

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2007 3Q (Dec 31, 2006), fiscal 2006 3Q (Dec 31, 2005) and fiscal 2006 (Mar 31, 2006)

ASSETS	Millions of yen		
	Dec 31, 2006	Dec 31, 2005	Mar 31, 2006
Current assets:			
Cash and time deposits	¥ 15,176	¥ 17,580	¥ 14,467
Marketable securities	300	—	—
Trade notes and accounts receivables	83,059	83,645	50,322
Inventories	47,717	55,792	55,968
Other current assets	3,113	5,344	2,822
Allowance for doubtful receivables	(452)	(730)	(356)
Total current assets	<u>148,913</u>	<u>161,631</u>	<u>123,223</u>
Property, plant and equipment:			
Land	20,867	21,502	21,196
Buildings and structures	24,455	25,959	26,004
Machinery	17,791	20,017	20,060
Other	1,484	1,925	1,523
	<u>64,597</u>	<u>69,403</u>	<u>68,783</u>
Intangible assets	1,188	1,400	1,433
Investments and other assets:			
Investments in securities	31,714	27,885	34,661
Other	16,416	13,893	16,596
Allowance for doubtful receivables	(1,142)	(976)	(1,646)
	<u>46,988</u>	<u>40,802</u>	<u>49,611</u>
	<u>¥ 261,686</u>	<u>¥ 273,236</u>	<u>¥ 243,050</u>

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen		
	Dec 31, 2006	Dec 31, 2005	Mar 31, 2006
Current liabilities:			
Short-term borrowings	¥ 8,135	¥ 8,492	¥ 8,943
Commercial paper	6,000	19,000	-
Long-term debt due within one year	1,150	894	1,091
Trade notes and accounts payable	54,363	51,336	43,879
Income taxes payable	863	851	500
Other	21,790	23,452	17,732
Total current liabilities	92,301	104,025	72,145
Long-term liabilities:			
Long-term debt due after one year	37,878	37,773	38,387
Employees' severance and retirement benefits	1,203	1,591	1,532
Directors' and statutory auditors' retirement benefits	744	859	894
Other long-term liabilities	7,540	2,282	8,281
Total long-term liabilities	47,365	42,505	49,094
Net assets:			
Owners' equity			
Common stock	22,415	-	-
Capital surplus	24,021	-	-
Retained earnings	67,541	-	-
Treasury stock, at cost	(793)	-	-
Total owners' equity	113,184	-	-
Valuation and translation adjustments			
Net unrealized holding gains on securities	7,666	-	-
Net unrealized holding gains on derivative instruments	88	-	-
Foreign currency translation adjustments	382	-	-
Total valuation and translation adjustments	8,136	-	-
Minority interests	700	-	-
Total net assets	122,020	-	-
Minority interests	-	661	663
Shareholders' equity:			
Common stock	-	22,415	22,415
Capital surplus	-	24,021	24,021
Retained earnings	-	74,735	65,473
Net unrealized holding gains on securities	-	5,149	9,047
Foreign currency translation adjustments	-	510	979
Treasury stock, at cost	-	(785)	(787)
Total shareholders' equity	-	126,045	121,148
	¥ 261,686	¥ 273,236	¥ 243,050

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries—fiscal 2007 3Q (Apr 1-Dec 31, 2006), fiscal 2006 3Q (Apr 1-Dec 31, 2005) and fiscal 2006 (Apr 1, 2005–Mar 31, 2006)

	Millions of yen		
	Apr 1-Dec 31, 2006	Apr 1-Dec 31, 2005	Apr 1, 2005-Mar 31, 2006
Net sales	¥ 394,267	¥ 407,951	¥ 517,275
Cost and expenses:			
Cost of sales	313,472	328,184	420,571
Selling, general and administrative expenses	75,150	77,636	100,641
Operating income (loss)	5,645	2,131	(3,937)
Other income (expenses):			
Interest and dividend income	351	281	325
Interest expense	(735)	(670)	(916)
Gain on sales of investments in securities, net	5	1	45
Gain (loss) on sales of property, plant and equipment	128	31	(26)
Loss on disposals of property, plant and equipment	(373)	(335)	(592)
Gain on transfer of substitutional portion of social welfare pension insurance scheme	-	679	679
Equity in earnings of affiliates	243	805	1,032
Impairment losses on fixed assets	(125)	(1,792)	(1,792)
Restructuring expenses	(1,474)	-	-
Other, net	639	764	874
	(1,341)	(236)	(371)
Income (loss) before income taxes and minority interests	4,304	1,895	(4,308)
Provision for income taxes	1,348	920	4,010
Minority interests	(54)	(84)	(53)
Net income (loss)	¥ 2,902	¥ 891	¥ (8,371)

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2007 3Q (Apr 1-Dec 31, 2006), fiscal 2006 3Q (Apr 1-Dec 31, 2005) and fiscal 2006 (Apr 1, 2005-Mar 31, 2006)

	Millions of yen		
	Apr 1-Dec 31, 2006	Apr 1-Dec 31, 2005	Apr 1, 2005-Mar 31, 2006
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 4,304	¥ 1,895	¥ (4,308)
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,024	5,181	7,166
Impairment losses on fixed assets	125	1,792	1,792
Restructuring expenses	1,408	-	-
Decrease in employees' severance and retirement benefits	(330)	(466)	(524)
Increase in allowance for doubtful receivables	344	144	439
Interest and dividend income	(351)	(281)	(325)
Interest expense	735	670	916
Equity in earnings of affiliates	(243)	(805)	(1,032)
Write-down of investments in securities	53	-	31
Loss (gain) on sales of property, plant and equipment	(128)	(31)	26
Loss on disposals of property, plant and equipment	277	213	394
Decrease (increase) in notes and accounts receivable	(32,936)	(31,394)	1,345
Decrease (increase) in inventories	8,341	(6,423)	(6,517)
Increase in notes and accounts payable	10,472	8,648	1,187
Increase (decrease) in accrued consumption taxes	1,618	214	(22)
Other, net	2,665	2,459	(1,237)
	1,378	(18,184)	(669)
Interest and dividends received	574	456	690
Interest paid	(840)	(783)	(919)
Income taxes paid	(1,341)	(2,048)	(2,174)
Income taxes refunded	253	251	251
Net cash provided by (used in) operating activities	24	(20,308)	(2,821)
Cash flows from investing activities:			
Investments in time deposits	(171)	(120)	(120)
Proceeds from time deposits	120	168	205
Acquisitions of property, plant and equipment	(2,809)	(9,561)	(12,740)
Proceeds from sale of property, plant and equipment	262	283	573
Acquisitions of intangible assets	(95)	(204)	(337)
Payments for purchase of investment securities	(250)	(61)	(93)
Proceeds from sale of investment securities	17	21	194
Payment for purchase of investments in subsidiaries	-	(318)	(331)
Disbursement of loans receivable	(1,590)	(1,444)	(1,825)
Collection of loans receivable	1,259	1,218	1,618
Other, net	102	8	23
Net cash used in investing activities	(3,155)	(10,010)	(12,833)
Cash flows from financing activities:			
Decrease in short-term borrowings, net	(929)	(1,633)	(1,269)
Proceeds from long-term debt	454	8,700	9,780
Repayments of long-term debt	(890)	(1,091)	(1,381)
Increase in commercial paper, net	6,000	19,000	-
Proceeds from issuance of bonds	-	10,100	10,100
Redemption of bonds	(20)	(10,010)	(10,010)
Proceeds from minority shareholders of consolidated subsidiaries	-	116	135
Payments for purchase of treasury stock	(6)	(7)	(9)
Dividends paid	(834)	(1,667)	(1,668)
Dividends paid to minority shareholders of consolidated subsidiaries	(11)	(8)	(8)
Net cash provided by financing activities	3,764	23,500	5,670
Effect of exchange rate changes on cash and cash equivalents	24	141	228
Net increase (decrease) in cash and cash equivalents	657	(6,677)	(9,756)
Cash and cash equivalents at beginning of period	14,342	24,098	24,098
Cash and cash equivalents at end of period	¥ 14,999	¥ 17,421	¥ 14,342

Note: This financial statements are unaudited.