

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2006 3Q (Dec 31, 2005), fiscal 2005 3Q (Dec 31, 2004) and fiscal 2005 (Mar 31, 2005)

ASSETS	Millions of yen		
	Dec 31, 2005	Dec 31, 2004	Mar 31, 2005
Current assets:			
Cash and time deposits	¥ 17,580	¥ 17,548	¥ 24,299
Trade notes and accounts receivables	83,645	83,613	52,018
Inventories	55,792	46,165	48,837
Other	5,344	5,451	4,232
Allowance for doubtful receivables	(730)	(624)	(418)
Total current assets	<u>161,631</u>	<u>152,153</u>	<u>128,968</u>
Investments and non-current assets:			
Investment securities	27,885	27,167	26,718
Other	13,893	14,299	14,012
Allowance for doubtful receivables	(976)	(1,174)	(1,142)
	<u>40,802</u>	<u>40,292</u>	<u>39,588</u>
Property, plant and equipment:			
Land	21,502	21,123	22,022
Buildings and structures	25,959	26,060	26,434
Machinery	20,017	15,488	17,765
Other	1,925	1,742	1,613
	<u>69,403</u>	<u>64,413</u>	<u>67,834</u>
Intangible assets	1,400	1,426	1,476
	<u>¥ 273,236</u>	<u>¥ 258,284</u>	<u>¥ 237,866</u>

Note: This financial statements are unaudited.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of yen		
	Dec 31, 2005	Dec 31, 2004	Mar 31, 2005
Current liabilities:			
Bank loans	¥ 8,492	¥ 8,026	¥ 9,198
Commercial paper	19,000	13,000	-
Long-term debt due within one year	894	10,986	11,194
Trade notes and accounts payable	51,336	46,936	42,656
Income taxes payable	851	3,259	1,308
Other	23,452	23,898	22,267
Total current liabilities	104,025	106,105	86,623
Long-term liabilities:			
Long-term debt due after one year	37,773	20,009	19,618
Employees' severance and retirement benefits	1,591	2,194	2,057
Directors' and statutory auditors' retirement benefits	859	762	802
Other long-term liabilities	2,282	977	2,447
Total long-term liabilities	42,505	23,942	24,924
Minority interests	661	508	475
Shareholders' equity:			
Common stock	22,415	22,415	22,415
Capital surplus	24,021	24,021	24,021
Retained earnings	74,735	76,666	75,511
Net unrealized holding gains on securities	5,149	5,870	5,149
Foreign currency translation adjustments	510	(466)	(474)
Treasury stock, at cost	(785)	(776)	(778)
Total shareholders' equity	126,045	127,730	125,844
	¥ 273,236	¥ 258,285	¥ 237,866

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF INCOME

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2006 3Q (Apr 1-Dec 31, 2005), fiscal 2005 3Q (Apr 1-Dec 31, 2004) and fiscal 2005 (Apr 1, 2004-Mar 31, 2005)

	Millions of yen		
	Apr 1-Dec 31, 2005	Apr 1-Dec 31, 2004	Apr 1, 2004-Mar 31, 2005
Net sales	¥ 407,951	¥ 395,359	¥ 505,461
Cost and expenses:			
Cost of sales	328,184	311,079	402,429
Selling, general and administrative expenses	77,636	76,244	98,431
Operating income	2,131	8,036	4,601
Other income (expenses):			
Interest and dividend income	281	294	308
Interest expense	(670)	(691)	(919)
Gain on sale of marketable and investment securities	1	30	85
Gain (loss) on disposal of property, plant and equipment	(304)	173	(246)
Gain on transfer of substitutional portion of social welfare pension insurance scheme	679	-	-
Equity in earnings of associated companies	805	1,034	1,705
Insurance income	-	-	1,775
Impairment expense	(1,792)	-	-
Other, net	764	336	400
	(236)	1,176	3,108
Income before income taxes and minority interests	1,895	9,212	7,709
Provision for income taxes	920	3,103	2,782
Minority interests	(84)	(82)	(55)
Net income	¥ 891	¥ 6,027	¥ 4,872

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2006 3Q (Apr 1-Dec 31, 2005), fiscal 2005 3Q (Apr 1-Dec 31, 2004) and fiscal 2005 (Apr 1, 2004-Mar 31, 2005)

	Millions of yen		
	Apr 1-Dec 31, 2005	Apr 1-Dec 31, 2004	Apr 1, 2004-Mar 31, 2005
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 1,895	¥ 9,212	¥ 7,709
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,181	4,676	6,363
Impairment expense	1,792	-	-
Decrease in employees' severance and retirement benefits	(466)	(298)	(435)
Increase (decrease) in allowance for doubtful receivables	144	(212)	(448)
Interest and dividend income	(281)	(294)	(308)
Interest expense	670	691	919
Equity in earnings of associated companies	(805)	(1,034)	(1,705)
Write-down of investment securities	-	5	289
Gain on sale of property, plant and equipment, net	(31)	(488)	(799)
Loss on disposal of property, plant and equipment	213	279	914
Increase in notes and accounts receivable	(31,394)	(33,430)	(1,856)
Increase in inventories	(6,423)	(3,617)	(6,485)
Increase in notes and accounts payable	8,648	8,787	4,517
Increase (decrease) in accrued consumption taxes	214	508	(420)
Insurance income	-	-	(1,775)
Other, net	2,459	(114)	(2,877)
	<u>(18,184)</u>	<u>(15,329)</u>	<u>3,603</u>
Interest and dividends received	456	402	496
Interest paid	(783)	(797)	(914)
Insurance received	-	-	2,115
Income taxes paid	(2,048)	(1,682)	(1,834)
Income taxes refunded	251	304	338
Net cash provided by (used in) operating activities	<u>(20,308)</u>	<u>(17,102)</u>	<u>3,804</u>
Cash flows from investing activities:			
Investments in time deposits	(120)	(120)	(209)
Proceeds from time deposits	168	190	329
Acquisitions of property, plant and equipment	(9,561)	(3,680)	(6,585)
Proceeds from sale of property, plant and equipment	283	847	2,013
Acquisitions of intangible assets	(204)	(209)	(376)
Payments for purchases of investment securities	(61)	(649)	(836)
Proceeds from sales of investment securities	21	711	810
Payments for purchases of new consolidated subsidiary's stock	-	(20)	(20)
Payments for purchases of consolidated subsidiary's stock	(318)	-	-
Disbursement of loans receivable	(1,444)	(1,186)	(1,552)
Collection of loans receivable	1,218	746	1,143
Other, net	8	52	(71)
Net cash used in investing activities	<u>(10,010)</u>	<u>(3,318)</u>	<u>(5,354)</u>
Cash flows from financing activities:			
Increase (decrease) in short-term bank loans, net	(1,633)	(557)	609
Proceeds from long-term debt	8,700	260	360
Repayments of long-term debt	(1,091)	(1,974)	(2,229)
Increase in commercial paper, net	19,000	13,000	-
Proceeds from bonds	10,100	-	-
Repayments of bonds	(10,010)	-	-
Proceeds upon receipt from minority shareholders of consolidated subsidiaries	116	-	-
Payments for purchase of treasury stock	(7)	(13)	(15)
Dividends paid	(1,667)	(1,667)	(1,667)
Dividends paid to minority shareholders of consolidated subsidiaries	(8)	(7)	(8)
Net cash provided by (used in) financing activities	<u>23,500</u>	<u>9,042</u>	<u>(2,950)</u>
Effect of exchange rate changes on cash and cash equivalents	141	49	(21)
Net decrease in cash and cash equivalents	<u>(6,677)</u>	<u>(11,329)</u>	<u>(4,521)</u>
Cash and cash equivalents at beginning of period	24,098	28,618	28,619
Cash and cash equivalents at end of period	<u>¥ 17,421</u>	<u>¥ 17,289</u>	<u>¥ 24,098</u>

Note: This financial statements are unaudited.