

## CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-March 31, 2005 and 2004

ASSETS	Millions of yen	
	2005	2004
<b>Current assets:</b>		
Cash and time deposits	¥ 24,299	¥ 28,943
Marketable securities	-	20
Receivables:		
Trade notes and accounts	52,018	49,726
Other	149	191
Allowance for doubtful receivables	(418)	(420)
	<u>51,749</u>	<u>49,497</u>
Inventories	48,836	42,504
Deferred tax assets	1,773	1,484
Other current assets	<u>2,311</u>	<u>1,775</u>
Total current assets	<u>128,968</u>	<u>124,223</u>
<b>Investments and non-current assets:</b>		
Investment securities	26,718	26,040
Long-term receivables	2,574	2,121
Long-term deferred tax assets	549	637
Other	10,889	11,845
Allowance for doubtful receivables	(1,142)	(1,588)
	<u>39,588</u>	<u>39,055</u>
<b>Property, plant and equipment:</b>		
Land	22,022	20,968
Buildings and structures	26,434	26,106
Machinery and equipment	19,025	17,402
Breeding livestock	96	55
Construction in progress	<u>257</u>	<u>334</u>
	<u>67,834</u>	<u>64,865</u>
<b>Intangible assets</b>	<u>1,476</u>	<u>1,257</u>
	<u><u>237,866</u></u>	<u><u>229,400</u></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 2005.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of yen	
	2005	2004
<b>Current liabilities:</b>		
Bank loans	¥ 9,198	¥ 8,545
Long-term debt due within one year	11,194	1,147
Trade notes and accounts payable	42,656	37,959
Income taxes payable	1,308	1,524
Deferred tax liabilities	45	56
Other	22,222	21,761
Total current liabilities	86,623	70,992
<b>Long-term liabilities:</b>		
Long-term debt due after one year	19,618	30,545
Employees' severance and retirement benefits	2,057	2,492
Directors' and statutory auditors' retirement benefits	802	802
Long-term deferred tax liabilities	2,267	710
Other long-term liabilities	180	475
Total long-term liabilities	24,924	35,024
<b>Minority interests</b>	475	454
<b>Shareholders' equity:</b>		
Common stock	22,415	22,415
Capital surplus	24,021	24,021
Retained earnings	75,511	72,306
Net unrealized holding gains on securities	5,149	5,870
Foreign currency translation adjustments	(474)	(919)
Treasury stock, at cost	(778)	(763)
Total shareholders' equity	125,844	122,930
	237,866	229,400

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# CONSOLIDATED STATEMENTS OF INCOME

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2005 and 2004

	Millions of yen	
	2005	2004
<b>Net sales</b>	¥ 505,461	¥ 492,661
<b>Cost and expenses:</b>		
Cost of sales	402,429	386,664
Selling, general and administrative expenses	98,431	98,682
<b>Operating income</b>	4,601	7,315
<b>Other income (expenses):</b>		
Interest and dividend income	308	291
Interest expense	(919)	(856)
Gain on sale of marketable and investment securities, net	85	382
Loss on disposal of property, plant and equipment	(246)	(1,745)
Gain on transfer of substitutional portion of social welfare pension insurance scheme	-	5,810
Losses on the revision of the retirement benefits plan	-	(1,247)
Write-down of investment securities	(289)	(169)
Write-down of property, plant and equipment	-	(1,100)
Equity in earnings of associated companies	1,705	615
Insurance income	1,775	-
Additional retirement indemnity for early retirement	-	(3,290)
Provision for doubtful receivables	(230)	(7)
Other, net	919	777
	3,108	(539)
<b>Income before income taxes and minority interests</b>	7,709	6,776
Provision for income taxes		
Current	1,034	2,425
Deferred	1,748	587
Minority interests	(55)	(67)
<b>Net income</b>	4,872	3,697

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## Forecast of consolidated operating results for the years ending March 31, 2006

	Millions of yen	
	2006 interim	2006
Net sales	¥ 260,000	¥ 530,000
Operating income	2,600	5,800
Net income	0	2,300
	Yen	
		2006
Net income per share		¥ 11.04

# CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2005 and 2004

	Millions of yen	
	2005	2004
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥ 7,709	¥ 6,776
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	6,363	6,683
Decrease in employees' severance and retirement benefits	(434)	(1,632)
Decrease in allowance for doubtful receivables	(448)	(414)
Interest and dividend income	(308)	(291)
Interest expense	919	856
Equity in earnings of associated companies	(1,705)	(615)
Write-down of investment securities	289	169
Loss (gain) on sale of property, plant and equipment	(799)	409
Loss on disposal of property, plant and equipment	913	1,224
Write-down of property, plant and equipment	-	1,100
Increase in notes and accounts receivable	(1,856)	(994)
Increase in inventories	(6,485)	(3,428)
Increase in notes and accounts payable	4,517	2,523
Decrease in accrued consumption taxes	(420)	(1,083)
Insurance income	(1,775)	-
Other, net	(2,877)	365
	<u>3,603</u>	<u>11,648</u>
Interest and dividends received	496	412
Interest paid	(914)	(862)
Insurance received	2,115	-
Income taxes paid	(1,834)	(2,347)
Income taxes refunded	338	257
Net cash provided by operating activities	<u>3,804</u>	<u>9,108</u>
<b>Cash flows from investing activities:</b>		
Investments in time deposits	(209)	(183)
Proceeds from time deposits	329	230
Acquisitions of property, plant and equipment	(6,585)	(5,423)
Proceeds from sale of property, plant and equipment	2,013	883
Acquisitions of intangible assets	(376)	(699)
Payments for purchases of investment securities	(836)	(526)
Proceeds from sales of investment securities	810	1,752
Disbursement of loans receivable	(1,552)	(1,470)
Collection of loans receivable	1,143	658
Other, net	(91)	(75)
Net cash used in investing activities	<u>(5,354)</u>	<u>(4,853)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term bank loans, net	610	1,857
Proceeds from long-term debt	360	334
Repayments of long-term debt	(2,229)	(2,043)
Payments for purchase of treasury stock	(16)	(740)
Dividends paid	(1,668)	(1,683)
Dividends paid to minority shareholders of consolidated subsidiaries	(7)	(6)
Net cash used in financing activities	<u>(2,950)</u>	<u>(2,281)</u>
Effect of exchange rate changes on cash and cash equivalents	(21)	(63)
Net increase (decrease) in cash and cash equivalents	(4,521)	1,911
Cash and cash equivalents at beginning of year	<u>28,619</u>	<u>26,708</u>
Cash and cash equivalents at end of year	<u>¥ 24,098</u>	<u>¥ 28,619</u>

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# NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC.-March 31, 2005 and 2004

ASSETS	Millions of yen	
	2005	2004
<b>Current assets:</b>		
Cash and time deposits	¥ 16,593	¥ 20,172
Marketable securities	-	20
Receivables:		
Trade notes and accounts	52,921	49,465
Other	873	1,216
Allowance for doubtful receivables	(81)	(180)
	<u>53,713</u>	<u>50,501</u>
Inventories	30,305	28,060
Deferred tax assets	924	659
Other current assets	<u>1,337</u>	<u>1,291</u>
Total current assets	<u>102,872</u>	<u>100,703</u>
<b>Investments and non-current assets:</b>		
Investment securities	33,321	34,662
Long-term receivables	14,851	13,189
Other	12,366	12,383
Allowance for doubtful receivables	<u>(4,848)</u>	<u>(4,725)</u>
	55,690	55,509
<b>Property, plant and equipment:</b>		
Land	16,649	15,823
Buildings and structures	17,155	16,807
Machinery and equipment	<u>14,357</u>	<u>12,837</u>
	48,161	45,467
<b>Intangible assets</b>	<u>1,078</u>	<u>987</u>
	<u>207,801</u>	<u>202,666</u>

Note: This financial statements are unaudited.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2005	2004
<b>Current liabilities:</b>		
Long-term debt due within one year	¥ 10,612	¥ 613
Trade notes and accounts payable	38,764	34,343
Income taxes payable	725	290
Other	15,288	14,750
Total current liabilities	65,389	49,996
<b>Long-term liabilities:</b>		
Long-term debt due after one year	17,862	28,474
Employees' severance and retirement benefits	196	222
Directors' and statutory auditors' retirement benefits	502	583
Long-term deferred tax liabilities	2,195	655
Other long-term liabilities	150	416
Total long-term liabilities	20,905	30,350
<b>Shareholders' equity:</b>		
Common stock	22,415	22,415
Capital surplus	24,020	24,020
Retained earnings	70,762	70,855
Net unrealized holding gains on securities	5,087	5,792
Treasury stock, at cost	(777)	(762)
Total shareholders' equity	121,507	122,320
	207,801	202,666

Note: This financial statements are unaudited.

## NON-CONSOLIDATED STATEMENTS OF INCOME

ITOHAM FOODS INC.- Years ended March 31, 2005 and 2004

	Millions of yen	
	2005	2004
<b>Net sales</b>	¥ 422,292	¥ 412,620
<b>Cost and expenses:</b>		
Cost of sales	376,371	362,742
Selling, general and administrative expenses	44,621	45,816
<b>Operating income</b>	1,300	4,062
<b>Other income (expenses):</b>		
Interest and dividend income	766	695
Interest expense	(460)	(466)
Gain on sale of marketable and investment securities, net	84	382
Gain (loss) on disposal of property, plant and equipment	99	(1,764)
Gain on transfer of substitutional portion of social welfare pension insurance scheme	-	4,327
Losses on the revision of the retirement benefits plan	-	(1,247)
Write-down of investment securities	(361)	(165)
Write down of property, plant and equipment	-	(1,100)
Insurance income	1,775	-
Additional retirement indemnity for early retirement	-	(1,800)
Provision for doubtful receivables	(689)	(214)
Other, net	970	927
	2,184	(425)
<b>Income before income taxes</b>	3,484	3,637
Provision for income taxes		
Current	142	791
Deferred	1,767	856
<b>Net income</b>	1,575	1,990

Note: This financial statements are unaudited.

## Forecast of non-consolidated operating results for the years ending March 31, 2006

	Millions of yen	
	2006 interim	2006
Net sales	¥ 223,000	¥ 454,000
Operating income	700	1,800
Net income	300	1,000
	Yen	
	2006	
Net income per share		¥ 4.80