

# CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2012 2Q (Sep 30, 2011) and fiscal 2011 (Mar 31, 2011)

ASSETS	Millions of yen	
	Sep 30, 2011	Mar 31, 2011
<b>Current assets:</b>		
Cash and time deposits	¥ 11,141	¥ 35,028
Marketable securities	10,750	—
Trade notes and accounts receivables	45,992	43,571
Inventories	36,302	36,913
Other current assets	5,957	4,425
Allowance for doubtful receivables	(150)	(160)
Total current assets	109,992	119,777
<b>Property, plant and equipment:</b>		
Land	18,021	18,427
Buildings and structures	16,410	16,348
Machinery and equipment	12,900	13,189
Lease assets	1,343	1,437
Construction in progress	560	485
	49,234	49,886
<b>Intangible assets</b>	1,229	1,331
<b>Investments and other assets:</b>		
Investments in securities	23,328	20,635
Other	13,680	13,753
Allowance for doubtful receivables	(856)	(825)
	36,152	33,563
	¥ 196,607	¥ 204,557

*Note: This financial statements are unaudited.*

LIABILITIES AND NET ASSETS	Millions of yen	
	Sep 30, 2011	Mar 31, 2011
<b>Current liabilities:</b>		
Short-term borrowings	¥ 933	¥ 948
Long-term debt due within one year	10,000	—
Trade notes and accounts payable	36,044	42,022
Income taxes payable	755	822
Asset retirement obligations	—	5
Other	15,773	18,032
Total current liabilities	63,505	61,829
<b>Long-term liabilities:</b>		
Long-term debt due after one year	12,498	20,993
Employees' severance and retirement benefits	250	142
Provision for loss on guarantees	376	376
Asset retirement obligations	793	760
Other long-term liabilities	3,255	3,728
Total long-term liabilities	17,172	25,999
<b>Net assets:</b>		
Shareholders' equity:		
Common stock	28,427	28,427
Capital surplus	30,048	30,042
Retained earnings	59,301	59,779
Treasury stock, at cost	(2,098)	(2,133)
Total shareholders' equity	115,678	116,115
Valuation and translation adjustments:		
Net unrealized holding gains on securities	1,949	1,862
Net unrealized holding gains (losses) on derivative instruments	(146)	45
Foreign currency translation adjustments	(2,100)	(2,022)
Total valuation and translation adjustments	(297)	(115)
Stock acquisition rights	60	82
Minority interests	489	647
Total net assets	115,930	116,729
	¥ 196,607	¥ 204,557

Note: This financial statements are unaudited.

## CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2012 2Q (Apr 1-Sep 30, 2011) and fiscal 2011 2Q (Apr 1-Sep 30, 2010)

	Millions of yen	
	Apr 1-Sep 30, 2011	Apr 1-Sep 30, 2010
Net sales	¥ 221,726	¥ 222,252
Cost and expenses:		
Cost of sales	181,177	178,316
Selling, general and administrative expenses	40,045	44,380
Operating income (loss)	504	(444)
Other income (expenses):		
Interest and dividend income	212	227
Interest expense	(141)	(297)
Gain (loss) on sales of property, plant and equipment	(113)	3,359
Gain on sales of investment in securities	124	383
Equity in earnings of affiliates	209	(87)
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	(535)
Reversal of provision for loss on disaster	178	-
Business restructuring costs	(752)	-
Other, net	255	466
	(28)	3,516
Income before income taxes and minority interests	476	3,072
Provision for income taxes	211	652
Minority interests	(20)	(47)
Net income	¥ 245	¥ 2,373

Note: This financial statements are unaudited.

## Forecast of consolidated operating results for the years ending March 31, 2012

	Millions of yen	
	2012	
Net sales	¥	454,000
Operating income		6,000
Net income		4,000
	Yen	
	2012	
Net income per share	¥	16.60

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 2012 2Q (Apr 1-Sep 30, 2011) and fiscal 2011 2Q (Apr 1-Sep 30, 2010)

	Millions of yen	
	Apr 1-Sep 30, 2011	Apr 1-Sep 30, 2010
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥ 476	¥ 3,072
Adjustments to reconcile income before income taxes and minority interests to net cash used in operating activities :		
Depreciation and amortization	2,913	3,103
Increase (decrease) in employees' severance and retirement benefit	138	(83)
Increase in allowance for doubtful receivables	29	33
Interest and dividend income	(212)	(227)
Interest expense	141	297
Equity in earnings of affiliates	(209)	87
Write-down of investments in securities	1	5
Loss (gain) on sales of property, plant and equipment	113	(3,359)
Loss on disposals of property, plant and equipment	116	52
Special retirement expenses	11	-
Business restructuring costs	752	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	535
Increase in notes and accounts receivable	(2,708)	(2,660)
Decrease (increase) in inventories	552	(6,313)
Increase (decrease) in notes and accounts payable	(5,804)	5,221
Increase (decrease) in accrued consumption taxes	142	(817)
Other, net	43	(774)
	<u>(3,506)</u>	<u>(1,828)</u>
Interest and dividends received	617	452
Interest paid	(141)	(295)
Payments for loss on disaster	(88)	-
Payments for special retirement payments	(3,094)	-
Payments for business restructuring costs	(86)	-
Income taxes paid	(695)	(1,048)
Net cash used in operating activities	<u>(6,993)</u>	<u>(2,719)</u>
<b>Cash flows from investing activities:</b>		
Investments in time deposits	(140)	(70)
Proceeds from time deposits	70	70
Acquisitions of property, plant and equipment	(3,008)	(2,432)
Proceeds from sale of property, plant and equipment	284	3,511
Acquisitions of intangible assets	(71)	(101)
Payments for purchase of investment securities	(28)	(28)
Proceeds from sale of investment securities	78	810
Purchase of investments in subsidiaries	(41)	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	19	-
Purchase of stocks of subsidiaries and affiliates	(3,300)	-
Proceeds from sales of stocks of subsidiaries and affiliates	145	-
Disbursement of loans receivable	(2,430)	(1,460)
Collection of loans receivable	2,002	522
Other, net	(438)	(220)
Net cash provided by (used in) investing activities	<u>(6,858)</u>	<u>602</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings, net	(15)	(916)
Proceeds from long-term debt	1,750	200
Repayments of long-term debt	(240)	(235)
Redemption of bonds	-	(10)
Payments for purchase of treasury stock	(86)	(613)
Dividends paid	(717)	(735)
Repayments of lease obligations	(241)	(177)
Dividends paid to minority shareholders of consolidated subsidiaries	(13)	(13)
Net cash provided by (used in) financing activities	<u>438</u>	<u>(2,499)</u>
Effect of exchange rate changes on cash and cash equivalents	31	(95)
Net decrease in cash and cash equivalents	<u>(13,382)</u>	<u>(4,711)</u>
Cash and cash equivalents at beginning of year	34,706	39,990
Cash and cash equivalents at end of year	<u>¥ 21,324</u>	<u>¥ 35,279</u>

Note: This financial statements are unaudited.