

# CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-March 31, 2009 and 2008

ASSETS	Millions of yen	
	2009	2008
<b>Current assets:</b>		
Cash and time deposits	¥ 25,934	¥ 32,119
Receivables:		
Trade notes and accounts	45,551	50,673
Other	35	133
Allowance for doubtful receivables	(204)	(339)
	<u>45,382</u>	<u>50,467</u>
Inventories	42,692	46,430
Deferred tax assets	1,580	2,222
Other current assets	1,874	1,243
Total current assets	<u>117,462</u>	<u>132,481</u>
<b>Property, plant and equipment:</b>		
Land	19,179	19,757
Buildings and structures	21,083	22,685
Machinery and equipment	17,023	17,038
Livestock	115	129
Lease assets, net	594	-
Construction in progress	129	439
	<u>58,123</u>	<u>60,048</u>
<b>Intangible assets</b>	1,163	1,099
<b>Investments and other assets:</b>		
Investments in securities	20,542	25,850
Long-term receivables	2,533	3,477
Deferred tax assets	604	636
Other	11,431	11,960
Allowance for doubtful receivables	(1,973)	(1,884)
	<u>33,137</u>	<u>40,039</u>
	<u>¥ 209,885</u>	<u>¥ 233,667</u>

Note: This financial statements are unaudited. Final audited results may vary slightly from those listed.  
For detailed information, please see Itoham's annual report scheduled for release in mid-August 2009.

LIABILITIES AND NET ASSETS	Millions of yen	
	2009	2008
<b>Current liabilities:</b>		
Short-term borrowings	¥ 6,277	¥ 8,654
Long-term debt due within one year	1,156	6,078
Trade notes and accounts payable	35,168	45,416
Lease obligations	150	-
Income taxes payable	1,038	2,084
Deferred tax liabilities	4	4
Other	16,712	18,896
Total current liabilities	<u>60,505</u>	<u>81,132</u>
<b>Long-term liabilities:</b>		
Long-term debt due after one year	25,901	26,931
Lease obligations	513	-
Employees' severance and retirement benefits	364	684
Directors' and statutory auditors' retirement benefits	489	893
Provision for loss on guarantees	473	-
Deferred tax liabilities	2,815	4,587
Other long-term liabilities	1,388	884
Total long-term liabilities	<u>31,943</u>	<u>33,979</u>
<b>Net assets:</b>		
Shareholders' equity:		
Common stock	28,427	22,415
Capital surplus	30,033	24,021
Retained earnings	59,479	66,815
Treasury stock, at cost	(813)	(805)
Total shareholders' equity	<u>117,126</u>	<u>112,446</u>
Valuation and translation adjustments:		
Net unrealized holding gains on securities	1,516	4,098
Net unrealized holding losses on derivative instruments	(500)	(269)
Foreign currency translation adjustments	(1,317)	1,757
Total valuation and translation adjustments	<u>(301)</u>	<u>5,586</u>
Stock acquisition rights	65	-
Minority interests	547	524
Total net assets	<u>117,437</u>	<u>118,556</u>
	<u>¥ 209,885</u>	<u>¥ 233,667</u>

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# CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2009 and 2008

	Millions of yen	
	2009	2008
<b>Net sales</b>	<b>¥ 487,128</b>	<b>¥ 517,951</b>
<b>Cost and expenses:</b>		
Cost of sales	397,263	415,427
Selling, general and administrative expenses	<u>92,330</u>	<u>96,417</u>
<b>Operating income (loss)</b>	<b>(2,465)</b>	<b>6,107</b>
<b>Other income (expenses):</b>		
Interest and dividend income	459	521
Interest expense	(759)	(1,013)
Gain on sales of investments in securities, net	224	381
Loss on disposals of property, plant and equipment	(301)	(554)
Write-down of investment securities	(57)	(149)
Equity in earnings of affiliates	1,076	430
Impairment losses on fixed assets	(587)	(264)
Restructuring expenses	-	(66)
Payment of customs tariffs	-	(625)
Costs related to voluntary recall of products	(1,246)	-
Loss from suspension of plant operations	(1,080)	-
Provision for loss on guarantees	(473)	-
Other, net	625	644
	<u>(2,119)</u>	<u>(695)</u>
<b>Income (loss) before income taxes and minority interests</b>	<b>(4,584)</b>	<b>5,412</b>
Provision for income taxes		
Current	1,401	2,340
Deferred	261	(1,388)
Minority interests	(48)	(64)
<b>Net income (loss)</b>	<b>¥ (6,294)</b>	<b>¥ 4,396</b>

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## Forecast of consolidated operating results for the years ending March 31, 2010

	Millions of yen	
	2010 interim	2010
Net sales	¥ 240,000	¥ 484,000
Operating income (loss)	(1,400)	2,700
Net income (loss)	(2,200)	2,000

  

	Yen	
	2010 interim	2010
Net income (loss) per share	¥ (8.97)	¥ 8.15

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2009 and 2008

	Millions of yen	
	2009	2008
<b>Common stock:</b>		
Balance at beginning of year	¥ 22,415	¥ 22,415
Issuance of new shares	6,012	-
Balance at end of year	<u>¥ 28,427</u>	<u>¥ 22,415</u>
<b>Capital surplus:</b>		
Balance at beginning of year	¥ 24,021	¥ 24,021
Issuance of new shares	6,012	-
Balance at end of year	<u>¥ 30,033</u>	<u>¥ 24,021</u>
<b>Retained earnings:</b>		
Balance at beginning of year	¥ 66,815	¥ 63,253
Net income (loss) for the year	(6,294)	4,396
Cash dividends paid	(1,042)	(834)
Balance at end of year	<u>¥ 59,479</u>	<u>¥ 66,815</u>
<b>Treasury stock, at cost:</b>		
Balance at beginning of year	¥ (805)	¥ (795)
Purchase of treasury stock	(8)	(10)
Balance at end of year	<u>¥ (813)</u>	<u>¥ (805)</u>
<b>Net unrealized holding gains on securities:</b>		
Balance at beginning of year	¥ 4,098	¥ 7,599
Decrease for the year	(2,582)	(3,501)
Balance at end of year	<u>¥ 1,516</u>	<u>¥ 4,098</u>
<b>Net unrealized holding losses on derivative instruments:</b>		
Balance at beginning of year	¥ (269)	¥ 165
Decrease for the year	(231)	(434)
Balance at end of year	<u>¥ (500)</u>	<u>¥ (269)</u>
<b>Foreign currency translation adjustments:</b>		
Balance at beginning of year	¥ 1,757	¥ 1,236
Net increase (decrease)	(3,074)	521
Balance at end of year	<u>¥ (1,317)</u>	<u>¥ 1,757</u>
<b>Stock acquisition rights:</b>		
Balance at beginning of year	¥ -	¥ -
Net increase	65	-
Balance at end of year	<u>¥ 65</u>	<u>¥ -</u>
<b>Minority interests:</b>		
Balance at beginning of year	¥ 524	¥ 681
Net increase (decrease)	23	(157)
Balance at end of year	<u>¥ 547</u>	<u>¥ 524</u>

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# CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2009 and 2008

	Millions of yen	
	2009	2008
<b>Cash flows from operating activities:</b>		
Income (loss) before income taxes and minority interests	¥ (4,584)	¥ 5,412
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,496	6,637
Impairment losses on fixed assets	587	264
Restructuring expenses	-	8
Decrease in employees' severance and retirement benefits	(319)	(415)
Increase in allowance for doubtful receivables	59	1
Interest and dividend income	(459)	(521)
Interest expense	759	1,013
Costs related to voluntary recall of products	761	-
Loss from suspension of plant operations	664	-
Equity in earnings of affiliates	(1,076)	(430)
Write-down of investments in securities	58	149
Gain on sales of property, plant and equipment	(245)	(284)
Loss on disposals of property, plant and equipment	287	687
Decrease in notes and accounts receivable	3,770	5,682
Decrease (increase) in inventories	(558)	2,342
Decrease in notes and accounts payable	(9,725)	(3,717)
Decrease in accrued consumption taxes	(39)	(1,381)
Other, net	(1,362)	(867)
	<u>(4,926)</u>	<u>14,580</u>
Interest and dividends received	737	836
Interest paid	(813)	(1,023)
Income taxes paid	(2,801)	(1,330)
Income taxes refunded	75	158
Net cash provided by (used in) operating activities	<u>(7,728)</u>	<u>13,221</u>
<b>Cash flows from investing activities:</b>		
Investments in time deposits	(195)	(170)
Proceeds from time deposits	120	270
Acquisitions of property, plant and equipment	(6,823)	(3,845)
Proceeds from sale of property, plant and equipment	368	860
Acquisitions of intangible assets	(458)	(291)
Payments for purchase of investment securities	(75)	(471)
Proceeds from sale of investment securities	39	1,364
Payments for purchase of investments in subsidiaries	-	(96)
Proceeds from sale of investments in affiliates	-	906
Proceeds from sale of investments in subsidiaries		
resulting in change in scope of consolidation	1,527	-
Payments for purchase of stocks of subsidiaries and affiliates	(53)	-
Disbursement of loans receivable	(1,690)	(2,637)
Collection of loans receivable	3,326	2,734
Other, net	436	112
Net cash used in investing activities	<u>(3,478)</u>	<u>(1,264)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings, net	552	(232)
Proceeds from long-term debt	200	5,450
Repayments of long-term debt	(1,047)	(11,550)
Redemption of bonds	(5,020)	(20)
Proceeds from issuance of common stock	12,025	-
Payments for purchase of treasury stock	(8)	(10)
Purchase of subsidiaries' stock from minority shareholders	-	(149)
Dividends paid	(1,042)	(834)
Repayments of lease obligations	(36)	-
Dividends paid to minority shareholders of consolidated subsidiaries	(8)	(12)
Net cash provided by (used in) financing activities	<u>5,616</u>	<u>(7,357)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(667)</u>	<u>74</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(6,257)</u>	<u>4,674</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>31,962</u>	<u>27,288</u>
<b>Cash and cash equivalents at end of year</b>	<u>¥ 25,705</u>	<u>¥ 31,962</u>

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# NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC.-March 31, 2009 and 2008

ASSETS	Millions of yen	
	2009	2008
<b>Current assets:</b>		
Cash and time deposits	¥ 20,117	¥ 25,312
Receivables:		
Trade notes and accounts	44,258	48,756
Other	384	730
Allowance for doubtful receivables	(185)	(323)
	<u>44,457</u>	<u>49,163</u>
Inventories	28,551	29,147
Other current assets	<u>2,554</u>	<u>2,163</u>
Total current assets	<u>95,679</u>	<u>105,785</u>
<b>Property, plant and equipment:</b>		
Land	14,748	15,027
Buildings and structures	13,925	13,757
Machinery and equipment	12,291	12,076
Lease assets, net	241	-
Construction in progress	1	407
	<u>41,206</u>	<u>41,267</u>
<b>Intangible assets</b>	969	860
<b>Investments and other assets:</b>		
Investments in securities	25,499	30,387
Long-term receivables	10,800	13,406
Other	13,930	14,517
Allowance for doubtful receivables	(4,378)	(4,755)
Allowance for investment losses	(4,494)	(3,142)
	<u>41,357</u>	<u>50,413</u>
	<u>¥ 179,211</u>	<u>¥ 198,325</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	2009	2008
<b>Current liabilities:</b>		
Long-term debt due within one year	¥ 733	¥ 5,613
Trade notes and accounts payable	31,139	41,121
Lease obligations	60	-
Income taxes payable	-	1,553
Other	10,941	12,217
Total current liabilities	42,873	60,504
<b>Long-term liabilities:</b>		
Long-term debt due after one year	24,690	25,423
Lease obligations	221	-
Directors' and statutory auditors' retirement benefits	-	444
Provision for loss on guarantees	1,389	441
Deferred tax liabilities	2,806	4,518
Other long-term liabilities	1,106	629
Total long-term liabilities	30,212	31,455
<b>Net assets:</b>		
Shareholders' equity:		
Common stock	28,427	22,415
Capital surplus	30,033	24,021
Retained earnings	46,854	56,901
Treasury stock, at cost	(813)	(805)
Total shareholders' equity	104,501	102,532
Valuation and translation adjustments:		
Net unrealized holding gains on securities	1,561	4,086
Net unrealized holding losses on derivative instruments	(1)	(252)
Total valuation and translation adjustments	1,560	3,834
Stock acquisition rights	65	-
Total net assets	106,126	106,366
	¥ 179,211	¥ 198,325

Note: This financial statements are unaudited.

# NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2009 and 2008

	Millions of yen	
	2009	2008
<b>Net sales</b>	¥ 406,512	¥ 420,972
<b>Cost and expenses:</b>		
Cost of sales	370,431	376,357
Selling, general and administrative expenses	41,502	41,666
<b>Operating income (loss)</b>	<b>(5,421)</b>	<b>2,949</b>
<b>Other income (expenses):</b>		
Interest and dividend income	1,108	2,236
Interest expense	(386)	(437)
Gain on sales of investments in securities, net	633	1,117
Loss on disposals of property, plant and equipment	(183)	(388)
Write-down of investment securities	(46)	(152)
Impairment losses on fixed assets	(573)	(265)
Provision of allowance for investment losses	(1,351)	(1,956)
Provision for loss on guarantees	(948)	(118)
Restructuring expenses	-	(59)
Payment of customs tariffs	-	(625)
Costs related to voluntary recall of products	(1,246)	-
Loss from suspension of plant operations	(1,080)	-
Other, net	782	1,897
	<b>(3,290)</b>	<b>1,250</b>
<b>Income (loss) before income taxes</b>	<b>(8,711)</b>	<b>4,199</b>
Provision for income taxes		
Current	75	1,391
Deferred	219	(1,522)
<b>Net income (loss)</b>	<b>¥ (9,005)</b>	<b>¥ 4,330</b>

Note: This financial statements are unaudited.

# NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. - Years ended March 31, 2009 and 2008

	Millions of yen	
	2009	2008
<b>Common stock:</b>		
Balance at beginning of year	¥ 22,415	¥ 22,415
Issuance of new shares	6,012	-
Balance at end of year	<u>¥ 28,427</u>	<u>¥ 22,415</u>
<b>Capital surplus:</b>		
Balance at beginning of year	¥ 24,021	¥ 24,021
Issuance of new shares	6,012	-
Balance at end of year	<u>¥ 30,033</u>	<u>¥ 24,021</u>
<b>Retained earnings:</b>		
Balance at beginning of year	¥ 56,901	¥ 53,404
Net income (loss) for the year	(9,005)	4,330
Cash dividends paid	(1,042)	(833)
Balance at end of year	<u>¥ 46,854</u>	<u>¥ 56,901</u>
<b>Treasury stock, at cost:</b>		
Balance at beginning of year	¥ (805)	¥ (795)
Purchase of treasury stock	(8)	(10)
Balance at end of year	<u>¥ (813)</u>	<u>¥ (805)</u>
<b>Net unrealized holding gains on securities:</b>		
Balance at beginning of year	¥ 4,086	¥ 7,445
Decrease for the year	(2,525)	(3,359)
Balance at end of year	<u>¥ 1,561</u>	<u>¥ 4,086</u>
<b>Net unrealized holding losses on derivative instruments:</b>		
Balance at beginning of year	¥ (252)	¥ 164
Increase (decrease) for the year	251	(416)
Balance at end of year	<u>¥ (1)</u>	<u>¥ (252)</u>
<b>Stock acquisition rights:</b>		
Balance at beginning of year	¥ -	¥ -
Net increase	65	-
Balance at end of year	<u>¥ 65</u>	<u>¥ -</u>

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