

## 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 |
| <b>Current assets:</b>                     |                 |              |              |
| 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                       | 134,897         | 132,845      | 128,968      |
| <b>Investments and non-current assets:</b> |                 |              |              |
| 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)      |
|  | 39,634          | 39,654       | 39,588       |
| <b>Property, plant and equipment:</b>      |                 |              |              |
| 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        |
|  | 68,545          | 64,940       | 67,834       |
| <b>Intangible assets</b>                   | 1,401           | 1,444        | 1,476        |
|  | ¥ 244,477       | ¥ 238,883    | ¥ 237,866    |

Note: This financial statements are unaudited.

| LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY | Millions of yen |              |              |
|--|-----------------|--------------|--------------|
|  | Jun 30, 2005    | Jun 30, 2004 | Mar 31, 2005 |
| <b>Current liabilities:</b>                              |                 |              |              |
| 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                                | 85,411          | 90,072       | 86,623       |
| <b>Long-term liabilities:</b>                            |                 |              |              |
| 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                              | 36,227          | 25,636       | 24,924       |
| <b>Minority interests</b>                                | 508             | 472          | 475          |
| <b>Shareholders' equity:</b>                             |                 |              |              |
| 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                               | 122,331         | 122,703      | 125,844      |
|  | ¥ 244,477       | ¥ 238,883    | ¥ 237,866    |

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 |
| <b>Net sales</b>  | <b>¥ 126,643</b>   | <b>¥ 118,965</b>   | <b>¥ 505,461</b>         |
| <b>Cost and expenses:</b>                                       |                    |                    |                          |
| Cost of sales   | 103,898            | 94,419             | 402,429                  |
| Selling, general and administrative expenses                    | 23,576             | 22,456             | 98,431                   |
| <b>Operating income (loss)</b>                                  | <b>(831)</b>       | <b>2,090</b>       | <b>4,601</b>             |
| <b>Other income (expenses):</b>                                 |                    |                    |                          |
| 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                      |
|   | <b>(1,721)</b>     | <b>602</b>         | <b>3,108</b>             |
| <b>Income (loss) before income taxes and minority interests</b> | <b>(2,552)</b>     | <b>2,692</b>       | <b>7,709</b>             |
| Provision for income taxes                                      | (452)              | 1,347              | 2,782                    |
| Minority interests  | (23)               | (25)               | (55)                     |
| <b>Net income (loss)</b>  | <b>¥ (2,123)</b>   | <b>¥ 1,320</b>     | <b>¥ 4,872</b>           |

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 |
| <b>Cash flows from operating activities:</b>  |                    |                    |                          |
| 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)                  |
|   | (4,940)            | (3,829)            | 3,603                    |
| 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   | (6,233)            | (4,894)            | 3,804                    |
| <b>Cash flows from investing activities:</b>  |                    |                    |                          |
| 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   | (2,114)            | (750)              | (5,354)                  |
| <b>Cash flows from financing activities:</b>  |                    |                    |                          |
| 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   | (2,738)            | (1,486)            | (2,950)                  |
| Effect of exchange rate changes on cash and cash equivalents  | 49                 | (21)               | (21)                     |
| Net decrease in cash and cash equivalents   | (11,036)           | (7,151)            | (4,521)                  |
| 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  | ¥ 13,331           | ¥ 21,467           | ¥ 24,098                 |

Note: This financial statements are unaudited.