

# CONSOLIDATED BALANCE SHEETS

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

| ASSETS                                | Millions of yen |           |
|---------------------------------------|-----------------|-----------|
|                                       | 2015            | 2014      |
| <b>Current assets:</b>                |                 |           |
| 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                  | 148,957         | 117,578   |
| <b>Property, plant and equipment:</b> |                 |           |
| 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       |
|                                       | 69,696          | 45,459    |
| <b>Intangible assets</b>              | 1,747           | 1,343     |
| <b>Investments and other assets:</b>  |                 |           |
| 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)     |
|                                       | 39,601          | 38,551    |
|                                       | ¥ 260,001       | ¥ 202,931 |

Note: This financial statements are unaudited.

| LIABILITIES AND NET ASSETS                                   | Millions of yen |           |
|--|-----------------|-----------|
|  | 2015            | 2014      |
| <b>Current liabilities:</b>                                  |                 |           |
| 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    |
| <b>Long-term liabilities:</b>                                |                 |           |
| 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    |
| <b>Net assets:</b>   |                 |           |
| 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             |
| <b>Net sales</b>  | <b>¥ 481,130</b> | <b>¥ 463,396</b> |
| <b>Cost and expenses:</b>   |                  |                  |
| Cost of sales   | 400,032          | 381,588          |
| Selling, general and administrative expenses                            | <u>77,333</u>    | <u>76,907</u>    |
| <b>Operating income</b>   | <b>3,765</b>     | <b>4,901</b>     |
| <b>Other income (expenses):</b>   |                  |                  |
| 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>     |
| <b>Income before income taxes and minority interests</b>                | <b>11,984</b>    | <b>6,514</b>     |
| Provision for income taxes  |                  |                  |
| Current   | 866              | 767              |
| Deferred  | (489)            | 855              |
| Minority interests  | <u>(84)</u>      | <u>(81)</u>      |
| <b>Net income</b>   | <b>¥ 11,523</b>  | <b>¥ 4,811</b>   |

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       |
| <b>Common stock:</b>   |                 |            |
| Balance at beginning of year                                   | ¥ 28,427        | ¥ 28,427   |
| Balance at end of year   | ¥ 28,427        | ¥ 28,427   |
| <b>Capital surplus:</b>  |                 |            |
| Balance at beginning of year                                   | ¥ 30,047        | ¥ 30,048   |
| Disposal of treasury stock                                     | (2)             | (1)        |
| Balance at end of year   | ¥ 30,045        | ¥ 30,047   |
| <b>Retained earnings:</b>                                      |                 |            |
| 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   | ¥ 75,451        | ¥ 68,266   |
| <b>Treasury stock, at cost:</b>                                |                 |            |
| 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   | ¥ (17,879)      | ¥ (12,181) |
| <b>Net unrealized holding gains on securities:</b>             |                 |            |
| Balance at beginning of year                                   | ¥ 4,165         | ¥ 3,552    |
| Increase for the year  | 2,888           | 613        |
| Balance at end of year   | ¥ 7,053         | ¥ 4,165    |
| <b>Net unrealized holding gains on derivative instruments:</b> |                 |            |
| Balance at beginning of year                                   | ¥ 200           | ¥ 361      |
| Increase (decrease) for the year                               | 394             | (161)      |
| Balance at end of year   | ¥ 594           | ¥ 200      |
| <b>Foreign currency translation adjustments:</b>               |                 |            |
| Balance at beginning of year                                   | ¥ 1,915         | ¥ (788)    |
| Increase for the year  | 510             | 2,703      |
| Balance at end of year   | ¥ 2,425         | ¥ 1,915    |
| <b>Remeasurements of defined benefit plans:</b>                |                 |            |
| Balance at beginning of year                                   | ¥ (1,680)       | ¥ -        |
| Increase (decrease) for the year                               | 1,822           | (1,680)    |
| Balance at end of year   | ¥ 142           | ¥ (1,680)  |
| <b>Stock acquisition rights:</b>                               |                 |            |
| Balance at beginning of year                                   | ¥ 92            | ¥ 76       |
| Increase (decrease) for the year                               | (4)             | 16         |
| Balance at end of year   | ¥ 88            | ¥ 92       |
| <b>Minority interests:</b>                                     |                 |            |
| Balance at beginning of year                                   | ¥ 653           | ¥ 576      |
| Increase for the year  | 7,296           | 77         |
| Balance at end of year   | ¥ 7,949         | ¥ 653      |

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            |
| <b>Cash flows from operating activities:</b>   |                 |                 |
| 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>  |
| <b>Cash flows from investing activities:</b>   |                 |                 |
| 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>  |
| <b>Cash flows from financing activities:</b>   |                 |                 |
| 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>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>  | <u>339</u>      | <u>376</u>      |
| <b>Net decrease in cash and cash equivalents</b>   | <u>(3,932)</u>  | <u>(10,873)</u> |
| <b>Cash and cash equivalents at beginning of year</b>  | <u>18,673</u>   | <u>29,546</u>   |
| <b>Cash and cash equivalents at end of year</b>  | <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      |
| <b>Current assets:</b>                |                 |           |
| 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                  | 94,297          | 100,262   |
| <b>Property, plant and equipment:</b> |                 |           |
| 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       |
|                                       | 32,438          | 33,193    |
| <b>Intangible assets</b>              | 1,108           | 1,027     |
| <b>Investments and other assets:</b>  |                 |           |
| 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)     |
|                                       | 43,427          | 41,048    |
|                                       | ¥ 171,270       | ¥ 175,530 |

Note: This financial statements are unaudited.

| LIABILITIES AND NET ASSETS                             | Millions of yen |           |
|--|-----------------|-----------|
|  | 2015            | 2014      |
| <b>Current liabilities:</b>                            |                 |           |
| 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                              | 48,304          | 47,116    |
| <b>Long-term liabilities:</b>                          |                 |           |
| 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                            | 21,565          | 22,524    |
| <b>Net assets:</b>                                     |                 |           |
| 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                             | 94,061          | 101,693   |
| 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            | 7,252           | 4,105     |
| Stock acquisition rights                               | 88              | 92        |
| Total net assets                                       | 101,401         | 105,890   |
|  | ¥ 171,270       | ¥ 175,530 |

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      |
| <b>Net sales</b>                                   | ¥ 421,359       | ¥ 405,519 |
| <b>Cost and expenses:</b>                          |                 |           |
| Cost of sales                                      | 388,845         | 371,649   |
| Selling, general and administrative expenses       | 33,995          | 33,150    |
| <b>Operating income (loss)</b>                     | (1,481)         | 720       |
| <b>Other income (expenses):</b>                    |                 |           |
| 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     |
|  | 822             | 3,400     |
| <b>Income (loss) before income taxes</b>           | (659)           | 4,120     |
| Provision for income taxes                         |                 |           |
| Current  | (676)           | (687)     |
| Deferred   | (900)           | 994       |
| <b>Net income</b>                                  | ¥ 917           | ¥ 3,813   |

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       |
| <b>Common stock:</b>   |                 |            |
| Balance at beginning of year                                   | ¥ 28,427        | ¥ 28,427   |
| Balance at end of year   | ¥ 28,427        | ¥ 28,427   |
| <b>Capital surplus:</b>  |                 |            |
| Balance at beginning of year                                   | ¥ 30,047        | ¥ 30,048   |
| Disposal of treasury stock                                     | (2)             | (1)        |
| Balance at end of year   | ¥ 30,045        | ¥ 30,047   |
| <b>Retained earnings:</b>                                      |                 |            |
| 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   | ¥ 53,468        | ¥ 55,400   |
| <b>Treasury stock, at cost:</b>                                |                 |            |
| 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   | ¥ (17,879)      | ¥ (12,181) |
| <b>Net unrealized holding gains on securities:</b>             |                 |            |
| Balance at beginning of year                                   | ¥ 3,971         | ¥ 3,408    |
| Increase for the year  | 2,790           | 563        |
| Balance at end of year   | ¥ 6,761         | ¥ 3,971    |
| <b>Net unrealized holding gains on derivative instruments:</b> |                 |            |
| Balance at beginning of year                                   | ¥ 134           | ¥ 302      |
| Increase (decrease) for the year                               | 357             | (168)      |
| Balance at end of year   | ¥ 491           | ¥ 134      |
| <b>Stock acquisition rights:</b>                               |                 |            |
| Balance at beginning of year                                   | ¥ 92            | ¥ 76       |
| Increase (decrease) for the year                               | (4)             | 16         |
| Balance at end of year   | ¥ 88            | ¥ 92       |

Note: This financial statements are unaudited.