

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2007 1Q (Jun 30, 2006), fiscal 2006 1Q (Jun 30, 2005) and fiscal 2006 (Mar 31, 2006)

ASSETS	Millions of yen		
	Jun 30, 2006	Jun 30, 2005	Mar 31, 2006
Current assets:			
Cash and time deposits	¥ 12,678	¥ 13,526	¥ 14,467
Marketable securities	110	-	-
Trade notes and accounts receivables	50,940	54,553	50,322
Inventories	57,945	60,726	55,968
Other current assets	4,157	6,566	2,822
Allowance for doubtful receivables	(423)	(474)	(356)
Total current assets	125,407	134,897	123,223
Property, plant and equipment:			
Land	21,192	21,721	21,196
Buildings and structures	25,561	26,117	26,004
Machinery	19,333	18,019	20,060
Other	1,543	2,688	1,523
	67,629	68,545	68,783
Intangible assets	1,382	1,401	1,433
Investments and other assets:			
Investments in securities	34,193	26,810	34,661
Other	16,858	13,922	16,596
Allowance for doubtful receivables	(1,504)	(1,098)	(1,646)
	49,547	39,634	49,611
	¥ 243,965	¥ 244,477	¥ 243,050

Note: This financial statements are unaudited.

LIABILITIES AND NET ASSETS	Millions of yen		
	Jun 30, 2006	Jun 30, 2005	Mar 31, 2006
Current liabilities:			
Short-term borrowings	¥ 8,192	¥ 8,662	¥ 8,943
Long-term debt due within one year	1,070	1,151	1,091
Trade notes and accounts payable	46,397	50,460	43,879
Income taxes payable	369	401	500
Other	18,980	24,737	17,732
Total current liabilities	75,008	85,411	72,145
Long-term liabilities:			
Long-term debt due after one year	38,330	31,087	38,387
Employees' severance and retirement benefits	1,417	1,995	1,532
Directors' and statutory auditors' retirement benefits	907	813	894
Other long-term liabilities	8,364	2,332	8,281
Total long-term liabilities	49,018	36,227	49,094
Minority interests	-	508	663
Shareholders' equity:			
Common stock	-	22,415	22,415
Capital surplus	-	24,021	24,021
Retained earnings	-	71,720	65,473
Net unrealized holding gains on securities	-	5,149	9,047
Foreign currency translation adjustments	-	(194)	979
Treasury stock, at cost	-	(780)	(787)
Total shareholders' equity	-	122,331	121,148
Net assets:			
Owners' equity			
Common stock	22,415	-	-
Capital surplus	24,021	-	-
Retained earnings	63,632	-	-
Treasury stock, at cost	(788)	-	-
Total owners' equity	109,280	-	-
Valuation and translation adjustments			
Net unrealized holding gains on securities	9,048	-	-
Net unrealized holding gains on derivative instruments	40	-	-
Foreign currency translation adjustments	905	-	-
Total valuation and translation adjustments	9,993	-	-
Minority interests	666	-	-
Total net assets	119,939	-	-
	¥ 243,965	¥ 244,477	¥ 243,050

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries-fiscal 2007 1Q (Apr 1-Jun 30, 2006), fiscal 2006 1Q (Apr 1-Jun 30, 2005) and fiscal 2006 (Apr 1, 2005-Mar 31, 2006)

	Millions of yen		
	Apr 1-Jun 30, 2006	Apr 1-Jun 30, 2005	Apr 1, 2005-Mar 31, 2006
Net sales	¥ 118,669	¥ 126,643	¥ 517,275
Cost and expenses:			
Cost of sales	96,888	103,898	420,571
Selling, general and administrative expenses	22,289	23,576	100,641
Operating loss	(508)	(831)	(3,937)
Other income (expenses):			
Interest and dividend income	173	150	325
Interest expense	(235)	(239)	(916)
Loss on disposals of property, plant and equipment	(48)	(153)	(618)
Gain on transfer of substitutional portion of social welfare pension insurance scheme	-	-	679
Equity in earnings of affiliates	(374)	50	1,032
Impairment losses on fixed assets	-	(1,791)	(1,792)
Other, net	277	262	919
	(207)	(1,721)	(371)
Loss before income taxes and minority interests	(715)	(2,552)	(4,308)
Provision for income taxes	279	(452)	4,010
Minority interests	(13)	(23)	(53)
Net loss	¥ (1,007)	¥ (2,123)	¥ (8,371)

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2007

	Millions of yen	
	2007 interim	2007
Net sales	¥ 250,000	¥ 510,000
Net income (loss)	(1,550)	200
	Yen	
	2007	
Net income per share	¥ 0.96	

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 2007 1Q (Apr 1-Jun 30, 2006), fiscal 2006 1Q (Apr 1-Jun 30, 2005) and fiscal 2006 (Apr 1, 2005-Mar 31, 2006)

	Millions of yen		
	Apr 1-Jun 30, 2006	Apr 1-Jun 30, 2005	Apr 1, 2005-Mar 31, 2006
Cash flows from operating activities:			
Loss before income taxes and minority interests	¥ (715)	¥ (2,552)	¥ (4,308)
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,673	1,620	7,166
Impairment losses on fixed assets	-	1,791	1,792
Decrease in employees' severance and retirement benefits	(116)	(62)	(524)
Increase (decrease) in allowance for doubtful receivables	(74)	12	439
Interest and dividend income	(173)	(150)	(325)
Interest expense	235	239	916
Equity in earnings of affiliates	374	(50)	(1,032)
Write-down of investments in securities	-	-	31
Loss on sales of property, plant and equipment	4	49	26
Loss on disposals of property, plant and equipment	35	83	394
Decrease (increase) in notes and accounts receivable	(641)	(2,389)	1,345
Increase in inventories	(2,112)	(11,216)	(6,517)
Increase in notes and accounts payable	2,520	7,356	1,187
Increase (decrease) in accrued consumption taxes	421	88	(22)
Other, net	(22)	241	(1,237)
	1,409	(4,940)	(669)
Interest and dividends received	214	200	690
Interest paid	(350)	(357)	(919)
Income taxes paid	(410)	(1,142)	(2,174)
Income taxes refunded	-	6	251
Net cash provided by (used in) operating activities	863	(6,233)	(2,821)
Cash flows from investing activities:			
Investments in time deposits	(20)	(20)	(120)
Proceeds from time deposits	20	28	205
Acquisitions of property, plant and equipment	(1,098)	(1,950)	(12,740)
Proceeds from sale of property, plant and equipment	9	120	573
Acquisitions of intangible assets	(44)	(44)	(337)
Payments for purchase of investment securities	(114)	(35)	(93)
Proceeds from sales of investment securities	-	20	194
Payments for purchases of investments in subsidiaries	-	(270)	(331)
Disbursement of loans receivable	(476)	(359)	(1,825)
Collection of loans receivable	400	418	1,618
Other, net	(28)	(22)	23
Net cash used in investing activities	(1,351)	(2,114)	(12,833)
Cash flows from financing activities:			
Decrease in short-term borrowings, net	(563)	(1,112)	(1,269)
Proceeds from long-term debt	352	399	9,780
Repayments of long-term debt	(420)	(612)	(1,381)
Proceeds from issuance of bonds	-	10,100	10,100
Redemption of bonds	(10)	(10,000)	(10,010)
Proceeds from minority shareholders of consolidated subsidiaries	-	-	135
Payments for purchase of treasury stock	(1)	(2)	(9)
Dividends paid	(630)	(1,503)	(1,668)
Dividends paid to minority shareholders of consolidated subsidiaries	(10)	(8)	(8)
Net cash provided by (used in) financing activities	(1,282)	(2,738)	5,670
Effect of exchange rate changes on cash and cash equivalents	(20)	49	228
Net decrease in cash and cash equivalents	(1,790)	(11,036)	(9,756)
Cash and cash equivalents at beginning of year	14,342	24,098	24,098
New consolidated subsidiary's cash and cash equivalents at beginning of year	-	269	-
Cash and cash equivalents at end of year	¥ 12,552	¥ 13,331	¥ 14,342

Note: This financial statements are unaudited.