase of treasury stock	(2,220)	(5,323)
Dividends paid	(1,093)	(702)
Repayments of lease obligations	(653)	(622)
Other, net	(20)	(36)
Net cash used in financing activities	(4,491)	(8,195)
Effect of exchange rate changes on cash and cash equivalents	376	195
Net increase (decrease) in cash and cash equivalents	(10,873)	3,260
Cash and cash equivalents at beginning of year	29,546	26,286
Cash and cash equivalents at end of year	¥ 18,673	¥ 29,546

Note: This financial statements are unaudited.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. - March 31, 2014 and 2013

ASSETS	Millions of yen	
	2014	2013
Current assets:		
Cash and time deposits	¥ 3,242	¥ 5,337
Trade notes and accounts receivables	46,648	48,082
Marketable securities	10,002	19,000
Inventories	36,333	26,787
Prepaid expenses	324	217
Deferred tax assets	1,695	1,697
Other current assets	2,276	1,856
Allowance for doubtful receivables	(258)	(120)
Total current assets	100,262	102,856
Property, plant and equipment:		
Buildings and structures	11,338	10,898
Machinery and equipment	8,848	7,950
Land	12,435	14,308
Lease assets	431	446
Construction in progress	141	3
	33,193	33,605
Intangible assets	1,027	1,035
Investments and other assets:		
Investments in securities	27,322	27,469
Investments in capital	407	407
Long-term receivables	4,904	7,081
Company concerned long term business credit	1,730	2,121
Claims provable in bankruptcy, claims provable in rehabilitation and other	23	262
Long-term prepaid expenses	335	504
Guarantee deposits	1,564	1,710
Prepaid pension cost	6,712	6,721
Deferred tax assets	-	286
Other	451	101
Allowance for doubtful receivables	(2,013)	(4,152)
Allowance for investment losses	(387)	(373)
	41,048	42,137
	¥ 175,530	¥ 179,633

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2014	2013
Current liabilities:		
Trade notes and accounts payable	¥ 32,620	¥ 35,939
Long-term debt due within one year	5,020	20
Lease obligations	222	215
Accounts payable	7,179	8,339
Accrued expenses	565	587
Income taxes payable	33	374
Deposits received	190	198
Provision for bonuses	1,252	1,409
Notes payable-facilities	27	38
Asset retirement obligations	-	31
Other	8	8
Total current liabilities	47,116	47,158
Long-term liabilities:		
Long-term debt due after one year	20,000	25,020
Lease obligations	344	405
Deferred tax liabilities	885	-
Provision for loss on guarantees	268	823
Asset retirement obligations	556	541
Other long-term liabilities	471	718
Total long-term liabilities	22,524	27,507
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,047	30,048
Retained earnings	55,400	52,682
Treasury stock, at cost	(12,181)	(9,975)
Total shareholders' equity	101,693	101,182
Valuation and translation adjustments:		
Net unrealized holding gains on securities	3,971	3,408
Net unrealized holding gains on derivative instruments	134	302
Total valuation and translation adjustments	4,105	3,710
Stock acquisition rights	92	76
Total net assets	105,890	104,968
	¥ 175,530	¥ 179,633

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
Net sales	¥ 405,519	¥ 379,117
Cost and expenses:		
Cost of sales	371,649	341,369
Selling, general and administrative expenses	33,150	36,152
Operating income	720	1,596
Other income (expenses):		
Interest and dividend income	1,355	1,549
Interest expense	(221)	(233)
Gain (loss) on sales of property, plant and equipment	706	(259)
Loss on disposals of property, plant and equipment	(227)	(139)
Gain on sales of investments in securities	258	489
Loss on valuation of investment securities	(89)	(51)
Impairment losses on fixed assets	(1)	(154)
Reversal of allowance for doubtful accounts	422	449
Reversal of provision for loss on guarantees	555	-
Compensation income	36	333
Business restructuring costs	(60)	(33)
Provision for loss on guarantees	-	(439)
Other, net	666	805
Income before income taxes	3,400	2,317
Provision for income taxes	4,120	3,913
Current	(687)	209
Deferred	994	(823)
Net income	¥ 3,813	¥ 4,527

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. - Years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
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	¥ 30,048
Disposal of treasury stock	(1)	-
Balance at end of year	¥ 30,047	¥ 30,048
Retained earnings:		
Balance at beginning of year	¥ 52,682	¥ 48,853
Net income for the year	3,813	4,527
Cash dividends paid	(1,095)	(698)
Balance at end of year	¥ 55,400	¥ 52,682
Treasury stock, at cost:		
Balance at beginning of year	¥ (9,975)	¥ (4,662)
Purchase of treasury stock	(2,215)	(5,316)
Disposal of treasury stock	9	3
Balance at end of year	¥ (12,181)	¥ (9,975)
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 3,408	¥ 2,661
Increase for the year	563	747
Balance at end of year	¥ 3,971	¥ 3,408
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 302	¥ 93
Increase (decrease) for the year	(168)	209
Balance at end of year	¥ 134	¥ 302
Stock acquisition rights:		
Balance at beginning of year	¥ 76	¥ 60
Increase for the year	16	16
Balance at end of year	¥ 92	¥ 76

Note: This financial statements are unaudited.