

CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC.-March 31, 2003 and 2002

ASSETS	Millions of yen	
	2003	2002
Current assets:		
Cash and time deposits	¥ 23,591	¥ 19,248
Marketable securities	3,644	3
Receivables:		
Trade notes and accounts	48,366	52,034
Other	328	154
Allowance for doubtful receivables	(404)	(426)
	48,290	51,762
Inventories	37,668	47,689
Deferred tax assets	1,583	1,450
Other current assets	1,568	4,775
Total current assets	116,344	124,927
Investments and non-current assets:		
Investment securities	19,902	21,101
Long-term receivables	1,167	1,454
Long-term deferred tax assets	3,099	2,108
Other	9,796	11,054
Allowance for doubtful receivables	(2,020)	(1,767)
	31,944	33,950
Property, plant and equipment:		
Land	23,442	23,673
Buildings and structures	28,213	30,782
Machinery and equipment	18,495	21,184
Breeding livestock	56	56
Construction in progress	154	169
	70,360	75,864
Intangible assets	735	621
	219,383	235,362

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 2003.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2003	2002
Current liabilities:		
Bank loans	¥ 6,183	¥ 7,312
Long-term debt due within one year	2,057	23,302
Notes and accounts payable	48,672	52,761
Income taxes payable	1,184	400
Deferred tax liabilities	63	56
Other	6,492	7,552
Total current liabilities	64,651	91,383
Long-term debt due after one year	31,390	18,788
Employees' severance and retirement benefits	4,124	3,765
Directors' and statutory auditors' retirement benefits	917	934
Long-term deferred tax liabilities	93	72
Other long-term liabilities	43	45
Minority interests	394	372
Shareholders' equity:		
Common stock	-	22,415
Additional paid-in capital	-	24,021
Retained earnings	-	71,676
Net unrealized holding gains on securities	-	2,882
Foreign currency translation adjustments	-	(989)
Treasury stock, at cost	-	(2)
Common stock	22,415	-
Additional paid-in capital	24,021	-
Retained earnings	70,292	-
Net unrealized holding gains on securities	2,155	-
Foreign currency translation adjustments	(1,089)	-
Treasury stock, at cost	(23)	-
Total shareholders' equity	117,771	120,003
	219,383	235,362

- Note: 1. 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 2003.
2. Shareholders' equity is shown on the consolidated balance sheet as of March 31, 2003 in line with amended guidelines for the preparation of consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2003 and 2002

	Millions of yen	
	2003	2002
Net sales	¥ 473,891	¥ 465,639
Cost and expenses:		
Cost of sales	374,200	372,775
Selling, general and administrative expenses	95,923	91,862
Operating income	3,768	1,002
Other income(expenses):		
Interest and dividend income	257	305
Interest expense	(1,065)	(1,168)
Gain on sale of marketable and investment securities, net	6	38
Gain(loss) on disposal of property, plant and equipment	(323)	553
Write-down of investment securities	(1,155)	(1,068)
Write-down of property, plant and equipment	(1,055)	-
Equity in earnings of associated companies	1,067	1,128
Write-down of inventories	-	(1,122)
Provision for doubtful receivables	(487)	(650)
Other, net	314	1,172
	(2,441)	(812)
Income before income taxes	1,327	190
Income taxes-current	1,539	1,510
-deferred	(563)	(611)
Minority interests	(38)	2
Net income(loss)	313	(707)

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 2003.

*Estimation of business results for the years ended March 31, 2004

	Millions of yen	
	2004 interim	2004
Net sales	¥ 245,000	¥ 500,000
Ordinary income	4,000	10,000
Net income	1,400	4,500
	Yen	
		2004
Net income per share		¥ 21.39

CONSOLIDATED STATEMENT OF CASH FLOWS

ITOHAM FOODS INC. - Years ended March 31, 2003 and 2002

	Millions of yen	
	2003	2002
Cash flows from operating activities:		
Income before income taxes	¥ 1,327	¥ 190
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	7,204	8,631
Increase(decrease) in employees' severance and retirement benefits	357	(88)
Increase in allowance for doubtful receivables	234	836
Interest and dividend income	(257)	(305)
Interest expense	1,065	1,168
Equity in earnings of associated companies	(1,067)	(1,128)
Write-down of investment securities	1,155	1,068
Gain on sale of property, plant and equipment	(219)	(1,184)
Loss on disposal of property, plant and equipment	467	487
Write-down of property, plant and equipment	1,055	-
Decrease in notes and accounts receivable	3,949	1,429
Increase(decrease) in inventories	10,032	(5,484)
Decrease in notes and accounts payable	(6,674)	(3,735)
Increase(decrease) in accrued consumption taxes	1,379	(514)
Other	2,378	(1,389)
	<u>22,385</u>	<u>(18)</u>
Interest and dividends received	482	402
Interest paid	(1,086)	(1,065)
Income taxes paid	(664)	(5,834)
Income taxes refund	1,666	-
Net cash provided by (used in) operating activities	<u>22,783</u>	<u>(6,515)</u>
Cash flows from investing activities:		
Investments in time deposits	(243)	(285)
Proceeds from time deposits	366	166
Acquisitions of property, plant and equipment	(4,695)	(8,631)
Proceeds from sale of property, plant and equipment	1,507	1,951
Acquisitions of intangible assets	(156)	(172)
Payments for purchases of investment securities	(1,037)	(567)
Proceeds from sales of investment securities	602	401
Disbursement of loans receivables	(737)	(412)
Collection of loans receivables	849	1,137
Other	154	(274)
Net cash used in investing activities	<u>(3,390)</u>	<u>(6,686)</u>
Cash flows from financing activities:		
Increase(decrease) in short-term bank loans, net	(1,087)	1,212
Proceeds from long-term debt	14,771	1,911
Repayments of long-term debt	(744)	(1,051)
Repayments of bonds	(3,000)	-
Repayments of convertible bonds	(19,655)	-
Proceeds from issuance of common stock to minority shareholders of consolidated subsidiaries	-	35
Payments for purchase of treasury stock	(20)	(2,361)
Dividends paid	(1,683)	(1,723)
Dividends paid to minority shareholders of consolidated subsidiaries	(5)	(4)
Net cash used in financing activities	<u>(11,423)</u>	<u>(1,981)</u>
Effect of exchange rate changes on cash and cash equivalents	(69)	153
Net increase(decrease) in cash and cash equivalents	<u>7,901</u>	<u>(15,029)</u>
Cash and cash equivalents at beginning of year	<u>18,807</u>	<u>33,836</u>
Cash and cash equivalents at end of year	<u>26,708</u>	<u>18,807</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 2003.

NON-CONSOLIDATED BALANCE SHEETS

ITOHAM FOODS INC. - March 31, 2003 and 2002

ASSETS	Millions of yen	
	2003	2002
Current assets:		
Cash and time deposits	¥ 14,493	¥ 13,039
Marketable securities	3,641	-
Receivables:		
Trade notes and accounts	49,833	51,668
Other	610	245
Allowance for doubtful receivables	(775)	(719)
	49,668	51,194
Inventories	25,491	32,946
Deferred tax assets	790	1,104
Other current assets	1,373	3,567
Total current assets	95,456	101,850
Investments and non-current assets:		
Investment securities	28,849	30,637
Long-term receivables	13,331	14,607
Long-term deferred tax assets	2,603	1,933
Other	8,607	9,440
Allowance for doubtful receivables	(4,956)	(4,261)
	48,434	52,356
Property, plant and equipment:		
Land	18,268	18,449
Buildings and structures	18,543	19,815
Machinery and equipment	13,919	15,650
Construction in progress	-	105
	50,730	54,019
Intangible assets	450	418
	195,070	208,643

Note: This financial statements are unaudited.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2003	2002
Current liabilities:		
Long-term debt due within one year	¥ 619	¥ 22,655
Notes and accounts payable	41,491	43,854
Income taxes payable	77	-
Other	3,418	4,790
Total current liabilities	<u>45,605</u>	<u>71,299</u>
Long-term debt due after one year	29,081	15,000
Employees' severance and retirement benefits	655	277
Directors' and statutory auditors' retirement benefits	604	736
Shareholders' equity:		
Common stock	-	22,415
Additional paid-in capital	-	24,020
Legal reserve	-	5,604
Retained earnings	-	66,463
Net unearned holding gains on securities	-	2,831
Treasury stock, at cost	-	(2)
Common stock	22,415	-
Additional paid-in capital	24,020	-
Retained earnings	70,548	-
Net unearned holding gains on securities	2,164	-
Treasury stock, at cost	(22)	-
Total shareholders' equity	<u>119,125</u>	<u>121,331</u>
	<u>195,070</u>	<u>208,643</u>

Note: This financial statements are unaudited.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

ITOHAM FOODS INC. - Years ended March 31, 2003 and 2002

	Millions of yen	
	2003	2002
Net sales	¥ 401,906	¥ 396,563
Cost and expenses:		
Cost of sales	352,730	346,264
Selling, general and administrative expenses	46,694	49,420
Operating income	2,482	879
Other income(expenses):		
Interest and dividend income	757	710
Interest expense	(690)	(737)
Gain(loss) on sale of marketable and investment securities, net	6	38
Gain(loss) on disposal of property, plant and equipment	(76)	655
Write-down of investment securities	(1,115)	(1,317)
Write-down of inventories	-	(1,122)
Provision for doubtful receivables	(1,005)	(2,708)
Other, net	324	1,171
	(1,799)	(3,310)
Income(loss) before income taxes	683	(2,431)
Income taxes-current	300	683
-deferred	218	(1,547)
Net income(loss)	165	(1,567)

Note: This financial statements are unaudited.

*Estimation of business results for the years ended March 31, 2004

	Millions of yen	
	2004 interim	2004
Net sales	¥ 203,000	¥ 417,000
Ordinary income	2,100	4,800
Net income	300	1,700
	Yen	
Net income per share		¥ 8.08