

## CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—March 31, 2010 and 2009

| ASSETS                                | Millions of yen  |                  |
|---------------------------------------|------------------|------------------|
|                                       | 2010             | 2009             |
| <b>Current assets:</b>                |                  |                  |
| Cash and time deposits                | ¥ 40,311         | ¥ 25,934         |
| Receivables:                          |                  |                  |
| Trade notes and accounts              | 42,809           | 45,551           |
| Other                                 | —                | 35               |
| Allowance for doubtful receivables    | (223)            | (204)            |
|                                       | <u>42,586</u>    | <u>45,382</u>    |
| Inventories                           | 37,728           | 42,692           |
| Deferred tax assets                   | 2,011            | 1,580            |
| Other current assets                  | <u>1,059</u>     | <u>1,874</u>     |
| Total current assets                  | <u>123,695</u>   | <u>117,462</u>   |
| <b>Property, plant and equipment:</b> |                  |                  |
| Land                                  | 18,722           | 19,179           |
| Buildings and structures              | 19,764           | 21,083           |
| Machinery and equipment               | 15,382           | 17,023           |
| Livestock                             | —                | 115              |
| Lease assets                          | 1,214            | 594              |
| Construction in progress              | <u>1,312</u>     | <u>129</u>       |
|                                       | <u>56,394</u>    | <u>58,123</u>    |
| <b>Intangible assets</b>              | 1,260            | 1,163            |
| <b>Investments and other assets:</b>  |                  |                  |
| Investments in securities             | 23,115           | 20,542           |
| Long-term receivables                 | 1,542            | 2,533            |
| Deferred tax assets                   | 594              | 604              |
| Other                                 | 11,810           | 11,431           |
| Allowance for doubtful receivables    | (953)            | (1,973)          |
|                                       | <u>36,108</u>    | <u>33,137</u>    |
|                                       | <u>¥ 217,457</u> | <u>¥ 209,885</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 2010.

| LIABILITIES AND NET ASSETS                                      | Millions of yen  |                  |
|---|------------------|------------------|
|   | 2010             | 2009             |
| <b>Current liabilities:</b>                                     |                  |                  |
| Short-term borrowings   | ¥ 6,508          | ¥ 6,277          |
| Long-term debt due within one year                              | 9,974            | 1,156            |
| Trade notes and accounts payable                                | 38,885           | 35,168           |
| Lease obligations   | 338              | 150              |
| Income taxes payable  | 1,188            | 1,038            |
| Deferred tax liabilities  | 10               | 4                |
| Other   | 16,575           | 16,712           |
| Total current liabilities                                       | <u>73,478</u>    | <u>60,505</u>    |
| <b>Long-term liabilities:</b>                                   |                  |                  |
| Long-term debt due after one year                               | 16,352           | 25,901           |
| Lease obligations   | 1,049            | 513              |
| Employees' severance and retirement benefits                    | 301              | 364              |
| Directors' and statutory auditors' retirement benefits          | -                | 489              |
| Provision for loss on guarantees                                | 407              | 473              |
| Deferred tax liabilities  | 3,601            | 2,815            |
| Other long-term liabilities                                     | 2,414            | 1,388            |
| Total long-term liabilities                                     | <u>24,124</u>    | <u>31,943</u>    |
| <b>Net assets:</b>  |                  |                  |
| Shareholders' equity:   |                  |                  |
| Common stock  | 28,427           | 28,427           |
| Capital surplus   | 30,038           | 30,033           |
| Retained earnings   | 60,036           | 59,479           |
| Treasury stock, at cost   | (805)            | (813)            |
| Total shareholders' equity                                      | <u>117,696</u>   | <u>117,126</u>   |
| Valuation and translation adjustments:                          |                  |                  |
| Net unrealized holding gains on securities                      | 2,978            | 1,516            |
| Net unrealized holding gains (losses) on derivative instruments | 151              | (500)            |
| Foreign currency translation adjustments                        | (1,637)          | (1,317)          |
| Total valuation and translation adjustments                     | <u>1,492</u>     | <u>(301)</u>     |
| Stock acquisition rights  | 81               | 65               |
| Minority interests  | 586              | 547              |
| Total net assets  | <u>¥ 217,457</u> | <u>¥ 209,885</u> |

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# CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2010 and 2009

|  | Millions of yen |           |
|--|-----------------|-----------|
|  | 2010            | 2009      |
| Net sales  | ¥ 452,454       | ¥ 487,128 |
| Cost and expenses:                                       |                 |           |
| Cost of sales  | 358,851         | 397,263   |
| Selling, general and administrative expenses             | 91,513          | 92,330    |
| Operating income (loss)                                  | 2,090           | (2,465)   |
| Other income (expenses):                                 |                 |           |
| Interest and dividend income                             | 418             | 459       |
| Interest expense   | (625)           | (759)     |
| Gain on sales of investments in securities, net          | 33              | 224       |
| Loss on disposals of property, plant and equipment       | (243)           | (301)     |
| Write-down of investment securities                      | (190)           | (57)      |
| Equity in earnings of affiliates                         | 742             | 1,076     |
| Impairment losses on fixed assets                        | (574)           | (587)     |
| 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   | 611             | 625       |
|  | 172             | (2,119)   |
| Income (loss) before income taxes and minority interests | 2,262           | (4,584)   |
| Provision for income taxes                               |                 |           |
| Current  | 1,403           | 1,401     |
| Deferred   | (512)           | 261       |
| Minority interests                                       | (78)            | (48)      |
| Net income (loss)  | ¥ 1,293         | ¥ (6,294) |

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

|                  | Millions of yen |           |
|------------------|-----------------|-----------|
|                  | 2011 interim    | 2011      |
| Net sales        | ¥ 227,000       | ¥ 460,000 |
| Operating income | 1,400           | 4,600     |
| Net income       | 3,500           | 3,800     |

  

|                      | Yen          |         |
|----------------------|--------------|---------|
|                      | 2011 interim | 2011    |
| Net income per share | ¥ 14.27      | ¥ 15.49 |

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2010 and 2009

|   | Millions of yen  |                  |
|---|------------------|------------------|
|   | 2010             | 2009             |
| <b>Common stock:</b>  |                  |                  |
| Balance at beginning of year  | ¥ 28,427         | ¥ 22,415         |
| Issuance of new shares  | -                | 6,012            |
| Balance at end of year  | <u>¥ 28,427</u>  | <u>¥ 28,427</u>  |
| <b>Capital surplus:</b>   |                  |                  |
| Balance at beginning of year  | ¥ 30,033         | ¥ 24,021         |
| Issuance of new shares  | -                | 6,012            |
| Disposal of treasury stock  | 5                | -                |
| Balance at end of year  | <u>¥ 30,038</u>  | <u>¥ 30,033</u>  |
| <b>Retained earnings:</b>   |                  |                  |
| Balance at beginning of year  | ¥ 59,479         | ¥ 66,815         |
| Net income (loss) for the year  | 1,293            | (6,294)          |
| Cash dividends paid   | (736)            | (1,042)          |
| Balance at end of year  | <u>¥ 60,036</u>  | <u>¥ 59,479</u>  |
| <b>Treasury stock, at cost:</b>   |                  |                  |
| Balance at beginning of year  | ¥ (813)          | ¥ (805)          |
| Purchase of treasury stock  | (3)              | (8)              |
| Disposal of treasury stock  | 11               | -                |
| Balance at end of year  | <u>¥ (805)</u>   | <u>¥ (813)</u>   |
| <b>Net unrealized holding gains on securities:</b>                      |                  |                  |
| Balance at beginning of year  | ¥ 1,516          | ¥ 4,098          |
| Increase (decrease) for the year  | 1,462            | (2,582)          |
| Balance at end of year  | <u>¥ 2,978</u>   | <u>¥ 1,516</u>   |
| <b>Net unrealized holding gains (losses) on derivative instruments:</b> |                  |                  |
| Balance at beginning of year  | ¥ (500)          | ¥ (269)          |
| Increase (decrease) for the year  | 651              | (231)            |
| Balance at end of year  | <u>¥ 151</u>     | <u>¥ (500)</u>   |
| <b>Foreign currency translation adjustments:</b>                        |                  |                  |
| Balance at beginning of year  | ¥ (1,317)        | ¥ 1,757          |
| Net decrease  | (320)            | (3,074)          |
| Balance at end of year  | <u>¥ (1,637)</u> | <u>¥ (1,317)</u> |
| <b>Stock acquisition rights:</b>  |                  |                  |
| Balance at beginning of year  | ¥ 65             | ¥ -              |
| Net increase  | 16               | 65               |
| Balance at end of year  | <u>¥ 81</u>      | <u>¥ 65</u>      |
| <b>Minority interests:</b>  |                  |                  |
| Balance at beginning of year  | ¥ 547            | ¥ 524            |
| Net increase  | 39               | 23               |
| Balance at end of year  | <u>¥ 586</u>     | <u>¥ 547</u>     |

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# CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2010 and 2009

|   | Millions of yen |                 |
|---|-----------------|-----------------|
|   | 2010            | 2009            |
| <b>Cash flows from operating activities:</b>  |                 |                 |
| Income (loss) before income taxes and minority interests  | ¥ 2,262         | ¥ (4,584)       |
| Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities: |                 |                 |
| Depreciation and amortization   | 6,611           | 6,496           |
| Impairment losses on fixed assets   | 574             | 587             |
| Decrease in employees' severance and retirement benefits  | (63)            | (319)           |
| Increase (decrease) in allowance for doubtful receivables   | (1,005)         | 59              |
| Interest and dividend income  | (418)           | (459)           |
| Interest expense  | 625             | 759             |
| Costs related to voluntary recall of products   | -               | 761             |
| Loss from suspension of plant operations  | -               | 664             |
| Equity in earnings of affiliates  | (742)           | (1,076)         |
| Write-down of investments in securities   | 190             | 58              |
| Gain on sales of property, plant and equipment  | (107)           | (245)           |
| Loss on disposals of property, plant and equipment  | 224             | 287             |
| Decrease in notes and accounts receivable   | 3,714           | 3,770           |
| Decrease (increase) in inventories  | 5,625           | (558)           |
| Increase (decrease) in notes and accounts payable   | 3,552           | (9,725)         |
| Increase (decrease) in accrued consumption taxes  | 782             | (39)            |
| Other, net  | 589             | (1,362)         |
|   | <u>22,413</u>   | <u>(4,926)</u>  |
| Interest and dividends received   | 780             | 737             |
| Interest paid   | (627)           | (813)           |
| Income taxes paid   | (2,014)         | (2,801)         |
| Income taxes refunded   | 448             | 75              |
| Net cash provided by (used in) operating activities   | <u>21,000</u>   | <u>(7,728)</u>  |
| <b>Cash flows from investing activities:</b>  |                 |                 |
| Investments in time deposits  | (355)           | (195)           |
| Proceeds from time deposits   | 265             | 120             |
| Acquisitions of property, plant and equipment   | (4,581)         | (6,823)         |
| Proceeds from sale of property, plant and equipment   | 478             | 368             |
| Acquisitions of intangible assets   | (333)           | (458)           |
| Payments for purchase of investment securities  | (65)            | (75)            |
| Proceeds from sale of investment securities   | 69              | 39              |
| 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  | (288)           | (53)            |
| Disbursement of loans receivable  | (967)           | (1,690)         |
| Collection of loans receivable  | 1,996           | 3,326           |
| Other, net  | (84)            | 436             |
| Net cash used in investing activities   | <u>(3,865)</u>  | <u>(3,478)</u>  |
| <b>Cash flows from financing activities:</b>  |                 |                 |
| Increase (decrease) in short-term borrowings, net   | (1,333)         | 552             |
| Proceeds from long-term debt  | 450             | 200             |
| Repayments of long-term debt  | (1,168)         | (1,047)         |
| Redemption of bonds   | (20)            | (5,020)         |
| Proceeds from issuance of common stock  | -               | 12,025          |
| Payments for purchase of treasury stock   | (3)             | (8)             |
| Dividends paid  | (736)           | (1,042)         |
| Repayments of lease obligations   | (242)           | (36)            |
| Dividends paid to minority shareholders of consolidated subsidiaries  | (9)             | (8)             |
| Net cash provided by (used in) financing activities   | <u>(3,061)</u>  | <u>5,616</u>    |
| Effect of exchange rate changes on cash and cash equivalents  | 211             | (667)           |
| Net increase (decrease) in cash and cash equivalents  | <u>14,285</u>   | <u>(6,257)</u>  |
| Cash and cash equivalents at beginning of year  | 25,705          | 31,962          |
| Cash and cash equivalents at end of year  | <u>¥ 39,990</u> | <u>¥ 25,705</u> |

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## NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. - March 31, 2010 and 2009

| ASSETS                                | Millions of yen  |                  |
|---------------------------------------|------------------|------------------|
|                                       | 2010             | 2009             |
| <b>Current assets:</b>                |                  |                  |
| Cash and time deposits                | ¥ 33,782         | ¥ 20,117         |
| Receivables:                          |                  |                  |
| Trade notes and accounts              | 41,015           | 44,258           |
| Other                                 | -                | 384              |
| Allowance for doubtful receivables    | (187)            | (185)            |
|                                       | <u>40,828</u>    | <u>44,457</u>    |
| Inventories                           | 24,836           | 28,551           |
| Other current assets                  | 2,343            | 2,554            |
| Total current assets                  | <u>101,789</u>   | <u>95,679</u>    |
| <b>Property, plant and equipment:</b> |                  |                  |
| Land                                  | 14,304           | 14,748           |
| Buildings and structures              | 13,085           | 13,925           |
| Machinery and equipment               | 10,536           | 12,291           |
| Lease assets                          | 534              | 241              |
| Construction in progress              | 1,184            | 1                |
|                                       | <u>39,643</u>    | <u>41,206</u>    |
| <b>Intangible assets</b>              | 945              | 969              |
| <b>Investments and other assets:</b>  |                  |                  |
| Investments in securities             | 25,359           | 25,499           |
| Long-term receivables                 | 9,702            | 10,800           |
| Other                                 | 14,596           | 13,930           |
| Allowance for doubtful receivables    | (3,702)          | (4,378)          |
| Allowance for investment losses       | (1,545)          | (4,494)          |
|                                       | <u>44,410</u>    | <u>41,357</u>    |
|                                       | <u>¥ 186,787</u> | <u>¥ 179,211</u> |

Note: This financial statements are unaudited.

| LIABILITIES AND NET ASSETS                                      | Millions of yen  |                  |
|---|------------------|------------------|
|   | 2010             | 2009             |
| <b>Current liabilities:</b>                                     |                  |                  |
| Long-term debt due within one year                              | ¥ 9,550          | ¥ 733            |
| Trade notes and accounts payable                                | 35,796           | 31,139           |
| Lease obligations   | 141              | 60               |
| Income taxes payable  | 321              | -                |
| Other   | 11,264           | 10,941           |
| Total current liabilities                                       | <u>57,072</u>    | <u>42,873</u>    |
| <b>Long-term liabilities:</b>                                   |                  |                  |
| Long-term debt due after one year                               | 15,240           | 24,690           |
| Lease obligations   | 490              | 221              |
| Provision for loss on guarantees                                | 1,380            | 1,389            |
| Deferred tax liabilities  | 3,571            | 2,806            |
| Other long-term liabilities                                     | 1,720            | 1,106            |
| Total long-term liabilities                                     | <u>22,401</u>    | <u>30,212</u>    |
| <b>Net assets:</b>  |                  |                  |
| Shareholders' equity:   |                  |                  |
| Common stock  | 28,427           | 28,427           |
| Capital surplus   | 30,038           | 30,033           |
| Retained earnings   | 46,513           | 46,854           |
| Treasury stock, at cost   | (805)            | (813)            |
| Total shareholders' equity                                      | <u>104,173</u>   | <u>104,501</u>   |
| Valuation and translation adjustments:                          |                  |                  |
| Net unrealized holding gains on securities                      | 2,975            | 1,561            |
| Net unrealized holding gains (losses) on derivative instruments | 85               | (1)              |
| Total valuation and translation adjustments                     | <u>3,060</u>     | <u>1,560</u>     |
| Stock acquisition rights  | 81               | 65               |
| Total net assets  | <u>107,314</u>   | <u>106,126</u>   |
|   | <u>¥ 186,787</u> | <u>¥ 179,211</u> |

Note: This financial statements are unaudited.