

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries

ASSETS	Millions of yen		
	Jun 30, 2004	Jun 30, 2003	Mar 31, 2004
Current assets:			
Cash and time deposits	¥ 21,768	¥ 23,575	¥ 28,943
Marketable securities	20	145	20
Trade notes and accounts receivables	53,501	51,738	49,726
Allowance for doubtful receivables	(458)	(404)	(420)
Inventories	52,983	44,860	42,504
Other current assets	5,031	5,637	3,450
Total current assets	<u>132,845</u>	<u>125,551</u>	<u>124,223</u>
Investments and non-current assets:			
Investment securities	26,452	20,283	26,040
Other	14,637	14,130	14,603
Allowance for doubtful receivables	(1,435)	(2,032)	(1,588)
	<u>39,654</u>	<u>32,381</u>	<u>39,055</u>
Property, plant and equipment:			
Land	21,213	23,438	20,968
Buildings and structures	26,162	28,030	26,106
Machinery	16,014	17,551	16,078
Other	1,551	1,745	1,713
	<u>64,940</u>	<u>70,764</u>	<u>64,865</u>
Intangible assets	1,444	705	1,257
	<u>¥ 238,883</u>	<u>¥ 229,401</u>	<u>¥ 229,400</u>

Note: This financial statements are unaudited.

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of yen		
	Jun 30, 2004	Jun 30, 2003	Mar 31, 2004
Current liabilities:			
Bank loans	¥ 8,853	¥ 7,341	¥ 8,545
Long-term debt due within one year	11,106	1,777	1,147
Trade notes and accounts payable	48,102	42,819	37,959
Income taxes payable	1,817	472	1,524
Other	20,194	23,403	21,817
Total current liabilities	90,072	75,812	70,992
Long-term liabilities:			
Long-term debt due after one year	21,230	31,365	30,545
Employees' severance and retirement benefits	2,451	4,631	2,492
Directors' and statutory auditors' retirement benefits	825	895	802
Other long-term liabilities	1,130	105	1,185
Total long-term liabilities	25,636	36,996	35,024
Minority interests	472	416	454
Shareholders' equity:			
Common stock	22,415	22,415	22,415
Capital surplus	24,021	24,021	24,021
Retained earnings	71,959	68,252	72,306
Net unrealized holding gains on securities	5,870	2,155	5,870
Foreign currency translation adjustments	(797)	(642)	(919)
Treasury stock, at cost	(765)	(24)	(763)
Total shareholders' equity	122,703	116,177	122,930
	¥ 238,883	¥ 229,401	¥ 229,400

Note: This financial statements are unaudited.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries

	Millions of yen		
	Apr 1-Jun 30, 2004	Apr 1-Jun 30, 2003	Apr 1, 2003-Mar 31, 2004
Net sales	¥ 118,965	¥ 114,056	¥ 492,661
Cost and expenses:			
Cost of sales	94,419	90,144	386,664
Selling, general and administrative expenses	22,456	22,897	98,682
Operating income	2,090	1,015	7,315
Other income (expenses):			
Interest and dividend income	156	148	291
Interest expense	(235)	(209)	(856)
Gain (loss) on disposal of property, plant and equipment	437	(27)	(1,745)
Gain on transfer of substitutional portion of social welfare pension insurance scheme	-	-	5,810
Losses on the revision of the retirement benefits plan	-	(1,250)	(1,247)
Write-down of property, plant and equipment	-	-	(1,100)
Equity in earnings of associated companies	14	(43)	615
Additional retirement indemnity for early retirement	-	-	(3,290)
Other, net	230	234	983
	602	(1,147)	(539)
Income (loss) before income taxes and minority interest	2,692	(132)	6,776
Provision for income taxes	1,347	197	3,012
Minority interests	(25)	(27)	(67)
Net income (loss)	¥ 1,320	¥ (356)	¥ 3,697

Note: This financial statements are unaudited.

Forecast of consolidated operating results for the years ending March 31, 2005

	Millions of yen	
	2005 interim	2005
Net sales	¥ 245,000	¥ 510,000
Operating income	4,400	10,000
Ordinary income	4,700	10,800
Net income	2,300	6,000
		Yen
		2005
Net income per share		¥ 28.79

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

	Millions of yen		
	Apr 1-Jun 30, 2004	Apr 1-Jun 30, 2003	Apr 1, 2003-Mar 31, 2004
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 2,692	¥ (132)	¥ 6,776
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,533	1,655	6,683
Increase (decrease) in employees' severance and retirement benefits	(41)	507	(1,632)
Increase (decrease) in allowance for doubtful receivables	(115)	9	(414)
Interest and dividend income	(156)	(148)	(291)
Interest expense	235	209	856
Equity in earnings of associated companies	(14)	43	(615)
Write-down of investment securities	-	-	169
Loss (gain) on sale of property, plant and equipment	(476)	(76)	409
Loss on disposal of property, plant and equipment	34	89	1,224
Write-down of property, plant and equipment	-	-	1,100
Increase in notes and accounts receivable	(3,296)	(3,357)	(994)
Increase in inventories	(10,464)	(6,974)	(3,428)
Increase in notes and accounts payable	9,961	7,382	2,523
Decrease in accrued consumption taxes	(304)	(1,170)	(1,083)
Other, net	(3,418)	1,476	365
	(3,829)	(487)	11,648
Interest and dividends received	179	147	412
Interest paid	(345)	(323)	(862)
Income taxes paid	(899)	(884)	(2,347)
Income taxes refunded	-	-	257
Net cash provided by (used in) operating activities	(4,894)	(1,547)	9,108
Cash flows from investing activities:			
Investments in time deposits	(20)	(24)	(183)
Proceeds from time deposits	42	10	230
Acquisitions of property, plant and equipment	(728)	(878)	(5,423)
Proceeds from sale of property, plant and equipment	609	161	883
Acquisitions of intangible assets	(95)	(8)	(699)
Payments for purchases of investment securities	(279)	(333)	(526)
Proceeds from sales of investment securities	0	170	1,752
Payments for purchases of new consolidated subsidiary's stock	(20)	-	-
Disbursement of loans receivable	(297)	(280)	(1,470)
Collection of loans receivable	141	127	658
Other, net	(103)	(142)	(75)
Net cash used in investing activities	(750)	(1,197)	(4,853)
Cash flows from financing activities:			
Increase in short-term bank loans, net	316	908	1,857
Proceeds from long-term debt	30	50	334
Repayments of long-term debt	(380)	(357)	(2,043)
Payments for purchase of treasury stock	(2)	(1)	(740)
Dividends paid	(1,443)	(1,406)	(1,683)
Dividends paid to minority shareholders of consolidated subsidiaries	(7)	(6)	(6)
Net cash used in financing activities	(1,486)	(812)	(2,281)
Effect of exchange rate changes on cash and cash equivalents	(21)	26	(63)
Net increase (decrease) in cash and cash equivalents	(7,151)	(3,530)	1,911
Cash and cash equivalents at beginning of year	28,618	26,708	26,708
Cash and cash equivalents at end of year	¥ 21,467	¥ 23,178	¥ 28,619

Note: This financial statements are unaudited.