

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2006 1Q (Jun 30, 2005), fiscal 2005 1Q (Jun 30, 2004) and fiscal 2005 (Mar 31, 2005)

ASSETS	Millions of yen		
	Jun 30, 2005	Jun 30, 2004	Mar 31, 2005
Current assets:			
Cash and time deposits	¥ 13,526	¥ 21,768	¥ 24,299
Marketable securities	-	20	-
Trade notes and accounts receivables	54,553	53,501	52,018
Inventories	60,726	52,983	48,837
Other current assets	6,566	5,031	4,232
Allowance for doubtful receivables	(474)	(458)	(418)
Total current assets	<u>134,897</u>	<u>132,845</u>	<u>128,968</u>
Investments and non-current assets:			
Investment securities	26,810	26,452	26,718
Other	13,922	14,637	14,012
Allowance for doubtful receivables	(1,098)	(1,435)	(1,142)
	<u>39,634</u>	<u>39,654</u>	<u>39,588</u>
Property, plant and equipment:			
Land	21,721	21,213	22,022
Buildings and structures	26,117	26,162	26,434
Machinery	18,019	16,014	17,765
Other	2,688	1,551	1,613
	<u>68,545</u>	<u>64,940</u>	<u>67,834</u>
Intangible assets	<u>1,401</u>	<u>1,444</u>	<u>1,476</u>
	<u>¥ 244,477</u>	<u>¥ 238,883</u>	<u>¥ 237,866</u>

Note: This financial statements are unaudited.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of yen		
	Jun 30, 2005	Jun 30, 2004	Mar 31, 2005
Current liabilities:			
Bank loans	¥ 8,662	¥ 8,853	¥ 9,198
Long-term debt due within one year	1,151	11,106	11,194
Trade notes and accounts payable	50,460	48,102	42,656
Income taxes payable	401	1,817	1,308
Other	24,737	20,194	22,267
Total current liabilities	<u>85,411</u>	<u>90,072</u>	<u>86,623</u>
Long-term liabilities:			
Long-term debt due after one year	31,087	21,230	19,618
Employees' severance and retirement benefits	1,995	2,451	2,057
Directors' and statutory auditors' retirement benefits	813	825	802
Other long-term liabilities	2,332	1,130	2,447
Total long-term liabilities	<u>36,227</u>	<u>25,636</u>	<u>24,924</u>
Minority interests	508	472	475
Shareholders' equity:			
Common stock	22,415	22,415	22,415
Capital surplus	24,021	24,021	24,021
Retained earnings	71,720	71,959	75,511
Net unrealized holding gains on securities	5,149	5,870	5,149
Foreign currency translation adjustments	(194)	(797)	(474)
Treasury stock, at cost	(780)	(765)	(778)
Total shareholders' equity	<u>122,331</u>	<u>122,703</u>	<u>125,844</u>
	<u>¥ 244,477</u>	<u>¥ 238,883</u>	<u>¥ 237,866</u>

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF INCOME

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2006 1Q (Apr 1-Jun 30, 2005), fiscal 2005 1Q (Apr 1-Jun 30, 2004) and fiscal 2005 (Apr 1, 2004-Mar 31, 2005)

	Millions of yen		
	Apr 1-Jun 30, 2005	Apr 1-Jun 30, 2004	Apr 1, 2004-Mar 31, 2005
Net sales	¥ 126,643	¥ 118,965	¥ 505,461
Cost and expenses:			
Cost of sales	103,898	94,419	402,429
Selling, general and administrative expenses	23,576	22,456	98,431
Operating income (loss)	(831)	2,090	4,601
Other income (expenses):			
Interest and dividend income	150	156	308
Interest expense	(239)	(235)	(919)
Gain (loss) on disposal of property, plant and equipment	(153)	437	(246)
Equity in earnings of associated companies	50	14	1,705
Insurance income	-	-	1,775
Impairment expense	(1,791)	-	-
Other, net	262	230	485
	(1,721)	602	3,108
Income (loss) before income taxes and minority interests	(2,552)	2,692	7,709
Provision for income taxes	(452)	1,347	2,782
Minority interests	(23)	(25)	(55)
Net income (loss)	¥ (2,123)	¥ 1,320	¥ 4,872

Note: This financial statements are unaudited.

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

	Millions of yen	
	2006 interim	2006
Net sales	¥ 260,000	¥ 530,000
Net loss	(1,500)	(900)
	Yen	
		2006
Net loss per share		¥ (6.24)

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 2006 1Q (Apr 1-Jun 30, 2005), fiscal 2005 1Q (Apr 1-Jun 30, 2004) and fiscal 2005 (Apr 1, 2004-Mar 31, 2005)

	Millions of yen		
	Apr 1-Jun 30, 2005	Apr 1-Jun 30, 2004	Apr 1, 2004-Mar 31, 2005
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ (2,552)	¥ 2,692	¥ 7,709
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,620	1,533	6,363
Impairment expense	1,791	-	-
Decrease in employees' severance and retirement benefits	(62)	(41)	(435)
Increase (decrease) in allowance for doubtful receivables	12	(115)	(448)
Interest and dividend income	(150)	(156)	(308)
Interest expense	239	235	919
Equity in earnings of associated companies	(50)	(14)	(1,705)
Write-down of investment securities	-	-	289
Loss (gain) on sale of property, plant and equipment	49	(476)	(799)
Loss on disposal of property, plant and equipment	83	34	914
Increase in notes and accounts receivable	(2,389)	(3,296)	(1,856)
Increase in inventories	(11,216)	(10,464)	(6,485)
Increase in notes and accounts payable	7,356	9,961	4,517
Increase (decrease) in accrued consumption taxes	88	(304)	(420)
Insurance income	-	-	(1,775)
Other, net	241	(3,418)	(2,877)
	<u>(4,940)</u>	<u>(3,829)</u>	<u>3,603</u>
Interest and dividends received	200	179	496
Interest paid	(357)	(345)	(914)
Insurance received	-	-	2,115
Income taxes paid	(1,142)	(899)	(1,834)
Income taxes refunded	6	-	338
Net cash provided by (used in) operating activities	<u>(6,233)</u>	<u>(4,894)</u>	<u>3,804</u>
Cash flows from investing activities:			
Investments in time deposits	(20)	(20)	(209)
Proceeds from time deposits	28	42	329
Acquisitions of property, plant and equipment	(1,950)	(728)	(6,585)
Proceeds from sale of property, plant and equipment	120	609	2,013
Acquisitions of intangible assets	(44)	(95)	(376)
Payments for purchases of investment securities	(35)	(279)	(836)
Proceeds from sales of investment securities	20	0	810
Payments for purchases of new consolidated subsidiary's stock	-	(20)	(20)
Payments for purchases of consolidated subsidiary's stock	(270)	-	-
Disbursement of loans receivable	(359)	(297)	(1,552)
Collection of loans receivable	418	141	1,143
Other, net	(22)	(103)	(71)
Net cash used in investing activities	<u>(2,114)</u>	<u>(750)</u>	<u>(5,354)</u>
Cash flows from financing activities:			
Increase (decrease) in short-term bank loans, net	(1,112)	316	609
Proceeds from long-term debt	399	30	360
Repayments of long-term debt	(612)	(380)	(2,229)
Proceeds from bonds	10,100	-	-
Repayments of bonds	(10,000)	-	-
Payments for purchase of treasury stock	(2)	(2)	(15)
Dividends paid	(1,503)	(1,443)	(1,667)
Dividends paid to minority shareholders of consolidated subsidiaries	(8)	(7)	(8)
Net cash used in financing activities	<u>(2,738)</u>	<u>(1,486)</u>	<u>(2,950)</u>
Effect of exchange rate changes on cash and cash equivalents	49	(21)	(21)
Net decrease in cash and cash equivalents	<u>(11,036)</u>	<u>(7,151)</u>	<u>(4,521)</u>
Cash and cash equivalents at beginning of year	24,098	28,618	28,619
New consolidated subsidiary's cash and cash equivalents at beginning of year	269	-	-
Cash and cash equivalents at end of year	<u>¥ 13,331</u>	<u>¥ 21,467</u>	<u>¥ 24,098</u>

Note: This financial statements are unaudited.