

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. and Consolidated Subsidiaries-March 31, 2004 and 2003

ASSETS	Millions of yen	
	2004	2003
Current assets:		
Cash and time deposits	¥ 28,943	¥ 23,591
Marketable securities	20	3,644
Receivables:		
Trade notes and accounts	49,726	48,366
Other	191	328
Allowance for doubtful receivables	(420)	(404)
	<u>49,497</u>	<u>48,290</u>
Inventories	42,504	37,668
Deferred tax assets	1,484	1,583
Other current assets	<u>1,775</u>	<u>1,568</u>
Total current assets	<u>124,223</u>	<u>116,344</u>
Investments and non-current assets:		
Investment securities	26,040	19,902
Long-term receivables	2,121	1,167
Long-term deferred tax assets	637	3,099
Other	11,845	9,796
Allowance for doubtful receivables	<u>(1,588)</u>	<u>(2,020)</u>
	<u>39,055</u>	<u>31,944</u>
Property, plant and equipment:		
Land	20,968	23,442
Buildings and structures	26,106	28,213
Machinery and equipment	17,402	18,495
Breeding livestock	55	56
Construction in progress	<u>334</u>	<u>154</u>
	<u>64,865</u>	<u>70,360</u>
Intangible assets	<u>1,257</u>	<u>735</u>
	<u><u>229,400</u></u>	<u><u>219,383</u></u>

Note: This financial statements are unaudited. Final audited results may vary slightly from those listed.
For detailed information, please see Itoham's annual report scheduled for release in mid-August 2004.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2004	2003
Current liabilities:		
Bank loans	¥ 8,545	¥ 6,183
Long-term debt due within one year	1,147	2,057
Trade notes and accounts payable	37,959	35,431
Income taxes payable	1,524	1,184
Deferred tax liabilities	56	63
Other	21,761	19,733
Total current liabilities	70,992	64,651
Long-term liabilities:		
Long-term debt due after one year	30,545	31,390
Employees' severance and retirement benefits	2,492	4,124
Directors' and statutory auditors' retirement benefits	802	917
Long-term deferred tax liabilities	710	93
Other long-term liabilities	475	43
Total long-term liabilities	35,024	36,567
Minority interests	454	394
Shareholders' equity:		
Common stock	22,415	22,415
Capital surplus	24,021	24,021
Retained earnings	72,306	70,292
Net unrealized holding gains on securities	5,870	2,155
Foreign currency translation adjustments	(919)	(1,089)
Treasury stock, at cost	(763)	(23)
Total shareholders' equity	122,930	117,771
	229,400	219,383

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CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2004 and 2003

	Millions of yen	
	2004	2003
Net sales	¥ 492,661	¥ 473,891
Cost and expenses:		
Cost of sales	386,664	374,200
Selling, general and administrative expenses	98,682	95,923
Operating income	7,315	3,768
Other income (expenses):		
Interest and dividend income	291	257
Interest expense	(856)	(1,065)
Gain on sale of marketable and investment securities, net	382	6
Loss on disposal of property, plant and equipment	(1,745)	(323)
Write-down of investment securities	(169)	(1,155)
Write-down of property, plant and equipment	(1,100)	(1,055)
Equity in earnings of associated companies	615	1,067
Provision for doubtful receivables	(7)	(487)
Other, net	2,050	314
	(539)	(2,441)
Income before income taxes and minority interests	6,776	1,327
Income taxes-current	2,425	1,539
-deferred	587	(563)
Minority interests	(67)	(38)
Net income	3,697	313

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*Estimation of business results for the years ended March 31, 2005

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

ITOHAM FOODS INC. and Consolidated Subsidiaries- Years ended March 31, 2004 and 2003

	Millions of yen	
	2004	2003
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 6,776	¥ 1,327
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	6,683	7,204
Decrease (increase) in employees' severance and retirement benefits	(1,632)	357
Decrease (increase) in allowance for doubtful receivables	(414)	234
Interest and dividend income	(291)	(257)
Interest expense	856	1,065
Equity in earnings of associated companies	(615)	(1,067)
Write-down of investment securities	169	1,155
Loss (gain) on sale of property, plant and equipment	409	(219)
Loss on disposal of property, plant and equipment	1,224	467
Write-down of property, plant and equipment	1,100	1,055
Increase (decrease) in notes and accounts receivable	(994)	3,949
Increase (decrease) in inventories	(3,428)	10,032
Increase (decrease) in notes and accounts payable	2,523	(6,674)
Decrease (increase) in accrued consumption taxes	(1,083)	1,379
Other, net	365	2,378
	<u>11,648</u>	<u>22,385</u>
Interest and dividends received	412	482
Interest paid	(862)	(1,086)
Income taxes paid	(2,347)	(664)
Income taxes refunded	257	1,666
Net cash provided by operating activities	<u>9,108</u>	<u>22,783</u>
Cash flows from investing activities:		
Investments in time deposits	(183)	(243)
Proceeds from time deposits	230	366
Acquisitions of property, plant and equipment	(5,423)	(4,695)
Proceeds from sale of property, plant and equipment	883	1,507
Acquisitions of intangible assets	(699)	(156)
Payments for purchases of investment securities	(526)	(1,037)
Proceeds from sales of investment securities	1,752	602
Disbursement of loans receivable	(1,470)	(737)
Collection of loans receivable	658	849
Other, net	(75)	154
Net cash used in investing activities	<u>(4,853)</u>	<u>(3,390)</u>
Cash flows from financing activities:		
Decrease (increase) in short-term bank loans, net	1,857	(1,087)
Proceeds from long-term debt	334	14,771
Repayments of long-term debt	(2,043)	(744)
Repayments of bonds	-	(3,000)
Repayments of convertible bonds	-	(19,655)
Payments for purchase of treasury stock	(740)	(20)
Dividends paid	(1,683)	(1,683)
Dividends paid to minority shareholders of consolidated subsidiaries	(6)	(5)
Net cash used in financing activities	<u>(2,281)</u>	<u>(11,423)</u>
Effect of exchange rate changes on cash and cash equivalents	(63)	(69)
Net increase in cash and cash equivalents	1,911	7,901
Cash and cash equivalents at beginning of year	<u>26,708</u>	<u>18,807</u>
Cash and cash equivalents at end of year	<u>¥ 28,619</u>	<u>¥ 26,708</u>

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NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC.-March 31, 2004 and 2003

ASSETS	Millions of yen	
	2004	2003
Current assets:		
Cash and time deposits	¥ 20,172	¥ 14,493
Marketable securities	20	3,641
Receivables:		
Trade notes and accounts	49,465	49,833
Other	1,216	610
Allowance for doubtful receivables	(180)	(775)
	<u>50,501</u>	<u>49,668</u>
Inventories	28,060	25,491
Deferred tax assets	659	790
Other current assets	1,291	1,373
Total current assets	<u>100,703</u>	<u>95,456</u>
Investments and non-current assets:		
Investment securities	34,662	28,849
Long-term receivables	13,189	13,331
Long-term deferred tax assets	-	2,603
Other	12,383	8,607
Allowance for doubtful receivables	(4,725)	(4,956)
	<u>55,509</u>	<u>48,434</u>
Property, plant and equipment:		
Land	15,823	18,268
Buildings and structures	16,807	18,543
Machinery and equipment	12,837	13,919
	<u>45,467</u>	<u>50,730</u>
Intangible assets	<u>987</u>	<u>450</u>
	<u>202,666</u>	<u>195,070</u>

Note: This financial statements are unaudited.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2004	2003
Current liabilities:		
Long-term debt due within one year	¥ 613	¥ 619
Trade notes and accounts payable	34,343	32,374
Income taxes payable	290	77
Other	14,750	12,535
Total current liabilities	49,996	45,605
Long-term liabilities:		
Long-term debt due after one year	28,474	29,081
Employees' severance and retirement benefits	222	655
Directors' and statutory auditors' retirement benefits	583	604
Long-term deferred tax liabilities	655	-
Other long-term liabilities	416	-
Total long-term liabilities	30,350	30,340
Shareholders' equity:		
Common stock	22,415	22,415
Capital surplus	24,020	24,020
Retained earnings	70,855	70,548
Net unrealized holding gains on securities	5,792	2,164
Treasury stock, at cost	(762)	(22)
Total shareholders' equity	122,320	119,125
	202,666	195,070

Note: This financial statements are unaudited.

