

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2011 1Q (Jun 30, 2010) and fiscal 2010 (Mar 31, 2010)

ASSETS	Millions of yen	
	Jun 30, 2010	Mar 31, 2010
Current assets:		
Cash and time deposits	¥ 33,319	¥ 40,311
Marketable securities	7,500	-
Trade notes and accounts receivables	45,941	42,809
Inventories	43,571	37,728
Other current assets	4,247	3,070
Allowance for doubtful receivables	(245)	(223)
Total current assets	134,333	123,695
Property, plant and equipment:		
Land	18,409	18,721
Buildings and structures	19,777	19,764
Machinery	14,648	14,645
Lease assets	1,316	1,215
Construction in progress	754	1,312
Other	731	737
	55,635	56,394
Intangible assets	1,314	1,260
Investments and other assets:		
Investments in securities	21,255	23,115
Other	14,773	13,946
Allowance for doubtful receivables	(962)	(953)
	35,066	36,108
	¥ 226,348	¥ 217,457

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen	
	Jun 30, 2010	Mar 31, 2010
Current liabilities:		
Short-term borrowings	¥ 6,059	¥ 6,508
Trade notes and accounts payable	46,270	38,885
Income taxes payable	416	1,187
Asset retirement obligations	4	–
Other	29,358	26,897
Total current liabilities	82,107	73,477
Long-term liabilities:		
Long-term debt due after one year	16,331	16,352
Employees' severance and retirement benefits	252	301
Provision for loss on guarantees	407	407
Asset retirement obligations	759	–
Other long-term liabilities	6,395	7,064
Total long-term liabilities	24,144	24,124
Net assets:		
Shareholders' equity:		
Common stock	28,428	28,428
Capital surplus	30,042	30,039
Retained earnings	61,403	60,035
Treasury stock, at cost	(783)	(805)
Total shareholders' equity	119,090	117,697
Valuation and translation adjustments:		
Net unrealized holding gains on securities	2,134	2,978
Net unrealized holding gains (losses) on derivative instrument	(117)	151
Foreign currency translation adjustments	(1,655)	(1,637)
Total valuation and translation adjustments	362	1,492
Stock acquisition rights	55	81
Minority interests	590	586
Total net assets	120,097	119,856
	¥ 226,348	¥ 217,457

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2011 1Q (Apr 1-Jun 30, 2010) and fiscal 2010 1Q (Apr 1-Jun 30, 2009)

	Millions of yen	
	Apr 1-Jun 30, 2010	Apr 1-Jun 30, 2009
Net sales	¥ 107,791	¥ 109,509
Cost and expenses:		
Cost of sales	86,998	88,584
Selling, general and administrative expenses	21,388	21,474
Operating loss	(595)	(549)
Other income (expenses):		
Interest and dividend income	193	174
Interest expense	(150)	(152)
Gain on sales of property, plant and equipment	3,581	7
Loss on disposals of property, plant and equipment	-	(54)
Equity in earnings of affiliates	(412)	(196)
Loss on adjustment for changes of accounting standard for asset retirement obligations	(535)	-
Other, net	244	157
	2,921	(64)
Income (loss) before income taxes and minority interests	2,326	(613)
Provision for income taxes	204	449
Minority interests	(19)	(22)
Net income (loss)	¥ 2,103	¥ (1,084)

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2011

	Millions of yen	
	2011 2Q	2011
Net sales	¥ 227,000	¥ 460,000
Operating income	1,400	4,600
Net income	3,500	3,800
	Yen	
	2011 2Q	2011
Net income per share	14.26	¥ 15.49

Note: The above forecasts are based on management's assumptions and beliefs in light of the information available at the day of publication. We caution readers that actual results could differ materially from forecasts due to a number of factors outside the control of the Itoham Group.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2011 1Q (Apr 1-Jun 30, 2010) and fiscal 2010 1Q (Apr 1-Jun 30, 2009)

	Millions of yen	
	Apr 1-Jun 30, 2010	Apr 1-Jun 30, 2009
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	¥ 2,327	¥ (613)
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	1,530	1,598
Decrease in employees' severance and retirement benefits	(49)	(17)
Increase (decrease) in allowance for doubtful receivables	30	(13)
Interest and dividend income	(193)	(174)
Interest expense	150	152
Equity in earnings of affiliates	412	196
Write-down of investments in securities	5	27
Gain on sales of property, plant and equipment	(3,581)	(7)
Loss on disposals of property, plant and equipment	26	49
Loss on adjustment for changes of accounting standard for asset retirement obligations	535	-
Increase in notes and accounts receivable	(3,106)	(1,149)
Increase in inventories	(5,698)	(1,380)
Increase in notes and accounts payable	7,364	5,183
Increase (decrease) in accrued consumption taxes	(596)	386
Other, net	2,370	1,349
	<u>1,526</u>	<u>5,587</u>
Interest and dividends received	223	211
Interest paid	(221)	(225)
Income taxes paid	(1,157)	(1,040)
Net cash provided by operating activities	<u>371</u>	<u>4,533</u>
Cash flows from investing activities:		
Investments in time deposits	(20)	(20)
Proceeds from time deposits	20	20
Acquisitions of property, plant and equipment	(981)	(1,151)
Proceeds from sale of property, plant and equipment	3,501	67
Acquisitions of intangible assets	(61)	(37)
Payments for purchase of investment securities	(15)	(20)
Proceeds from sale of investment securities	1	5
Payments for purchase of stocks of subsidiaries and affiliates	-	(288)
Disbursement of loans receivable	(992)	(239)
Collection of loans receivable	219	317
Other, net	(140)	(45)
Net cash provided by (used in) investing activities	<u>1,532</u>	<u>(1,391)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(623)	201
Proceeds from long-term debt	100	80
Repayments of long-term debt	(131)	(357)
Redemption of bonds	(10)	(10)
Payments for purchase of treasury stock	(1)	(1)
Dividends paid	(674)	(669)
Repayments of lease obligations	(81)	(35)
Dividends paid to minority shareholders of consolidated subsidiaries	(13)	(9)
Net cash used in financing activities	<u>(1,433)</u>	<u>(800)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>38</u>	<u>141</u>
Net increase in cash and cash equivalents	508	2,483
Cash and cash equivalents at beginning of year	39,990	25,705
Cash and cash equivalents at end of year	<u>¥ 40,498</u>	<u>¥ 28,188</u>

Note: This financial statements are unaudited.