

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-March 31, 2015 and 2014

ASSETS	Millions of yen	
	2015	2014
Current assets:		
Cash and time deposits	¥ 14,953	¥ 9,877
Trade notes and accounts receivables	61,828	46,302
Marketable securities	10	10,002
Inventories	66,045	46,605
Deferred tax assets	2,271	2,917
Other current assets	3,889	1,920
Allowance for doubtful receivables	(39)	(45)
Total current assets	<u>148,957</u>	<u>117,578</u>
Property, plant and equipment:		
Buildings and structures	27,255	16,893
Machinery and equipment	19,917	12,487
Land	20,265	14,346
Lease assets	1,165	1,135
Construction in progress	773	275
Other	321	323
	<u>69,696</u>	<u>45,459</u>
Intangible assets	1,747	1,343
Investments and other assets:		
Investments in securities	30,027	27,340
Long-term receivables	2,203	1,517
Long-term prepaid expenses	141	370
Deferred tax assets	1,361	1,741
Net defined benefit asset	2,834	3,783
Other	3,218	4,020
Allowance for doubtful receivables	(183)	(220)
	<u>39,601</u>	<u>38,551</u>
	<u>¥ 260,001</u>	<u>¥ 202,931</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2015	2014
Current liabilities:		
Trade notes and accounts payable	¥ 39,356	¥ 34,372
Short-term borrowings	22,386	8
Long-term debt due within one year	5,661	5,883
Lease obligations	498	570
Accounts payable	14,321	10,040
Income taxes payable	553	486
Accrued consumption taxes	2,309	268
Provision for bonuses	2,628	2,777
Other	1,975	1,707
Total current liabilities	89,687	56,111
Long-term liabilities:		
Long-term debt due after one year	30,295	21,154
Lease obligations	962	965
Deferred tax liabilities	795	925
Provision for loss on guarantees	137	259
Provision for loss on dissolution of employee's pension fund	468	601
Net defined benefit liability	1,458	1,225
Asset retirement obligations	856	841
Other long-term liabilities	1,048	946
Total long-term liabilities	36,019	26,916
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,045	30,047
Retained earnings	75,451	68,266
Treasury stock, at cost	(17,879)	(12,181)
Total shareholders' equity	116,044	114,559
Valuation and translation adjustments:		
Net unrealized holding gains on securities	7,053	4,165
Net unrealized holding gains on derivative instruments	594	200
Foreign currency translation adjustments	2,425	1,915
Remeasurements of defined benefit plans	142	(1,680)
Total valuation and translation adjustments	10,214	4,600
Stock acquisition rights	88	92
Minority interests	7,949	653
Total net assets	134,295	119,904
	¥ 260,001	¥ 202,931

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Net sales	¥ 481,130	¥ 463,396
Cost and expenses:		
Cost of sales	400,032	381,588
Selling, general and administrative expenses	<u>77,333</u>	<u>76,907</u>
Operating income	3,765	4,901
Other income (expenses):		
Interest and dividend income	359	363
Interest expense	(220)	(242)
Gain (loss) on sales of property, plant and equipment	(278)	719
Loss on disposals of property, plant and equipment	(314)	(288)
Gain (loss) on sales of investments in securities, net	0	112
Equity in earnings of affiliates	1,958	224
Impairment losses on fixed assets	(221)	(1)
Gain on change in equity	-	273
Reversal of provision for loss on guarantees	122	516
Reversal of reserve for loss on dissolution of employee's pension fund	133	-
Provision of reserve for loss on dissolution of employee's pension fund	-	(601)
Gain on step acquisitions	6,006	-
Other, net	<u>674</u>	<u>538</u>
	<u>8,219</u>	<u>1,613</u>
Income before income taxes and minority interests	11,984	6,514
Provision for income taxes		
Current	866	767
Deferred	(489)	855
Minority interests	<u>(84)</u>	<u>(81)</u>
Net income	¥ 11,523	¥ 4,811

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2016

	Millions of yen	
	2016 interim	2016
Net sales	¥ 310,000	¥ 620,000
Operating income	4,500	9,000
Net income	3,800	7,000

	Yen	
	2016 interim	2016
Net income per share	¥ 18.61	¥ 34.28

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Common stock:		
Balance at beginning of year	¥ 28,427	¥ 28,427
Balance at end of year	<u>¥ 28,427</u>	<u>¥ 28,427</u>
Capital surplus:		
Balance at beginning of year	¥ 30,047	¥ 30,048
Disposal of treasury stock	(2)	(1)
Balance at end of year	<u>¥ 30,045</u>	<u>¥ 30,047</u>
Retained earnings:		
Balance at beginning of year	¥ 68,266	¥ 64,564
Net income for the year	11,523	4,811
Cash dividends paid	(1,498)	(1,095)
Other	(2,840)	(14)
Balance at end of year	<u>¥ 75,451</u>	<u>¥ 68,266</u>
Treasury stock, at cost:		
Balance at beginning of year	¥ (12,181)	¥ (9,975)
Purchase of treasury stock	(5,724)	(2,215)
Disposal of treasury stock	26	9
Balance at end of year	<u>¥ (17,879)</u>	<u>¥ (12,181)</u>
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 4,165	¥ 3,552
Increase for the year	2,888	613
Balance at end of year	<u>¥ 7,053</u>	<u>¥ 4,165</u>
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 200	¥ 361
Increase (decrease) for the year	394	(161)
Balance at end of year	<u>¥ 594</u>	<u>¥ 200</u>
Foreign currency translation adjustments:		
Balance at beginning of year	¥ 1,915	¥ (788)
Increase for the year	510	2,703
Balance at end of year	<u>¥ 2,425</u>	<u>¥ 1,915</u>
Remeasurements of defined benefit plans:		
Balance at beginning of year	¥ (1,680)	¥ -
Increase (decrease) for the year	1,822	(1,680)
Balance at end of year	<u>¥ 142</u>	<u>¥ (1,680)</u>
Stock acquisition rights:		
Balance at beginning of year	¥ 92	¥ 76
Increase (decrease) for the year	(4)	16
Balance at end of year	<u>¥ 88</u>	<u>¥ 92</u>
Minority interests:		
Balance at beginning of year	¥ 653	¥ 576
Increase for the year	7,296	77
Balance at end of year	<u>¥ 7,949</u>	<u>¥ 653</u>

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 11,984	¥ 6,514
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,613	5,453
Impairment losses on fixed assets	221	1
Decrease in allowance for doubtful accounts	(44)	(408)
Increase (decrease) in provision for loss on dissolution of employee's pension fund	(133)	601
Interest and dividend income	(359)	(363)
Interest expense	220	242
Equity in earnings of affiliates	(1,958)	(224)
Gain on change in equity	-	(273)
Gain on step acquisitions	(6,006)	-
Loss (gain) on sales of property, plant and equipment	278	(719)
Loss on disposals of property, plant and equipment	202	88
Decrease (increase) in notes and accounts receivable	(1,293)	2,880
Increase in inventories	(1,194)	(10,368)
Increase (decrease) in notes and accounts payable	123	(4,007)
Increase (decrease) in accounts payable	131	(1,369)
Decrease in accrued consumption taxes	2,041	(230)
Increase in net defined benefit liability	48	989
Increase in net defined benefit asset	(418)	(293)
Other, net	716	(840)
	<u>10,172</u>	<u>(2,326)</u>
Interest and dividends received	652	586
Interest paid	(241)	(242)
Proceeds from compensation	-	333
Payments for business restructuring costs	(58)	(94)
Income taxes paid	(809)	(2,620)
Net cash provided by (used in) operating activities	<u>9,716</u>	<u>(4,363)</u>
Cash flows from investing activities:		
Investments in time deposits	(569)	(913)
Proceeds from time deposits	1,381	858
Acquisitions of property, plant and equipment	(5,370)	(5,892)
Proceeds from sale of property, plant and equipment	504	2,795
Acquisitions of intangible assets	(398)	(323)
Proceeds from sale of intangible assets	0	139
Payments for purchase of investment securities	(261)	(59)
Proceeds from sale of investment securities	212	84
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,544)	-
Proceeds from sale of investments in affiliates	243	456
Payments of long-term debt receivable	(225)	(494)
Collection of long-term debt receivable	430	1,285
Other, net	37	(331)
Net cash used in investing activities	<u>(5,560)</u>	<u>(2,395)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(8)	(332)
Proceeds from long-term debt	5,350	500
Repayments of long-term debt	(5,906)	(673)
Payments for purchase of treasury stock	(5,745)	(2,220)
Dividends paid	(1,496)	(1,093)
Repayments of lease obligations	(589)	(653)
Other, net	(33)	(20)
Net cash used in financing activities	<u>(8,427)</u>	<u>(4,491)</u>
Effect of exchange rate changes on cash and cash equivalents	339	376
Net decrease in cash and cash equivalents	<u>(3,932)</u>	<u>(10,873)</u>
Cash and cash equivalents at beginning of year	18,673	29,546
Cash and cash equivalents at end of year	<u>¥ 14,741</u>	<u>¥ 18,673</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. - March 31, 2015 and 2014

ASSETS	Millions of yen	
	2015	2014
Current assets:		
Cash and time deposits	¥ 6,279	¥ 3,242
Trade notes and accounts receivables	45,886	46,648
Inventories	36,364	36,333
Prepaid expenses	338	324
Deferred tax assets	1,150	1,695
Other current assets	4,902	12,278
Allowance for doubtful receivables	(622)	(258)
Total current assets	<u>94,297</u>	<u>100,262</u>
Property, plant and equipment:		
Buildings and structures	10,789	11,338
Machinery and equipment	9,115	8,848
Land	12,229	12,435
Lease assets	305	431
Construction in progress	-	141
	<u>32,438</u>	<u>33,193</u>
Intangible assets	1,108	1,027
Investments and other assets:		
Investments in securities	34,760	27,322
Long-term receivables	2,516	4,904
Prepaid pension cost	4,840	6,712
Deferred tax assets	156	-
Other	3,615	4,510
Allowance for doubtful receivables	(1,833)	(2,013)
Allowance for investment losses	(627)	(387)
	<u>43,427</u>	<u>41,048</u>
	<u>¥ 171,270</u>	<u>¥ 175,530</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2015	2014
Current liabilities:		
Trade notes and accounts payable	¥ 33,428	¥ 32,620
Long-term debt due within one year	5,000	5,020
Lease obligations	157	222
Accounts payable	6,821	7,179
Provision for bonuses	1,127	1,252
Other	1,771	823
Total current liabilities	<u>48,304</u>	<u>47,116</u>
Long-term liabilities:		
Long-term debt due after one year	20,000	20,000
Lease obligations	227	344
Provision for loss on guarantees	298	268
Asset retirement obligations	584	556
Other long-term liabilities	456	1,356
Total long-term liabilities	<u>21,565</u>	<u>22,524</u>
Net assets:		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,045	30,047
Retained earnings	53,468	55,400
Treasury stock, at cost	(17,879)	(12,181)
Total shareholders' equity	<u>94,061</u>	<u>101,693</u>
Valuation and translation adjustments:		
Net unrealized holding gains on securities	6,761	3,971
Net unrealized holding gains on derivative instruments	491	134
Total valuation and translation adjustments	<u>7,252</u>	<u>4,105</u>
Stock acquisition rights	88	92
Total net assets	<u>101,401</u>	<u>105,890</u>
	<u>¥ 171,270</u>	<u>¥ 175,530</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Net sales	¥ 421,359	¥ 405,519
Cost and expenses:		
Cost of sales	388,845	371,649
Selling, general and administrative expenses	33,995	33,150
Operating income (loss)	<u>(1,481)</u>	<u>720</u>
Other income (expenses):		
Interest and dividend income	1,323	1,355
Interest expense	(203)	(221)
Loss on disposals of property, plant and equipment	(264)	(227)
Impairment losses on fixed assets	(145)	(1)
Provision of allowance for investment loss	(343)	(13)
Provision of allowance for doubtful accounts	(193)	(7)
Other, net	647	2,514
	<u>822</u>	<u>3,400</u>
Income (loss) before income taxes	<u>(659)</u>	<u>4,120</u>
Provision for income taxes		
Current	(676)	(687)
Deferred	(900)	994
Net income	<u>¥ 917</u>	<u>¥ 3,813</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. - Years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Common stock:		
Balance at beginning of year	¥ 28,427	¥ 28,427
Balance at end of year	<u>¥ 28,427</u>	<u>¥ 28,427</u>
Capital surplus:		
Balance at beginning of year	¥ 30,047	¥ 30,048
Disposal of treasury stock	(2)	(1)
Balance at end of year	<u>¥ 30,045</u>	<u>¥ 30,047</u>
Retained earnings:		
Balance at beginning of year	¥ 55,400	¥ 52,682
Net income for the year	917	3,813
Cash dividends paid	(1,498)	(1,095)
Other	(1,351)	-
Balance at end of year	<u>¥ 53,468</u>	<u>¥ 55,400</u>
Treasury stock, at cost:		
Balance at beginning of year	¥ (12,181)	¥ (9,975)
Purchase of treasury stock	(5,724)	(2,215)
Disposal of treasury stock	26	9
Balance at end of year	<u>¥ (17,879)</u>	<u>¥ (12,181)</u>
Net unrealized holding gains on securities:		
Balance at beginning of year	¥ 3,971	¥ 3,408
Increase for the year	2,790	563
Balance at end of year	<u>¥ 6,761</u>	<u>¥ 3,971</u>
Net unrealized holding gains on derivative instruments:		
Balance at beginning of year	¥ 134	¥ 302
Increase (decrease) for the year	357	(168)
Balance at end of year	<u>¥ 491</u>	<u>¥ 134</u>
Stock acquisition rights:		
Balance at beginning of year	¥ 92	¥ 76
Increase (decrease) for the year	(4)	16
Balance at end of year	<u>¥ 88</u>	<u>¥ 92</u>

Note: This financial statements are unaudited.