



KIKKOMAN CORPORATION

ANNUAL REPORT 2009

Year ended March 31, 2009

Profile

KIKKOMAN CORPORATION takes pride in enriching the lives of consumers throughout the world with the distinctive qualities of its food seasonings. The No. 1 producer of soy sauce in the world, Kikkoman has grown from humble beginnings in the 17th century to become a company that provides a comprehensive range of foodstuffs, fine wines, superb dining, and effective biotechnology. We are constantly searching for new recipes to enhance the flavors of Western and Oriental cuisines, drawing on more than 350 years of natural brewing experience. Superseding these activities is a higher goal of contributing to the health and happiness of the communities in the almost 100 countries in which we operate.

On the Front Cover



Crabe poché et Ikura au soja
Poached crab with salmon roe marinated in soy sauce

Use the crab shell as a dish and fill it with the poached crab meat including the legs. Squeeze saffron mayonnaise on to the surface of the crab, and garnish with Parisienne carrots and salmon roe marinated in soy sauce. Sprinkle the carrots with dill. Place the crab shell on a bed of sargassum seaweed to serve.

Contents

1	Kikkoman Corporation Shifts to a Holding Company Structure
2	Financial Highlights
3	Message From the Management
8	Management's Discussion and Analysis
17	Financial Section
18	Consolidated Balance Sheets
20	Consolidated Statements of Income
21	Consolidated Statements of Net Assets
22	Consolidated Statements of Cash Flows
23	Notes to Consolidated Financial Statements
37	Report of Independent Auditors
38	Major Group Companies
40	Corporate History
41	Board of Directors and Officers/Corporate Data

Forward-Looking Statements:

Statements made in this annual report with respect to the Kikkoman Group's present plans, outlook, strategies and projections regarding future business results inherently involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions, conditions in the group's business domains and exchange rates. Please be aware that actual results could differ significantly from forecasts because of these risks and uncertainties.

Kikkoman Corporation Shifts to a Holding Company Structure

Kikkoman Corporation will shift to a holding company structure effective October 1, 2009.

The transition will entail the creation of several new spin-offs to operate the Group's existing businesses. Kikkoman's food manufacturing and sales will be transferred to operating company Kikkoman Food Products Company, its beverage sales business to Kikkoman Beverage Company, and its general affairs, personnel, accounting, information systems, and other back-end operations to Kikkoman Business Service Company.

The Group is shifting to a holding company management structure to support its growth strategy going forward. The specific aims of the transition are as follows:

1) Strengthen strategic capabilities

By adopting a holding company structure, the Kikkoman Group aims to strengthen its strategic planning capabilities and optimize allocation of the Group's corporate resources.

2) Enhance value creation in each of the operating companies

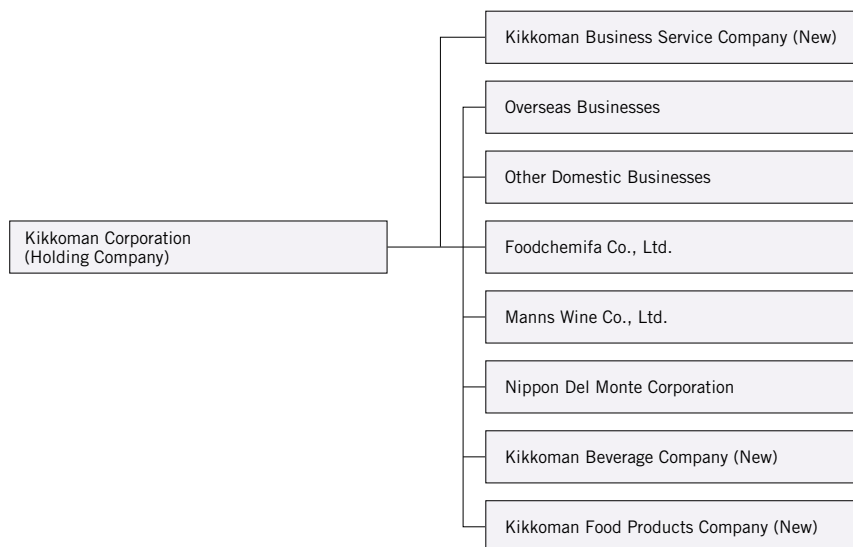
In accordance with the strategies of the Kikkoman Group, each of the operating companies will utilize its responsibility and authority to focus on its own specific field of operations and work to provide value-added products and services.

3) Maximize group synergies

With the holding company at its core, the Kikkoman Group will work to generate synergies across the entire group by fully utilizing its human resources, technology, and expertise.

The planned organization of the Kikkoman Group after the transition to a holding company structure is as follows.

After Transition to Holding Company Structure (planned as of October 1, 2009)



Financial Highlights

Kikkoman Corporation and Consolidated Subsidiaries

Years ended March 31	Millions of yen					Thousands of U.S. dollars (Note 5)
	2009	2008	2007	2006	2005	2009
For the year:						
Net sales	¥412,649	¥413,938	¥392,611	¥359,906	¥344,625	\$4,210,704
Operating income	20,368	23,854	21,646	18,557	17,847	207,836
Net income	2,746	11,447	10,739	10,125	9,487	28,020
At year-end:						
Total assets	¥310,873	¥342,287	¥348,995	¥331,781	¥295,802	\$3,172,173
Property, plant and equipment, net	96,671	134,042	133,522	114,062	113,715	986,438
Interest-bearing debt (Note 1)	102,083	78,716	70,616	69,396	54,853	1,041,663
Net assets (Note 2)	161,817	199,415	206,919	–	–	1,651,193
Shareholders' equity, net	–	–	–	168,676	147,370	–
Per share data:						
Net income (Note 3)	¥13.59	¥59.16	¥55.49	¥51.80	¥48.16	\$0.13
Diluted net income	13.59	59.12	55.45	51.79	–	0.13
Cash dividends applicable to the year (Note 4)	15.00	15.00	15.00	12.00	10.00	0.15

- Notes: 1. Interest-bearing debt refers to all liabilities on the consolidated balance sheets on which interest is paid.
 2. ASBJ Statement No. 5 "Accounting Standard for Presentation of Net Assets in the Balance Sheet" has been adopted from the year ended March 31, 2007.
 3. Net income per share is computed based on the weighted average number of shares outstanding during the year.
 4. The fiscal year ended March 31, 2007 dividend includes a commemorative dividend of ¥3.00 per share.
 5. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥98=US\$1.00.

Message From the Management

The Fiscal Year in Review

The world economy in the fiscal year ended March 31, 2009 worsened sharply in the Fall of 2008 under the weight of the global financial crisis. Looking forward, the future remains uncertain, and it is possible that we will witness still more serious financial uncertainty and major fluctuations in the stock and currency exchange markets.

Amid this environment, in Japan the Kikkoman Group saw strong sales of soy sauce derivative products, but sales in the mainstay soy sauce and beverages businesses suffered. These results combined with steep rises in the price of raw materials led to decreases in both sales and income in the domestic businesses. Overseas, results were affected both by deteriorating economic conditions and soaring prices of raw materials, and by the impact of currency translation related to the strong value of the yen. Nevertheless, sales were strong for the soy sauce, health foods and foods-wholesale businesses, and on a local currency basis we recorded higher sales and income.

As a result, consolidated net sales decreased 0.3% to ¥412,649 million, and operating income fell 14.6% to ¥20,368 million. Meanwhile, net income declined by 76.0% to ¥2,746 million, due in part to a loss on partial sale of investment in Tone Coca-Cola Bottling Co., Ltd. as announced on March 25, 2009, as well as an increase in corporate tax as a result of this sale.

Business Principles and Business Areas

The Kikkoman Group will shift to a holding company structure from October 1, 2009. Looking ahead to this change, we have revised our business principles based on the following three pillars:

1. To pursue the fundamental principle “consumer-oriented”
2. To promote the international exchange of food culture
3. To become a company whose existence is meaningful to the global society

We believe that the future performance and prosperity of a company cannot be achieved without high levels of customer satisfaction. Based on this recognition, the Kikkoman Group continues to develop valuable products and services that reflect the ever-changing needs of consumers.

As a food products manufacturer, Kikkoman’s fundamental mission is to produce higher quality products and services in an efficient, safe and hygienic manner. Kikkoman has a tradition of consistently upholding the highest standards of quality control, paying close attention to the quality of products, containers, and packaging at every business location and facility.

Kikkoman also promotes the international exchange of food culture by promoting Japanese food culture, primarily soy sauce, around the world. In addition to this, we hope to realize a fusion between Japanese foods and the food culture of each country around the world. In Japan, meanwhile, we intend to contribute to the continuation and development of domestic food culture.

Moreover, while contributing to society through our business activities, we intend to engage even more actively in environmental conservation and social activities in order to continue to be a model corporate citizen and coexist in harmony with society.

It is our hope that through steady, ongoing efforts to realize these initiatives, people around the world will come to appreciate and value Kikkoman.

Business Areas of the Kikkoman Group

The Kikkoman Group will pursue global operations in the following fields:

1. Manufacturing and marketing food products
2. Providing products and services related to food and health

Revisions to Medium-Term Management Plan

The Kikkoman Group announced a medium-term management plan in October 2007, covering the period from fiscal 2008–2011. Subsequently, however, we have seen unexpected changes in the business environment, including steep rises in raw materials prices, deterioration of global economic conditions, and the sharp appreciation of the yen. Moreover, in March 2009, Tone Coca-Cola Bottling Co., Ltd. was removed from the scope of consolidation. As a result of these events, we are currently considering revisions to our current medium-term management plan. We will announce any such revisions once they have been decided.

Long-Term Management Strategy and Key Topics

Kikkoman Corporation has adopted “Global Vision 2020,” as announced on April 3, 2008. This plan expresses our vision for the future of the Kikkoman Group and the basic strategy for reaching our set goals by 2020.

Vision for the Future

With Global Vision 2020, the Kikkoman Group sets the following three qualitative goals:

1. Make Kikkoman soy sauce a truly global seasoning
2. Be a company that supports a healthy lifestyle through food
3. Be a company whose existence is meaningful to the global society

Basic Strategy

Our basic strategy for realizing our vision for the future is comprised of the following four elements:

1. Global soy sauce strategy
2. Global strategy for oriental food wholesale
3. Del Monte business strategy
4. Health-related business strategy

Basic Approach to Corporate Governance

Kikkoman believes that responding to changes in the business environment and bolstering management of the Group as a whole to raise corporate value are fundamental to the success of managing a company that meets shareholders’ demands.

At the same time, one of our most important priorities is executing sound governance to fulfill our corporate responsibility to all stakeholders.

Corporate Governance Framework

Kikkoman is currently organized as a “company with auditors” as defined under Japanese corporate law. In order to further strengthen the corporate governance framework, we have also introduced a corporate officer system, appointed outside directors and outside corporate auditors, and established a Nominating Committee and Remuneration Committee with a view to realizing greater management transparency, clarifying responsibilities, accelerating decision-making, and strengthening management oversight.

In 2001, Kikkoman introduced a corporate officer system in order to accelerate decision-making and clarify responsibilities. The Board of Directors formulates Group management strategy, makes important decisions based on key decision-making guidelines, and oversees the performance of corporate officers.

In 2004, we established the positions of chief executive officer (CEO) and chief operating officer (COO). The CEO is the highest decision maker in Group management. Under the CEO, the Management Committee functions as a deliberative body for decision making. The COO holds the ultimate responsibility for business execution. Under the COO, the Corporate Officers Meeting functions as a deliberative body for decision making.

The corporate auditors conduct audits in accordance with the rules, auditing policies and audit plans established by the Board of Corporate Auditors. When planning audits, conducting quarterly reviews, and carrying out audits at the end of interim periods and the fiscal year, the corporate auditors meet with the independent auditors to hear briefings on plans and reports, receive reports, and exchange opinions. Auditing processes are carried out in collaboration with the Internal Auditing Department.

In June 2002, we formed the Nominating Committee and Remuneration Committee. Each committee now comprises four directors; three of whom are outside directors. The Nominating Committee makes recommendations on candidates for director, corporate officer, and corporate auditor to the Board of Directors. Candidates for corporate auditor are approved by the Board of Corporate Auditors. Meanwhile, the Remuneration Committee formulates remuneration proposals for directors, corporate auditors, and corporate officers.

Establishing an internal control system that ensures proper implementation of operations is one of our important compliance issues. Based on this belief, we are making Group-wide efforts to reinforce a framework that ensures effective and efficient operations that comply with laws and regulations.

In order to enhance internal control systems, we have been making appropriate revisions, when necessary, to the basic policy. The original policy was determined by the Board of Directors in May 2006.

In response to rules regarding evaluation and supervision of internal control reporting under the Financial Instruments and Exchange Act that went into effect in April 2008, we established a new Internal Control Department in November 2008. Additionally, we formulated another basic policy regarding internal controls over financial reporting, and created a framework for enhancing such controls.

Basic Policy on Distribution of Profits

Kikkoman considers its shareholder dividend policy to be a key management issue. Our basic policy is to reward shareholders with a distribution of profits, backed by strong financial performance on a consolidated basis, while using funds to strengthen the company's corporate foundation, and future businesses.

On a long-term basis, we will deploy internal reserves in ways that create robust corporate value. Our future plans include market investments and strategic investments to expand our international operations, streamline production facilities, conduct research and development targeting new businesses, and cultivate new demand.

In fiscal 2009, we paid an annual dividend of ¥15 per share of common stock, and we forecast a dividend of ¥15 per share in the next fiscal year as well.

Outlook for the Current Fiscal Year

We anticipate that the worsening of the global economy may have a negative impact on our overseas business results. Nevertheless, we believe that we will be able to continue growing.

In North America, we will prioritize sustaining growth in the soy sauce business through measures that include promoting high-value-added products for home use and aggressive development of channels for foodservice and industrial use. In addition, we will focus on health foods to foster new business beyond the area of soy sauce.

In Europe, we are expanding the soy sauce market, with the goal of maintaining double-digit growth. Alongside cultivating existing key markets, we will also develop new markets, including Central and Eastern Europe, and Russia.

In Asia, we aim to grow our soy sauce and Del Monte businesses. At our R&D base in Singapore, we will advance development of new products for Asian markets.

In the foods—wholesale business, we will continue taking advantage of the increasing interest in Japanese food overseas to achieve strong growth in every operating region.

In Japan, we will take steps to increase sales of value-added products, such as our *Tokusen Marudaizu Shoyu* (premium soy sauce) and *Tokusen Marudaizu Gen-en Shoyu* (premium low-sodium soy sauce) in the home-use market. In the foodservice and industrial-use sectors, in addition to continuing to provide safe, high-quality products, we will also further our efforts to leverage the company's collective strengths by providing technical support and other services.

In soy sauce derivative products, we will strive to extend our market share by further expanding sales of *tsuyu* (soy sauce soup base), led by *Hon Tsuyu*, and of *tare* (dipping and marinade sauces). In addition, we will work to expand the market for the *Uchi-no-Gohan* series (a handy Japanese-style seasoning mix) as we continue to target strong growth.

In our Del Monte operations, we will proceed with business expansion, particularly for a type of vegetable and fruit drink that contains a blend of vegetable juices fermented using a lactobacillus of plant origin. In the chilled-product market, we will target growth while promoting expansion of the *Yu* series of fermented soybean products.


Our *sake* and wine business will focus on increasing market share in home-use *mirin* (sweet *sake* for cooking), while developing high-value-added wine products to exert competitive advantage in the premium wine market.

In the biochemical business, we will pursue growth through sales of clinical diagnostic reagents and hygiene-monitoring systems, along with other products.


In June 2008, we commenced full-scale use and active promotion of our new corporate brand logo and slogan. We intend to continue pursuing active communications while focusing on consumers' perspectives to fulfill their expectations, and thereby enhance our corporate value.

The Kikkoman Group is resolved to make all efforts to tackle these issues aggressively. Going forward, we will work wholeheartedly to raise Kikkoman's corporate value and increase our presence as a company.

July 2009



Yuzaburo Mogi
Chairman of the Board and Chief Executive Officer



Mitsuo Someya
President and Chief Operating Officer

Left:

Yuzaburo Mogi
Chairman of the Board and
Chief Executive Officer

Right:

Mitsuo Someya
President and Chief Operating Officer



Management's Discussion and Analysis

OPERATING RESULTS

The Kikkoman Group's results during the year under review were affected by soaring raw material prices. In Japan, although soy sauce derivative products performed strongly, the core soy sauce business and beverages businesses struggled, leading to a decline in both sales and income.

In overseas operations, results were affected by the deterioration in economic conditions and currency translation associated with the appreciation of the yen. Nevertheless, sales and income increased on a local currency basis as health foods and the foods—wholesale business performed well.

Net income declined significantly year on year, owing partly to the posting of a loss on the sale of shares in an affiliated company and an increase in corporate taxes.

Consequently, on a consolidated basis, net sales decreased by ¥1,289 million, or 0.3%, year on year to ¥412,649 million. Operating income declined by ¥3,485 million, or 14.6%, to ¥20,368 million, and net income declined by ¥8,701 million, or 76.0%, to ¥2,746 million.

SEGMENT INFORMATION

The company's results are divided into four business segments: Foods—manufacturing and sales, Foods—wholesale, Coca-Cola, and Others.

FOODS—MANUFACTURING AND SALES

This segment comprises the Soy Sauce Division, the Soy Sauce Derivative Products Division (*tsuyu*, *tare* and other processed seasonings), the Del Monte Division (Del Monte processed tomato products, fruit and vegetable juices, and other products), the *Sake* and Wine Division (*mirin*, wine, and other alcoholic beverages), and the Other Foods Division, which includes soy milk, products for foodservice-use and health foods in the U.S. We manufacture and sell these products both in Japan and overseas.

Soy Sauce—Japan

Regular Soy Sauce *Koikuchi Shoyu*

All-purpose seasoning sold and used in more than 100 countries worldwide.



Premium Soy Sauce *Tokusen Marudaizu Shoyu*

Premium soy sauce which is made from whole soybeans and widely accepted in Japan.



Organic Soy Sauce *Tokusen Yuki Shoyu*

Organic soy sauce certified by Japanese Agricultural Standards (JAS).



Premium Low-Sodium Soy Sauce *Tokusen Marudaizu Gen-en Shoyu*

Soy sauce with 50% less sodium than Kikkoman Premium Soy Sauce.



Segment sales fell 2.5% year on year to ¥201,379 million due to the currency translation effects, while operating income decreased 11.0% to ¥13,227 million.

SOY SAUCE DIVISION

In Japan, the division performed favorably, with sales rising mainly in response to the development of new bulk containers for the industrial-use sector. In the home-use sector, the division launched *Maruyaka Marudaizu Shoyu* and 750ml bottles of *Tokusen Marudaizu Shoyu* (premium soy sauce), a convenient size for use in small households. Owing to a reaction against temporary demand associated with price revisions, overall revenues declined.

Overseas, sales in the foodservice-use and industrial-use sectors in the North American market were only slightly higher than a year earlier, but sales in the home-use sector remained buoyant. In the European market, sales were robust mainly in the key German and French markets, and continued to rise sharply with additional contributions from the rapidly growing markets of Central and Eastern Europe and Russia. In the Asia and Oceania markets, segment sales surpassed those of the previous year.

SOY SAUCE DERIVATIVE PRODUCTS DIVISION

In *tsuyu* (soy sauce soup base), sales were favorable in the home-use sector. Overall sales of *tsuyu* also surpassed the level of the previous fiscal year as did *tare* (dipping and marinade sauces), with the core *Wagaya-wa-Yakinikuyasan* series performing particularly well. Moreover, sales of the *Uchi-no-Gohan* series of handy Japanese-style seasoning mixes were far higher than in the previous year, boosted by vigorous sales promotion activities, and the launch of three products in another series.

Soy Sauce—Overseas

Less Sodium Soy Sauce (North America)

"Less Sodium Soy Sauce", which has 50% less sodium, is America's leading brand of reduced sodium soy sauce.



Teriyaki Sauce (North America)

Versatile marinade and recipe ingredient for meat, poultry, seafood and vegetables.



Sweetened Soy Sauce (Europe) *Sauce Soja Sucrée*

Made from naturally brewed soy sauce and other select, high-quality ingredients. It serves as a nice glaze for rice, and will bring out the best in many recipes.



Herbal Soy Sauce (Asia)

A premium soy sauce made in Singapore with a fragrant blend of sweetness and herbs.



DEL MONTE DIVISION

Tomato ketchup and other processed tomato products and sauces performed solidly in the home-use sector, leading to higher year-on-year sales. However, beverages posted a weak performance, reflecting the impact of the sharp decline in the overall vegetable drink market on sales of existing tomato juices and vegetable juices. Consequently, overall sales declined year on year.

SAKE AND WINE DIVISION

Sales of *Hon Mirin* fell short of the previous year's level. In wine, sales were sluggish in the industrial-use and foodservice-use sectors, but as sales of wines made entirely from domestic grapes were steady, as a result overall sales increased slightly year on year.

OTHER FOODS DIVISION

In Japan, soy milk sales were slightly higher than a year earlier, reflecting a recovery trend.

In the North American market, the health foods business performed well, driven by strong sales of nutritional supplement food products, a core product segment.

Soy Sauce Derivative Products

Tsuyu (Soy Sauce Soup Base)

Soy sauce soup base which can be used for a variety of Japanese dishes.

**Tare (Dipping and Marinade Sauces)**
Wagaya-wa-Yakinikuyasan

A tangy sesame-flavored soy sauce-based steak dipping sauce enriched with vegetable ingredients to create a refreshing, light flavor.

**Japanese-Style Seasoning Mix**
Uchi-no-Gohan

Handy Japanese-style seasoning mix that contains soy sauce, vegetable-based stock and other ingredients. Used to make complete dishes or side dishes.



FOODS—WHOLESALE

This segment procures and sells oriental food products and other products in Japan and overseas.

In the North American market, sales grew steadily as the Japanese foods market continued to expand. In the European market, too, the growing popularity of Japanese food contributed to strong sales. Sales in the Asia and Oceania markets also recorded a strong performance.

As a result, segment sales increased 6.6% year on year to ¥81,557 million, but operating income fell 7.0% to ¥3,833 million mainly due to the impact of currency translation.

COCA-COLA

This segment struggled, as operating conditions for the soft drinks industry remained severe.

As a result, segment sales fell 0.3% to ¥123,888 million and operating income declined 34.4% to ¥2,476 million.

Del Monte

Tomato Ketchup

The mainstay item in the Del Monte product lineup.



Carton-Packaged Ingredients

Whole kernel corn and diced tomato in convenient, environmentally friendly containers.



Basic Tomato Sauce

Basic tomato sauce which has already been cooked and seasoned for easy cooking in the kitchen.



OTHERS

This segment includes production and sales of medical reagents, clinical diagnostic reagents, hygiene inspection agents and chemicals such as hyaluronic acid, as well as real estate rental, logistics and other businesses.

Sales of clinical diagnostic reagents and hygiene-monitoring agents grew steadily, but demand for pharmaceutical raw materials was sluggish. In addition, sales of hyaluronic acid declined year on year, mainly due to lower sales of products for overseas use. Sales in the logistics business remained flat.

As a result, segment sales fell 6.3% to ¥14,435 million and operating income declined 22.2% to ¥782 million.

FINANCIAL POSITION

ASSETS

In the fiscal year under review, current assets decreased by ¥15,646 million from the end of the previous fiscal year, and the total of property, plant and equipment, net, and investments and other assets declined by ¥15,767 million. These changes mainly reflected the exclusion from the consolidated accounts of Tone Coca-Cola Bottling Co., Ltd. and four other companies associated with the partial transfer of Tone Coca-Cola Bottling shares at the end of the previous fiscal year. Investments in securities increased despite a decline in mark-to-market margins on stocks and other securities, as the Company acquired a stake in Riken Vitamin Co., Ltd. As a result, total assets as of March 31, 2009 were ¥310,873 million, a decrease of ¥31,413 million.

Del Monte

Tomato Juice and Vegetable Juice

100% tomato juice (left) and vegetable juice (right).



Vegetable Juice *Del Monte "Lact-Vege"*

A new type of vegetable drink which contains vegetables that are fermented using lactobacillus of plant origin.



Chilled Soup *Tosai Shokubo*

A new type of low-calorie soup made from vegetables and soy milk.



Yogurt-Style Soy Dessert *Yu*

A new type of Yogurt-Style Soy Dessert which is made from fermented soybeans and contains no dairy products.



LIABILITIES

Current liabilities decreased by ¥8,752 million compared to the end of the previous fiscal year. In contrast, long-term liabilities increased by ¥14,936 million, mainly reflecting an increase in long-term debt. As a result, total liabilities increased by ¥6,183 million to ¥149,055 million.

NET ASSETS

Minority interests and retained earnings declined due to the exclusion from the consolidated accounts of Tone Coca-Cola Bottling Co., Ltd. and four other companies, and unrealized holding gain on securities decreased because of a decline in mark-to-market margins on stocks and other securities. However, the capital surplus increased due to a stock-for-stock exchange with Foodchemifa Co., Ltd. As a result, net assets were ¥161,817 million, and the equity ratio increased by 2.7 percentage points to 51.5%. Net assets per share decreased by ¥89.4 to ¥774.61.

CASH FLOWS

Cash and cash equivalents were ¥27,783 million as of March 31, 2009. This was mainly the result of a decrease of ¥5,303 million in cash and cash equivalents compared to the end of the previous fiscal year.

Details of the status of cash flows and the major contributing factors during the year under review are described below.

Operating activities provided net cash of ¥22,452 million, a decrease of ¥3,666 million from the previous fiscal year. This mainly reflected a decline in income before income taxes and minority interests.

Investing activities used net cash of ¥46,548 million. The main reasons were increased outgoings for the acquisition of property, plant and equipment and investments in securities.

Financing activities provided net cash of ¥19,819 million. This primarily reflects an increase in cash inflows due to proceeds from long-term debt, which offset cash outflows due to the payment of cash dividends.

Sake and Wine, Other Foods

Mirin (Sweet Sake for Cooking) Houjun Hon Mirin

A variety of rice ingredients, including glutinous rice, plain rice, and malted rice are used to create this unique sake.



Wine Manns Solaris

A world-class, distinctive wine made from Japanese grapes.



Soy Milk

Japanese No. 1 Brand Soy Milk which is made and sold by our subsidiary, Foodchemifa.



RISK FACTORS

ECONOMIC CONDITIONS

The Kikkoman Group is developing business in various countries. A decline in demand for the products and services that the group provides, due to worsening economic conditions in particular countries where the Kikkoman Group is doing business, could result in lower sales and earnings and thus adversely affect the Kikkoman Group's business results and financial position.

JAPANESE MARKET

The Japanese market for soy sauce, the Kikkoman Group's mainstay business, has been contracting in recent years. In this operating environment, the Kikkoman Group has been endeavoring to drive growth by shifting resources to the growing market of soy sauce derivative products. However, the inability to achieve results in soy sauce derivative products as planned could adversely affect the Kikkoman Group's business results and financial position.

OVERSEAS MARKET

The Kikkoman Group is developing business around the world and thus manufactures products and conducts sales activities overseas. The occurrence of problems in these business activities caused by unexpected events such as changes in politics, the economy, or society in countries where it is developing business could adversely affect the Kikkoman Group's business results and financial position.

EXCHANGE RATE FLUCTUATIONS

Kikkoman converts the financial statements of its overseas subsidiaries and other foreign domiciled entities into Japanese yen for preparing its consolidated financial statements. The line items in the financial statements of these subsidiaries and other entities are thus subject to foreign currency exchange rate fluctuations when converted into Japanese yen. In particular, where there is an appreciation of the yen against other currencies, the converted amount in yen will be lower.

Furthermore, exchange rate fluctuations could affect the provision price of products and services denominated in foreign currencies and the procurement cost of raw materials and products purchased by the Kikkoman Group.

The Kikkoman Group uses various techniques to mitigate and avoid foreign currency exchange risk, but changes in currency markets could adversely affect its business results and financial position.

FLUCTUATIONS IN RAW MATERIAL PRICES

Some raw materials used by the Kikkoman Group are subject to the effects of market conditions. The soybeans, soybean meal and wheat used in the Soy Sauce Division are subject to the effects of conditions in international commodities markets.

Fluctuations in crude oil prices could also affect manufacturing and delivery costs for PET bottles used to package Kikkoman's products and other products. A rapid increase in these market prices could lead to higher manufacturing and delivery expenses and thus could adversely affect the Kikkoman Group's business results and financial position.

ACCOUNTING FOR IMPAIRMENT OF ASSETS

The Kikkoman Group owns a variety of assets, including real estate used in the course of business operations. Should recovery of the Group's investment in such assets become unlikely due to a decline in market value or a decrease in profitability, the assets will become liable for asset impairment accounting. This could adversely affect the Kikkoman Group's business results and financial position.

FLUCTUATIONS IN THE MARKET VALUE OF SECURITIES

The Kikkoman Group holds marketable securities with fair market values. Should there be a significant decline in the market value of these securities, this could adversely affect the Kikkoman Group's business results and financial position.

WEATHER

The Kikkoman Group sells beverages and other products that are highly seasonal. Sales of these products are subject to the effects of weather. In particular, a cool summer could result in lower sales and thus adversely affect the Kikkoman Group's business results and financial position.

PRODUCT DEVELOPMENT

The Kikkoman Group strives to develop products that match consumers' tastes, guided by the fundamental principle of "consumer-oriented." However, if the Kikkoman Group is unable to sufficiently identify those needs and develop products of value for customers, its sales and earnings could fall and could thus adversely affect the Kikkoman Group's business results and financial position.

COMPETITION

The Kikkoman Group must promote sales in the markets where it is developing business to differentiate itself from the competition and remain competitive. However, an escalation in competition could result in a decrease in the Kikkoman Group's sales volume or increases in sales, promotion and advertising expenses, which could adversely affect its business results and financial position.

PRODUCT AND SERVICE QUALITY RISK

The Kikkoman Group ordinarily implements strict quality assurance based on the fundamental mission of producing and providing high-quality products in a safe and hygienic manner. Furthermore, in the event that a defect is found in a product or service it provides, the Kikkoman Group's policy is to quickly disclose applicable information by placing priority on customer safety, to restore normal operation, and to contain any damage. However, a major defect could result in the incurrence of substantial costs, and damage to the group's reputation could result in lower sales, both of which could adversely affect the Kikkoman Group's business results and financial position.

INTELLECTUAL PROPERTY

The Kikkoman Group is acquiring industrial property rights, including patent rights, utility model rights, and trademarks, as necessary with respect to the technology it develops. These intellectual property rights have many advantages from an operational perspective and are thus regarded as an important management resource. However, if another company develops similar rights or technology that is superior to its own, the Kikkoman Group could lose its competitive advantage, which could adversely affect its business results and financial position.

ALLIANCES AND CORPORATE ACQUISITIONS

The Kikkoman Group has formed alliances with other companies in specific fields of business with the aim of raising its enterprise value. Furthermore, the Kikkoman Group plans to actively utilize resources from outside as necessary resources for its business, and thus may form strategic alliances, including equity-based alliances and corporate acquisitions. However, the inability of the Kikkoman Group to carry out its business plan as expected after forming an alliance or conducting an acquisition as a result, for example, of disagreement among the parties concerned about management, finances, or other policies could adversely affect its business results and financial position.

LAWS AND REGULATIONS

In Japan, Kikkoman is subject to laws and regulations such as the Food Sanitation Law and the Product Liability Act. In addition, the group is subject to the laws and regulations of each country in which it develops business. Changes to these and other laws and regulations in the future could restrict the Kikkoman Group's activities and thus adversely affect its business results and financial position.

FORCE MAJEURE

The Kikkoman Group gives sufficient consideration to countermeasures in the event of an earthquake or other force majeure and conducts regular inspections of its facilities, such as earthquake-resistance inspections. However, damage to production bases caused by a large-scale earthquake or other force majeure could result in a lower production capacity due to interruption to operations. This in turn could lead to lower sales and higher expenses to repair facilities, which could adversely affect the Kikkoman Group's business results and financial position.

Financial Section

Contents

18	Consolidated Balance Sheets
20	Consolidated Statements of Income
21	Consolidated Statements of Net Assets
22	Consolidated Statements of Cash Flows
23	Notes to Consolidated Financial Statements
37	Report of Independent Auditors

Consolidated Balance Sheets

Kikkoman Corporation and Consolidated Subsidiaries
As of March 31, 2009 and 2008

Assets	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current assets:			
Cash and deposits (Note 4)	¥ 28,855	¥ 34,038	\$ 294,438
Trade notes and accounts receivable (Note 8)	40,524	49,147	413,510
Allowance for doubtful receivables	(626)	(937)	(6,387)
	39,898	48,209	407,122
Short-term investment securities (Note 4)	130	130	1,326
Inventories (Note 6)	–	29,720	–
Merchandise and finished goods	19,794	–	201,979
Work in process	6,267	–	63,948
Raw materials and supplies	2,903	–	29,622
Deferred tax assets (Note 10)	4,920	5,171	50,204
Other	10,582	11,729	107,979
Total current assets	113,353	128,999	1,156,663
Property, plant and equipment, at cost (Note 8):			
Land	16,281	32,287	166,132
Buildings and structures	84,453	106,297	861,765
Machinery, equipment and vehicles	152,719	158,305	1,558,357
Leased assets	514	–	5,244
Other	15,801	55,004	161,234
Construction in progress	2,686	6,085	27,408
	272,456	357,979	2,780,153
Accumulated depreciation	(175,784)	(223,937)	(1,793,714)
Property, plant and equipment, net	96,671	134,042	986,438
Investments and other assets:			
Investments in securities (Note 5)	21,054	32,009	214,836
Investments in and advances to unconsolidated subsidiaries and affiliates	34,203	9,707	349,010
Goodwill	30,171	24,068	307,867
Other intangible assets	2,669	4,612	27,234
Deferred tax assets (Note 10)	1,393	2,987	14,214
Other	11,356	5,860	115,877
Total investments and other assets	100,847	79,245	1,029,051
Total assets	¥ 310,873	¥ 342,287	\$ 3,172,173

See accompanying notes to consolidated financial statements.

Liabilities	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current liabilities:			
Short-term bank loans (Notes 7 and 8)	¥ 10,358	¥ 11,143	\$ 105,693
Current portion of long-term debt (Notes 7 and 8)	383	852	3,908
Lease obligations (Note 7)	127	–	1,295
Trade notes and accounts payable	13,854	17,365	141,367
Other accounts payable	10,312	15,954	105,224
Accrued employees' bonuses	2,198	2,477	22,428
Accrued directors' bonuses	79	142	806
Accrued income taxes	6,169	2,351	62,948
Other	5,084	7,034	51,877
Total current liabilities	48,570	57,323	495,612
Long-term liabilities:			
Long-term debt (Notes 7 and 8)	86,209	61,592	879,683
Lease obligations (Note 7)	197	–	2,010
Accrued employees' pension and severance costs (Note 9)	3,399	9,293	34,683
Accrued officers' severance benefits	1,340	2,186	13,673
Deposits received	5,921	6,074	60,418
Deferred tax liabilities (Note 10)	1,503	3,585	15,336
Other	1,913	2,815	19,520
Total long-term liabilities	100,485	85,548	1,025,357
Contingent Liabilities (Note 14)			
Net assets			
Shareholders' equity:			
Common stock, without par value:			
Authorized: 600,000,000 shares at March 31, 2009 and 2008, respectively			
Issued: 210,383,202 shares at March 31, 2009 and			
197,202,300 shares at March 31, 2008			
	11,599	11,599	118,357
Capital surplus (Note 11)	21,212	5,791	216,448
Retained earnings (Notes 11 and 19)	146,082	154,947	1,490,632
Treasury stock, at cost:			
3,740,787 shares at March 31, 2009 and			
3,700,148 shares at March 31, 2008			
	(3,811)	(2,928)	(38,887)
Total shareholders' equity	175,082	169,410	1,786,551
Valuation and translation adjustments:			
Unrealized holding gain on securities, net of taxes	(996)	6,030	(10,163)
Deferred hedge gain/loss, net of taxes	12	10	122
Foreign currency translation adjustments	(13,209)	(7,834)	(134,785)
Unfunded retirement benefit obligation of overseas subsidiaries	(822)	(427)	(8,387)
Total valuation and translation adjustments	(15,016)	(2,221)	(153,224)
Stock acquisition rights	106	67	1,081
Minority interests	1,644	32,159	16,775
Total net assets	161,817	199,415	1,651,193
Total liabilities and net assets	¥310,873	¥342,287	\$3,172,173

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Kikkoman Corporation and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net sales	¥412,649	¥413,938	\$4,210,704
Cost of sales	254,543	250,347	2,597,377
Gross profit	158,105	163,591	1,613,316
Selling, general and administrative expenses (Notes 9 and 12)	137,736	139,736	1,405,469
Operating income	20,368	23,854	207,836
Other income (expenses):			
Interest and dividend income	964	1,302	9,836
Amortization of negative goodwill	407	–	4,153
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	69	406	704
Interest expenses	(1,465)	(1,073)	(14,948)
Gain on sales of securities	25	370	255
Dividends from liquidation of securities	–	28	–
Gain on sales of property, plant and equipment	1,351	2,149	13,785
Gain on establishment of pension trust fund	2,695	4,895	27,500
Gain on return of substitutional portion of national government welfare pension program	172	–	1,755
Loss on disposal of property, plant and equipment	(1,227)	(2,055)	(12,520)
Loss on revaluation of investments in securities	(324)	(133)	(3,306)
Loss on sales of investments in subsidiaries and affiliates (Note 17)	(982)	–	(10,020)
Loss on impairment of fixed assets	(1,642)	(2,449)	(16,755)
Special additional severance benefits	(393)	(275)	(4,010)
Write-down of inventories	(33)	(42)	(336)
Loss on revaluation of golf club memberships	(19)	(7)	(193)
Expenses related to change in corporate identity	(761)	–	(7,765)
Depreciation expense resulting from revision of residual values of property, plant and equipment	–	(327)	–
Amortization of net transition obligation of employees' pension and severance benefits	–	405	–
Expenses related to voluntary recall of products	(622)	(229)	(6,346)
Expenses for KIKKOMAN's "50th Anniversary in America" Project	–	(1,946)	–
Other, net	(1,841)	(1,507)	(18,785)
Income before income taxes and minority interests	16,742	23,366	170,836
Income taxes (Note 10):			
Current	11,511	7,832	117,459
Deferred	1,760	2,633	17,959
	13,271	10,466	135,418
Income before minority interests	3,471	12,900	35,418
Minority interests	(724)	(1,452)	(7,387)
Net income (Note 15)	¥ 2,746	¥ 11,447	\$ 28,020

See accompanying notes to consolidated financial statements.

Consolidated Statements of Net Assets

Kikkoman Corporation and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Common stock			
Balance at beginning and end of the period (March 31, 2009—210,383,202 shares; March 31, 2008—197,202,300 shares)	¥ 11,599	¥ 11,599	\$ 118,357
Capital surplus (Note 11)			
Balance at beginning of the period	¥ 5,791	¥ 5,782	\$ 59,091
New issue of stock	15,424	—	157,387
Disposal of treasury stock	(3)	9	(30)
Balance at end of the period	¥ 21,212	¥ 5,791	\$ 216,448
Retained earnings (Notes 11 and 19)			
Balance at beginning of the period	¥154,947	¥145,091	\$1,581,091
Net income	2,746	11,447	28,020
Increase from accounting period changes of consolidated subsidiaries	110	198	1,122
Increase due to addition of consolidated subsidiaries previously not consolidated	—	1,125	—
Cash dividends	(2,915)	(2,916)	(29,744)
Decrease due to deconsolidation of subsidiaries	(8,703)	—	(88,806)
Retirement of treasury stock	(102)	—	(1,040)
Balance at end of the period	¥146,082	¥154,947	\$1,490,632
Treasury stock			
Balance at beginning of the period	¥ (2,928)	¥ (2,786)	\$ (29,877)
Purchase of treasury stock	(892)	(237)	(9,102)
Increase due to increase of equity method investee	(312)	—	(3,183)
Increase due to change in equity of equity method investee	(9)	—	(91)
Disposal of treasury stock	226	95	2,306
Decrease due to deconsolidation of subsidiaries	104	—	1,061
Balance at end of the period	¥ (3,811)	¥ (2,928)	\$ (38,887)
Unrealized holding gain on securities, net of taxes			
Balance at beginning of the period	¥ 6,030	¥ 16,926	\$ 61,530
Net change during the period	(7,027)	(10,895)	(71,704)
Balance at end of the period	¥ (996)	¥ 6,030	\$ (10,163)
Deferred hedge gain/loss, net of taxes			
Balance at beginning of the period	¥ 10	¥ 167	\$ 102
Net change during the period	1	(157)	10
Balance at end of the period	¥ 12	¥ 10	\$ 122
Foreign currency translation adjustments			
Balance at beginning of the period	¥ (7,834)	¥ (719)	\$ (79,938)
Net change during the period	(5,374)	(7,115)	(54,836)
Balance at end of the period	¥ (13,209)	¥ (7,834)	\$ (134,785)
Unfunded retirement benefit obligation of overseas subsidiaries			
Balance at beginning of the period	¥ (427)	¥ (539)	\$ (4,357)
Net change during the period	(394)	111	(4,020)
Balance at end of the period	¥ (822)	¥ (427)	\$ (8,387)
Stock acquisition rights			
Balance at beginning of the period	¥ 67	¥ —	\$ 683
Net change during the period	39	67	397
Balance at end of the period	¥ 106	¥ 67	\$ 1,081
Minority interests			
Balance at beginning of the period	¥ 32,159	¥ 31,396	\$ 328,153
Net change during the period	(30,514)	762	(311,367)
Balance at end of the period	¥ 1,644	¥ 32,159	\$ 16,775

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Kikkoman Corporation and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 16,742	¥ 23,366	\$ 170,836
Depreciation and amortization	17,239	17,333	175,908
Depreciation expense resulting from revision of residual values of property, plant and equipment	–	327	–
Loss on impairment of fixed assets	1,642	2,449	16,755
Accrued employees' pension and severance costs	(29)	(4,556)	(295)
Increase (decrease) in accrued expenses resulting from net transition obligation of employees' pension and severance benefits	(867)	2,244	(8,846)
Accrued officers' severance benefits	(303)	236	(3,091)
Interest and dividend income	(964)	(1,302)	(9,836)
Interest expenses	1,465	1,073	14,948
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(69)	(406)	(704)
Gain on sales of property, plant and equipment	(1,351)	(2,149)	(13,785)
Gain on sales of securities	(25)	(370)	(255)
Gain on establishment of pension trust fund	(2,695)	(4,895)	(27,500)
Loss on disposal of property, plant and equipment	1,228	2,055	12,530
Loss on revaluation of investments in securities	324	133	3,306
Loss on sales of investments in subsidiaries and affiliates (Note 17)	982	–	10,020
(Increase) decrease in trade notes and accounts receivable	(784)	481	(8,000)
(Increase) decrease in inventories	(4,216)	(746)	(43,020)
Increase (decrease) in trade notes and accounts payable	(783)	1,424	(7,989)
Other	2,059	(3,027)	21,010
Subtotal	29,592	33,669	301,959
Interest and dividends received	1,308	1,529	13,346
Interest paid	(1,322)	(1,085)	(13,489)
Income taxes paid	(7,125)	(7,995)	(72,704)
Net cash provided by operating activities	22,452	26,118	229,102
Cash flows from investing activities			
Acquisition of property, plant and equipment	(16,822)	(19,327)	(171,653)
Proceeds from sales of property, plant and equipment	2,130	4,151	21,734
Acquisition of intangible assets	(327)	(534)	(3,336)
Acquisition of investments in securities	(33,365)	(5,566)	(340,459)
Proceeds from sales of investments in securities	1,908	548	19,469
Purchase of investments in a subsidiary resulting in change in scope of consolidation	(1,619)	–	(16,520)
Proceeds from sales of shares of consolidated subsidiaries resulting in change in scope of consolidation	2,341	–	23,887
Addition to loans receivable	(999)	(716)	(10,193)
Collection of loans receivable	488	1,991	4,979
Other	(281)	(126)	(2,867)
Net cash used in investing activities	(46,548)	(19,578)	(474,979)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	208	(1,251)	2,122
Proceeds from long-term debt	25,000	21,476	255,102
Repayment of long-term debt	(852)	(11,667)	(8,693)
Acquisition of treasury stock	(892)	(237)	(9,102)
Cash dividends paid	(3,510)	(3,505)	(35,816)
Other	(132)	(101)	(1,346)
Net cash provided by financing activities	19,819	4,712	202,234
Effect of exchange rate changes on cash and cash equivalents	(1,027)	(2,571)	(10,479)
Increase (decrease) in cash and cash equivalents	(5,303)	8,681	(54,112)
Cash and cash equivalents at beginning of the year	32,984	23,474	336,571
Decrease from accounting period changes in certain consolidated subsidiaries	(22)	(55)	(224)
Increase in cash and cash equivalents from newly consolidated subsidiaries	125	884	1,275
Cash and cash equivalents at end of the year (Note 4)	¥ 27,783	¥ 32,984	\$ 283,500

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kikkoman Corporation and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

1. Basis of Preparation

KIKKOMAN CORPORATION (the “Company”) and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile. The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan and have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

In order to enhance comparability of consolidated financial statements, certain items for prior years’ financial statements have been reclassified to conform to the presentation for the year ended March 31, 2009.

2. Summary of Significant Accounting Policies

(a) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and all significant companies controlled directly or indirectly by the Company. In addition, companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis.

All significant inter-company balances and transactions have been eliminated in consolidation.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost.

Differences between the acquisition costs and the underlying net equities in investments in consolidated subsidiaries are recorded as goodwill in the consolidated balance sheets and amortized using the straight-line method over their estimated useful lives or a period of five years if their useful lives are indefinite. Any immaterial amounts are charged or credited to income in the year of acquisition.

(b) Foreign currency translation

Revenue and expense accounts of foreign consolidated subsidiaries are translated at the average exchange rates in effect during the year. Except for shareholders’ equity, the balance sheet accounts of foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders’ equity are translated at their historical exchange rates. Differences arising on translation are presented as foreign currency translation adjustments or minority interests as a separate component of net assets.

(c) Cash equivalents

For the purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments, with an original maturity of three months or less, to be cash equivalents.

(d) Securities

Securities, except for investments in unconsolidated subsidiaries and affiliates, are classified as trading securities, held-to-maturity securities or other securities. Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any unrealized gains and losses reported as a separate component of valuation and translation adjustments, net of taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is mainly determined by the moving average method.

(e) Inventories

Soy sauce raw materials (excluding packaging materials), work in process, and finished goods

The Company states its inventories at cost determined by the last-in, first-out method (in cases where the profitability has declined, the book value is reduced accordingly), while the Company’s consolidated subsidiaries mainly state inventories at cost determined by the periodic average method (in cases where the profitability has declined, the book value is reduced accordingly).

Other inventories

Other inventories are stated mainly at cost determined by the periodic average method (in cases where the profitability has declined, the book value is reduced accordingly).

Changes in Accounting Principles

Effective from the year ended March 31, 2009 the Company and its domestic consolidated subsidiaries have adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Standard No. 9 of July 5, 2006).

Inventories of the Company were previously stated principally at the lower of cost or market, cost being determined by the average method, except for finished goods, work in process and raw materials of the Company which were stated at the lower of cost or market, cost being determined by the last-in, first-out method. According to the adoption of the new accounting standard, such inventories are now stated as described above.

The effect of this change on operating income, ordinary income and net income before taxes and minority interests for the period is immaterial.

(f) Depreciation and amortization

Property, Plant and Equipment (excluding leased assets)

Buildings and structures In general, the straight-line method is adopted. However, the declining-balance method is adopted for buildings acquired on or before March 31, 1998 with respect to Tone Coca-Cola Bottling Co., Ltd. which was a consolidated subsidiary up to March 31, 2009 (see Note 17), and two other consolidated subsidiaries.

Assets other than buildings and structures

In general, the declining-balance method is adopted by the Company and its domestic consolidated subsidiaries. However, the straight-line method is adopted for certain rental assets of the Company and foreign consolidated subsidiaries.

The ranges of useful lives are as follows:

Buildings and structures	from 7 to 50 years
Machinery, equipment and vehicles	from 3 to 20 years

Intangible assets (excluding leased assets) are amortized by the straight-line method over their estimated useful lives.

Additional information

Effective from the year ended March 31, 2009, the Company and certain of its domestic consolidated subsidiaries have changed the estimated useful lives of certain machinery and equipment based on reviewing the useful lives in the revised Corporation Tax Law.

The effect of this change on operating income, ordinary income and net income before taxes and minority interests for the period is immaterial.

(g) Leases

The straight-line method is adopted to leases, with the lease period set as the useful life and the residual value as zero.

Changes in Accounting Principles

For leases initiated on or before March 31, 2008, the Company and its domestic consolidated subsidiaries have accounted for finance leases other than those that transfer ownership to the lessee according to operating lease accounting methods. Effective from the year ended March 31, 2009, however, the Company and its domestic consolidated subsidiaries have adopted “Accounting Standard for Lease Transactions” (ASBJ Standard No. 13, as issued by the First Subcommittee of the Business Accounting Council on June 17, 1993; revised March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, as issued by the JICPA’s Accounting Standards committee on January 18, 1994; revised March 30, 2007) and, therefore, now account for such leases as finance leases with recognition of leased assets and the related lease liability in the consolidated balance sheet.

The depreciation of leased assets under finance lease transactions that do not transfer ownership of the leased property to the lessee is calculated by the straight-line method using the lease periods as the estimated useful lives with a residual value of zero.

The accounting treatment for finance lease transactions that do not transfer ownership of the leased property to the lessee which were initiated on or before March 31, 2008, prior to the application of the revised standard, continues to conform to the former accounting standard for ordinary lease transactions.

The effect of this change on operating income, ordinary income and net income before taxes and minority interests for the year ended March 31, 2009 is immaterial.

(h) Accrued employees’ and directors’ bonuses

Accrued employees’ and directors’ bonuses are provided for payment of bonuses based on the estimated amounts.

(i) Accrued employees’ pension and severance costs

To provide for employees’ pension and severance costs, net periodic pension and severance costs are computed by the Company and its domestic consolidated subsidiaries based on the projected benefit obligation and the fair value of pension plan assets.

Prior service cost is amortized by the straight-line method over periods ranging from 8 to 12 years (excluding certain consolidated subsidiaries) which are shorter than the average remaining years of service of the active participants in the plans.

The effect of the adjustment made during the fiscal year arising from revisions to the actuarial assumptions (the “actuarial gain or loss”) is amortized by the straight-line method beginning the following fiscal year over periods ranging from 10 to 12 years, which are shorter than the average remaining years of service of the active participants in the plans.

Certain consolidated subsidiaries have defined contribution plans in addition to defined benefit plans.

Additional information

On March 31, 2009, Kibun Food Chemifa Co., Ltd., a consolidated subsidiary of the Company, received approval from the Ministry of Health, Labor and Welfare to return the obligations related to past service with respect to the substitutional portion of the national government welfare pension program, in accordance with the implementation of the “Defined Benefit Enterprise Pension Law.”

The impact of ¥172 million, was recorded in other income (expenses) on the consolidated statement of income for the year ended March 31, 2009.

(j) Accrued officers’ severance benefits

Certain directors, statutory auditors and corporate officers of the Company and certain consolidated subsidiaries are entitled to lump-sum payments under their respective unfunded retirement allowance plans. Provision for retirement allowances for these officers has been made at the estimated amounts which would be paid if all directors and corporate officers resigned as of the balance sheet dates.

The Company’s retirement allowance plan for directors and statutory auditors was discontinued at the end of the 97th annual shareholders’ meeting, held on June 24, 2008. In addition, the Company’s retirement allowance plan for corporate officers was discontinued at the Board of Directors’ meeting held on April 24, 2008.

The accumulated retirement benefits on termination of the plans will be paid as severance benefits at the time each director, statutory auditor and corporate officer retires.

(k) Income taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which are expected to be in effect when the differences are expected to reverse.

(l) Research and development costs

Research and development costs are charged to income as incurred.

(m) Derivatives

The Company and its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations in foreign currency exchange rates but not for speculation purposes. Derivatives are stated at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a separate component of valuation and translation adjustments, net of taxes. Payables hedged by qualified forward foreign exchange contracts are translated at the corresponding contract rates.

(n) Appropriation of retained earnings

Under the Corporation Law of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The financial statements for that period do not, therefore, reflect such appropriations.

(o) Accounting standards adopted by foreign subsidiaries

Effective from the year ended March 31, 2009, the Company has adopted the "Practical Solution on Unification of Accounting Policies Adopted to Foreign Subsidiaries for the Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18 of May 17, 2006) under which the company uses financial statements of foreign subsidiaries prepared in accordance with International Financial Reporting Standards or U.S. generally accepted accounting principles for preparation of the consolidated financial statements, except for certain adjustments required to be made in consolidation to comply with accounting principles generally accepted in Japan.

This change had no significant effect on operating income, ordinary income and net income before taxes and minority interests for the year ended March 31, 2009.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation, at the rate of ¥98=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2009. The translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

4. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows at March 31, 2009 and 2008 were as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash and deposits	¥28,855	¥34,038	\$294,438
Short-term investment securities	130	130	1,326
Time deposits with maturities of more than three months	(1,202)	(1,184)	(12,265)
Cash and cash equivalents	¥27,783	¥32,984	\$283,500

5. Fair Value of Securities

At March 31, 2009 and 2008, the Company and its consolidated subsidiaries did not possess any securities classified as held-to-maturity securities. Securities classified as other securities are included in “other current assets” and “investments in securities” in the accompanying consolidated balance sheets.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2009 and 2008 are summarized as follows:

As of March 31, 2009	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:						
Stocks	¥ 3,935	¥ 8,637	¥ 4,702	\$ 40,153	\$ 88,132	\$ 47,979
	3,935	8,637	4,702	40,153	88,132	47,979
Unrealized loss:						
Stocks	14,928	10,582	(4,345)	152,326	107,979	(44,336)
	14,928	10,582	(4,345)	152,326	107,979	(44,336)
Total	¥18,863	¥19,220	¥ 357	\$192,479	\$196,122	\$ 3,642

As of March 31, 2008	Millions of yen		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥ 7,897	¥ 20,803	¥12,906
	7,897	20,803	12,906
Unrealized loss:			
Stocks	11,641	8,670	(2,971)
	11,641	8,670	(2,971)
Total	¥ 19,539	¥ 29,473	¥ 9,934

Non-marketable securities classified as other securities at March 31, 2009 and 2008 amounted to ¥1,957 million (\$19,969 thousand) and ¥2,658 million, respectively.

Proceeds from sales of securities classified as other securities amounted to ¥1,908 million (\$19,469 thousand) and ¥548 million with an aggregate gain on sales of ¥25 million (\$255 thousand) and ¥370 million for the years ended March 31, 2009 and 2008, respectively.

6. Inventories

Inventories at March 31, 2009 and 2008 were as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Merchandise	¥14,747	¥16,884	\$150,479
Finished goods	5,047	4,801	51,500
Work in process	6,267	4,833	63,948
Raw materials and supplies	2,903	3,201	29,622
	¥28,965	¥29,720	\$295,551

7. Long-Term Debt and Credit Facilities

Long-term debt and lease obligations at March 31, 2009 and 2008 consisted of the following:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
0.98% unsecured bonds, payable in yen, due 2012	¥20,000	¥20,000	\$204,081
1.89% unsecured bonds, payable in yen, due 2016	20,000	20,000	204,081
1.88% unsecured bonds, payable in yen, due 2017	20,000	20,000	204,081
Loans from banks	26,592	2,445	271,346
Lease obligations	324	–	3,306
	86,916	62,445	886,897
Less: Current portion	510	852	5,204
	¥86,406	¥61,592	\$881,693

The annual maturities of long-term debt and lease obligations subsequent to March 31, 2009 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 510	\$ 5,204
2011	2,396	24,448
2012	2,234	22,795
2013	22,169	226,214
2014 and thereafter	59,607	608,234
	¥86,916	\$886,897

The Company and its consolidated subsidiaries have lines of credit from banks which provide for up to ¥40,438 million (\$412,632 thousand) and ¥50,709 million in borrowings at March 31, 2009 and 2008, respectively. There were ¥9,812 million (\$100,122 thousand) and ¥10,602 million of short-term bank loans outstanding under these credit facilities at March 31, 2009 and 2008, respectively.

8. Pledged Assets

The assets pledged as collateral for short-term bank loans and long-term debt at March 31, 2009 and 2008 were as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Accounts receivable	¥ 491	¥ 500	\$ 5,010
Property, plant and equipment at net book value	1,037	6,230	10,581
	¥1,528	¥6,731	\$15,591

9. Accrued Employees' Pension and Severance Costs

The Company and its domestic consolidated subsidiaries have agreement type corporate pension plans and lump-sum severance indemnity plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. The Company has established a pension trust fund. Certain consolidated subsidiaries have defined contribution plans in addition to defined benefit plans. The projected benefit obligation and funded status of the defined benefit plans at March 31, 2009 and 2008 were as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligation	¥(41,988)	¥(70,479)	\$(428,448)
Plan assets at fair value	31,029	56,569	316,622
Unfunded benefit obligation	(10,958)	(13,909)	(111,816)
Unrecognized actuarial gain or loss	14,340	13,327	146,326
Unrecognized prior service cost (Reduction of obligation)	(1,797)	(5,323)	(18,336)
Prepaid pension and severance costs	4,984	3,387	50,857
Accrued pension and severance costs	¥ (3,399)	¥ (9,293)	\$ (34,683)

The components of net periodic pension and severance costs for the years ended March 31, 2009 and 2008 are summarized as follows:

Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost	¥ 1,534	¥ 2,233	\$ 15,653
Interest cost on projected benefit obligation	1,005	1,536	10,255
Expected return on plan assets	(1,169)	(1,909)	(11,928)
Gain on plan amendment (Prior service cost)	(360)	(1,078)	(3,673)
Amortization of actuarial differences	1,255	1,617	12,806
Other	8	87	81
Sub total	2,274	2,487	23,204
Gain on return of substitutional portion of national government welfare pension program funds	(172)	-	(1,755)
Total	¥ 2,102	¥ 2,487	\$ 21,448

The assumptions used in accounting for the above plans were as follows:

Years ended March 31,	2009	2008
Discount rate	Mainly 2.0%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 2.5-3.5%	Mainly 3.0-3.5%

10. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of approximately 40.5% for the years ended March 31, 2009 and 2008.

Income taxes of foreign consolidated subsidiaries are generally based on the tax rates applicable in their countries of incorporation.

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

As of March 31,	Millions of yen		Thousands of
	2009	2008	U.S. dollars
Deferred tax assets:			
Inventories	¥ 653	¥ 682	\$ 6,663
Loss on impairment of fixed assets	1,649	1,518	16,826
Transfer to defined contribution pension plan	2	906	20
Other accounts payable	1,381	1,373	14,091
Allowance for doubtful receivables	1,450	1,376	14,795
Accrued employees' bonus	886	978	9,040
Accrued pension and severance costs	5,493	7,019	56,051
Unrealized profit	417	436	4,255
Allowance for investment loss	2,046	–	20,877
Other	3,271	3,137	33,377
Valuation allowance	(3,733)	(1,722)	(38,091)
Total deferred tax assets	13,519	15,708	137,948
Deferred tax liabilities:			
Depreciation	(1,791)	(1,306)	(18,275)
Deferred capital gain	(2,180)	(2,550)	(22,244)
Gain on establishment of pension trust fund	(4,095)	(3,004)	(41,785)
Net unrealized gain on investments in securities	–	(3,752)	–
Other	(658)	(541)	(6,714)
Total deferred tax liabilities	(8,726)	(11,154)	(89,040)
Deferred tax assets (liabilities), net	¥ 4,793	¥ 4,553	\$ 48,908

11. Capital Surplus and Retained Earnings

In accordance with the Corporation Law of Japan (“the Law”), the Company has provided a legal reserve as an appropriation of retained earnings, which is included in retained earnings in the accompanying consolidated balance sheets. This reserve amounted to ¥2,899 million (\$29,581 thousand) at March 31, 2009 and 2008. The Law provides that the total of additional paid-in capital and the legal reserve, if less than one-quarter of the company's shareholders' equity, is not available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. If the total amount of additional paid-in capital and the legal reserve exceeds one-quarter of a company's shareholders' equity, the excess may be distributed to the shareholders either as a return of capital or in the form of dividends subject to the approval of the shareholders.

12. Research and Development Expenses

Research and development expenses included in cost of sales and selling, general and administrative expenses for the years ended March 31, 2009 and 2008 were ¥4,015 million (\$40,969 thousand) and ¥3,754 million, respectively.

13. Leases

(a) Finance leases

As lessee:

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2009 and 2008, which would have been reflected in the consolidated balance sheets if finance lease accounting had been adopted to the finance leases which the starting date of the lease was before March 31, 2008, currently accounted for as operating leases:

As of March 31, 2009	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥742	¥328	¥414	\$7,571	\$3,346	\$4,224
Other	121	81	40	1,234	826	408
Total	¥864	¥409	¥454	\$8,816	\$4,173	\$4,632

As of March 31, 2008	Millions of yen		
	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥2,762	¥1,331	¥1,430
Other	1,024	364	659
Total	¥3,787	¥1,696	¥2,090

Lease payments relating to finance leases accounted for as operating leases amounted to ¥549 million (\$5,602 thousand) and ¥704 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the respective lease terms, for the years ended March 31, 2009 and 2008, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2009 and 2008 for finance leases accounted for as operating leases are summarized as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Within 1 year	¥ 70	¥ 512	\$ 714
Over 1 year	384	1,577	3,918
	¥454	¥2,090	\$4,632

(b) Operating leases

As Lessee

Future minimum lease payments subsequent to March 31, 2009 and 2008 for non-cancelable operating leases are summarized as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Within 1 year	¥1,102	¥1,206	\$11,244
Over 1 year	3,409	3,796	34,785
	¥4,512	¥5,003	\$46,040

14. Contingent Liabilities

The Company and its consolidated subsidiaries had the following contingent liabilities at March 31, 2009 and 2008:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
As guarantor of indebtedness of:			
Unconsolidated subsidiaries	¥1,001	¥492	\$10,214
Employees	3	3	30
	¥1,004	¥495	\$10,244

15. Amounts Per Share

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each period. Diluted net income per share is computed based on the weighted average number of shares of common stock outstanding during each period after giving effect to the dilutive potential of the common stock to be issued.

Net assets per share are based on the number of shares outstanding at the respective balance sheet dates.

Cash dividends per share represent the cash dividends declared as applicable to the respective period.

Years ended March 31,	Yen		U.S. dollars
	2009	2008	2009
Net income:			
Basic	¥ 13.59	¥ 59.16	\$0.13
Diluted	13.59	59.12	0.13
Net assets	774.61	864.01	7.90
Cash dividends applicable to the year	15.00	15.00	0.15

16. Derivatives

The Company and its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations in foreign currency exchange rates and interest rates but do not enter into such transactions for speculative purposes.

The Company and its consolidated subsidiaries are exposed to credit risk in the event of nonperformance by the counterparties to these derivative positions, but management believe any such loss would not be material because the Company and its consolidated subsidiaries enter into such transactions only with financial institutions with high credit ratings. The notional amounts of the derivatives do not necessarily represent the amounts exchanged by the parties and, therefore, are not a direct measure of the Company's and its consolidated subsidiaries' related risk exposure.

Summarized below are the notional amounts and the estimated fair value of the open derivative positions at March 31, 2009 and 2008:

Currency related transactions

As of March 31, 2009	Millions of yen			Thousands of U.S. dollars		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Currency / interest rate swaps:						
Fixed Receipt (USD) / Fixed Payment (EUR)	¥330	¥(28)	¥(28)	\$3,367	\$(285)	\$(285)
Fixed Receipt (EUR) / Fixed Payment (THB)	361	(10)	(10)	3,683	(102)	(102)
Total			¥(39)			\$(397)

As of March 31, 2008	Millions of yen		
	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
Buy:			
US\$	¥ 73	¥ 72	¥ (1)
Yen	42	40	(1)
Currency / interest rate swaps:			
Fixed Receipt (USD) / Fixed Payments (EUR)	¥413	¥(97)	¥ (97)
Fixed Receipt (EUR) / Fixed Payment (THB)	508	(3)	(3)
Total			¥(103)

17. Business Combinations

For the year ended March 31, 2009

Stock-for-stock exchange transaction to make Kibun Food Chemifa Co., Ltd. a wholly owned subsidiary

Effective August 1, 2008, a stock-for-stock exchange transaction was conducted in which Kibun Food Chemifa Co., Ltd. ("KFC") became a wholly-owned subsidiary of the Company (1 share of the Company for 0.94 share of KFC).

KFC engages in the businesses of manufacturing and sales of soy milk beverages, chemical products, such as hyaluronic acid, duckloid and alginic acid, and foodstuffs for business use. The stock-for-stock exchange transaction was intended to strengthen the business relationship between both companies and implement the Equity-Based Business Alliance which was agreed between both companies.

Through this stock-for-stock exchange transaction, the Company acquired KFC's shares in exchange for 13,180,902 shares of the Company's common stock, the fair value of which was determined at ¥15,424 million (\$157,387 thousand) based on a third party valuation.

The Company recognized goodwill of ¥7,969 million (\$81,316 thousand) for the fair value of the additional investment in KFC in excess of the carrying amount of net assets acquired from minority shareholders of KFC. The goodwill is being amortized over 20 years by the straight-line method.

Additional Information

Deconsolidation of Tone Coca-Cola Bottling Co., Ltd. as a result of partial sale of shares

Effective March 31, 2009, the Company implemented an agreement with Coca-Cola (Japan) Co., Ltd. to sell a portion of the shares (980,500 shares) held by the Company in its consolidated subsidiary Tone Coca-Cola Bottling Co., Ltd. to Coca-Cola (Japan). As a result of the transfer, Tone Coca-Cola Bottling Co., Ltd. is no longer a consolidated subsidiary.

In recent years, Japan's domestic soft-drink industry has experienced rapid changes in the business environment. It was therefore decided that in order to achieve sustained growth of the Coca-Cola business in the important Kanto area market that includes Tokyo, to further improve the competitiveness of Tone Coca-Cola Bottling, and to improve corporate value, it was important to create a stronger and closer relationship between Coca-Cola (Japan) and Tone Coca-Cola Bottling.

Through this sale of shares transaction, the Company recognized ¥982 million (\$10,020 thousand) as a loss on the sale of investment in an affiliated company for the year ended March 31, 2009.

Tone Coca-Cola Bottling Co., Ltd.'s net sales and operating income for the year ended March 31, 2009 amounted to ¥123,888 million (\$1,264,163 thousand) and ¥2,476 million (\$25,265 thousand), respectively, and the book value of total assets, total liabilities, and total net assets at March 31, 2009 amounted to ¥64,901 million (\$662,255 thousand), ¥17,582 million (\$179,408 thousand) and ¥47,319 million (\$482,846 thousand), respectively.

18. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacturing and sales of products in Japan and overseas in four major segments: manufacturing and sales of foods which include soy sauce and other seasonings, sauces, Del Monte processed fruit and vegetables, *sake* and wine, soy milk, food products for business purposes, and food products for health; wholesale sales of oriental food products which include eastern foods; Coca-Cola, which includes Coca-Cola and other beverages; and other businesses which include pharmaceuticals, real estate rental, logistics, restaurants and chemical products.

Business Segments

Business segment information of the Company and its consolidated subsidiaries as of and for the years ended March 31, 2009 and 2008 is summarized as follows:

As of and for the year ended March 31, 2009	Millions of yen						Consolidated
	Foods– manufacturing and sales	Foods– wholesale	Coca-Cola	Others	Total	Eliminations and corporate	
I. Sales and operating income:							
Sales to third parties	¥200,350	¥81,354	¥123,718	¥ 7,225	¥412,649	¥ –	¥412,649
Intra group sales and transfers	1,029	202	169	7,210	8,611	(8,611)	–
Total sales	201,379	81,557	123,888	14,435	421,260	(8,611)	412,649
Operating expenses	188,151	77,723	121,411	13,652	400,939	(8,659)	392,280
Operating income	¥ 13,227	¥ 3,833	¥ 2,476	¥ 782	¥ 20,320	¥ 47	¥ 20,368

II. Assets, depreciation and capital expenditures:

Total assets	¥224,753	¥30,408	¥ –	¥13,218	¥268,379	¥42,493	¥310,873
Depreciation and amortization	10,972	547	4,941	777	17,239	–	17,239
Impairment losses	1,642	–	–	–	1,642	–	1,642
Capital expenditures	9,346	1,658	5,738	563	17,307	–	17,307

As of and for the year ended March 31, 2009	Thousands of U.S. dollars						Consolidated
	Foods– manufacturing and sales	Foods– wholesale	Coca-Cola	Others	Total	Eliminations and corporate	
I. Sales and operating income:							
Sales to third parties	\$2,044,387	\$830,142	\$1,262,428	\$ 73,724	\$4,210,704	\$ –	\$4,210,704
Intra group sales and transfers	10,500	2,061	1,724	73,571	87,867	(87,867)	–
Total sales	2,054,887	832,214	1,264,163	147,295	4,298,571	(87,867)	4,210,704
Operating expenses	1,919,908	793,091	1,238,887	139,306	4,091,214	(88,357)	4,002,857
Operating income	\$ 134,969	\$ 39,112	\$ 25,265	\$ 7,979	\$ 207,346	\$ 479	\$ 207,836

II. Assets, depreciation and capital expenditures:

Total assets	\$2,293,397	\$310,285	\$ –	\$134,877	\$2,738,561	\$433,602	\$3,172,173
Depreciation and amortization	111,959	5,581	50,418	7,928	175,908	–	175,908
Impairment losses	16,755	–	–	–	16,755	–	16,775
Capital expenditures	95,367	16,918	58,551	5,744	176,602	–	176,602

							Millions of yen	
As of and for the year ended March 31, 2008	Foods– manufacturing and sales	Foods– wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consolidated	
I. Sales and operating income:								
Sales to third parties	¥205,389	¥76,293	¥124,092	¥ 8,162	¥413,938	¥ –	¥413,938	
Intra group sales and transfers	1,077	241	128	7,247	8,694	(8,694)	–	
Total sales	206,467	76,534	124,220	15,409	422,632	(8,694)	413,938	
Operating expenses	191,597	72,414	120,444	14,402	398,858	(8,775)	390,083	
Operating income	¥ 14,870	¥ 4,120	¥ 3,776	¥ 1,006	¥ 23,773	¥ 80	¥ 23,854	
II. Assets, depreciation and capital expenditures:								
Total assets	¥186,051	¥29,307	¥ 65,971	¥13,828	¥295,159	¥47,127	¥342,287	
Depreciation and amortization	11,818	335	4,815	691	17,660	–	17,660	
Impairment losses	2,423	–	26	–	2,449	–	2,449	
Capital expenditures	10,648	2,569	7,405	680	21,304	–	21,304	

Geographical Segments

Geographical segment information for the Company and its consolidated subsidiaries as of and for the years ended March 31, 2009 and 2008 is summarized as follows:

							Millions of yen	
As of and for the year ended March 31, 2009	Japan	North America	Other	Total	Eliminations and corporate	Consolidated		
Sales to third parties	¥288,666	¥ 97,347	¥26,635	¥412,649	¥ –	¥412,649		
Inter segment sales and transfers	15,016	3,917	719	19,653	(19,653)	–		
Total sales	303,683	101,264	27,354	432,302	(19,653)	412,649		
Operating expenses	295,673	91,851	24,382	411,907	(19,627)	392,280		
Operating income	¥ 8,009	¥ 9,413	¥ 2,972	¥ 20,395	¥ (26)	¥ 20,368		
Total assets	¥225,573	¥ 74,859	¥19,536	¥319,969	¥ (9,096)	¥310,873		

							Thousands of U.S. dollars	
As of and for the year ended March 31, 2009	Japan	North America	Other	Total	Eliminations and corporate	Consolidated		
Sales to third parties	\$2,945,571	\$ 993,336	\$271,785	\$4,210,704	\$ –	\$4,210,704		
Inter segment sales and transfers	153,224	39,969	7,336	200,540	(200,540)	–		
Total sales	3,098,806	1,033,306	279,122	4,411,244	(200,540)	4,210,704		
Operating expenses	3,017,071	937,255	248,795	4,203,132	(200,275)	4,002,857		
Operating income	\$ 81,724	\$ 96,051	\$ 30,326	\$ 208,112	\$ (265)	\$ 207,836		
Total assets	\$2,301,765	\$ 763,867	\$199,346	\$3,264,989	\$ (92,816)	\$3,172,173		

							Millions of yen	
As of and for the year ended March 31, 2008	Japan	North America	Other	Total	Eliminations and corporate	Consolidated		
Sales to third parties	¥289,361	¥96,431	¥28,145	¥413,938	¥ –	¥413,938		
Inter segment sales and transfers	14,945	1,654	629	17,230	(17,230)	–		
Total sales	304,307	98,086	28,774	431,168	(17,230)	413,938		
Operating expenses	293,509	88,026	25,782	407,318	(17,234)	390,083		
Operating income	¥ 10,798	¥10,060	¥ 2,992	¥ 23,850	¥ 4	¥ 23,854		
Total assets	¥252,384	¥73,021	¥21,275	¥346,680	¥ (4,393)	¥342,287		

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the years ended March 31, 2009 and 2008 are summarized as follows:

Year ended March 31, 2009	Millions of yen			Thousands of U.S. dollars		
	North America	Other	Total	North America	Other	Total
Overseas sales	¥97,335	¥31,876	¥129,211	\$993,214	\$325,265	\$1,318,479
Consolidated net sales	–	–	412,649	–	–	4,210,704
Ratio of overseas sales to consolidated net sales	23.6%	7.7%	31.3%			

Year ended March 31, 2008	Millions of yen		
	North America	Other	Total
Overseas sales	¥96,097	¥33,755	¥129,852
Consolidated net sales	–	–	413,938
Ratio of overseas sales to consolidated net sales	23.2%	8.2%	31.4%

19. Subsequent Events

(a) Cash dividend

The following appropriations of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended March 31, 2009, were approved at the shareholders' meeting held on June 23, 2009:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥15.00 = \$0.15 per share)	¥3,105	\$31,683

(b) Corporate split upon transition to holding company structure

In order to strengthen the group's strategic capabilities, further develop each group company's ability to create value and promote group synergies, the Company has determined to change its corporate structure to a holding company structure effective October 1, 2009, with the Company as the holding company and newly-incorporated subsidiaries.

Accordingly, the business and functions of the Company will be transferred to newly-incorporated subsidiaries as follows: the food manufacturing and sales business to Kikkoman Food Products Company; the beverage sales business to Kikkoman Beverage Company; and the general affairs, personnel, accounting, information systems, and other back-end operations to Kikkoman Business Service Company.

The details of this business plan were approved at a meeting of the Company's Board of Directors on April 27, 2009 and at the shareholders' meeting held on June 23, 2009.

Report of Independent Auditors

The Board of Directors
KIKKOMAN CORPORATION

We have audited the accompanying consolidated balance sheets of KIKKOMAN CORPORATION and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of KIKKOMAN CORPORATION and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.



June 23, 2009

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of KIKKOMAN CORPORATION and consolidated subsidiaries under Japanese accounting principles.

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Tel: +81 (3) 5510-3500

Manns Wine Co., Ltd.*

2-1-1 Nishi-Shinbashi, Minato-ku,
Tokyo 105-0003, Japan
Tel: +81 (3) 3507-7432

Pacific Trading Co., Ltd.*

Nihonbashi SOYIC Bldg.,
3-11 Nihonbashi Koamicho,
Chuo-ku, Tokyo 103-0016, Japan
Tel: +81 (3) 5847-0581

Foodchemifa Co., Ltd.*

2-1-1 Irifune, Chuo-ku,
Tokyo 104-8553, Japan
Tel: +81 (3) 3206-0778

OVERSEAS

The Americas

Kikkoman Foods, Inc.*

Headquarters and Wisconsin Plant

N1365 Six Corners Road,
Walworth, Wisconsin 53184, U.S.A.
Tel: +1 (262) 275-6181
Fax: +1 (262) 275-9452

California Plant

1000 Glenn Drive,
Folsom, California 95630, U.S.A.
Tel: +1 (916) 355-8078
Fax: +1 (916) 355-8083

Kikkoman Sales USA, Inc.*

50 California Street, Suite 3600,
San Francisco, California 94111, U.S.A.
Tel: +1 (415) 956-7750
Fax: +1 (415) 956-7760

Kikkoman Marketing and Planning, Inc.

2500 W. Higgins Road 1180,
Hoffman Estates, Illinois 60169, U.S.A.
Tel: +1 (847) 882-8901
Fax: +1 (847) 882-8920

Kikkoman USA R&D Laboratory, Inc.

505 South Rosa Road, Suite 107,
Madison, Wisconsin 53719, U.S.A.
Tel: +1 (608) 441-2770
Fax: +1 (608) 441-2780

Country Life, LLC*

180 Motor Pkwy, Hauppauge,
New York 11788-5107, U.S.A.
Tel: +1 (631) 232-5400
Fax: +1 (631) 434-4791

JFC International Inc.*

7101E Slauson Ave., Los Angeles,
California 90040-3622, U.S.A.
Tel: +1 (323) 721-6100
Fax: +1 (323) 721-6133

JFC International (Canada) Inc.*

1025 Kamato Road,
Mississauga, Ontario L4W 0C1, Canada
Tel: +1 (905) 629-0993
Fax: +1 (905) 629-7909

JFC de Mexico S.A. de C.V.*

Av. Año de Juarez No. 160-B Col.
Granjas San Antonio, Mexico, D.F. 09070, MEXICO
Tel: +52 (55) 5686-8893
Fax: +52 (55) 5686-8868

KMS Service Inc.

601 Gateway Boulevard, Suite 1150,
South San Francisco, California 94080, U.S.A.
Tel: +1 (650) 246-8600
Fax: +1 (650) 952-0550

Europe

Kikkoman Foods Europe B.V.*

De Vosholen 100, 9611 TG
Sappemeer, The Netherlands
Tel: +31 (598) 399898
Fax: +31 (598) 399888

Kikkoman Trading Europe GmbH*

293 Theodorstr., D-40472
Düsseldorf, Germany
Tel: +49 (211) 5375940
Fax: +49 (211) 5379555

Kikkoman Marketing & Planning Europe GmbH

293 Theodorstr., D-40472
Düsseldorf, Germany
Tel: +49 (211) 52288450
Fax: +49 (211) 5379555

Kikkoman Europe R&D Laboratory PTE B.V.

BillPartner Center, Nieuwe Kanaal 7G,
6709 PA Wageningen, The Netherlands
Tel: +31 (317) 420370
Fax: +31 (317) 416006

JFC International (Europe) GmbH*

293 Theodorstr., D-40472
Düsseldorf, Germany
Tel: +49 (211) 5374160
Fax: +49 (211) 5382047

JFC Deutschland GmbH*

293 Theodorstr., D-40472
Düsseldorf, Germany
Tel: +49 (211) 5374160
Fax: +49 (211) 592827

JFC (UK) Ltd.*

Unit 17, Premier Park, 7 Premier Park Road,
London, NW10 7NZ, United Kingdom
Tel: +44 (20) 8963-7600
Fax: +44 (20) 8963-7605

JFC France S.A.R.L.*

PERIPARK GENNEVILLIERS Bâtiment C,
101 Avenue Louis Roche, 92230 GENNEVILLIERS, France
Tel: +33 (1) 4086-4200
Fax: +33 (1) 4791-1599

JFC Austria GmbH

IZ-NOE-SUED, Strasse 16,
Objekt 70 A, 2355 Wiener Neudorf, Austria
Tel: +43 (2236) 908800-0
Fax: +43 (2236) 908800-5

JFC Restaurant GmbH*

293 Theodorstr., D-40472
Düsseldorf, Germany
Tel: +49 (211) 5382045
Fax: +49 (211) 5382047

*Asia***Kikkoman (S) Pte Ltd***

7 Senoko Crescent,
Singapore 758263
Tel: +65 (6758) 8822
Fax: +65 (6758) 3016

Kikkoman Trading Asia Pte Ltd*

290 Orchard Road, #17-08,
Paragon, Singapore 238859
Tel: +65 (6235) 6022
Fax: +65 (6235) 2237

President Kikkoman Inc.**

7, Ta Ying Village, Hsin Shih Hsiang, Tainan, Taiwan
Tel: +886 (6) 5997995
Fax: +886 (6) 5990123

Kunshan President Kikkoman Biotechnology Co., Ltd.**

301 South of Qingyang Road Economy and
Technology Development Zone, Kunshan City,
Jiangsu Province, 215300 China
Tel: +86 (512) 5770-6146
Fax: +86 (512) 5770-6145

President Kikkoman Zhenji Foods Co., Ltd

Tian Li Business Building,
No. 34 Guang An Street, Chang An District,
Shijiazhuang City, Hebei, 050011 China
Tel: +86 (311) 8966-7007
Fax: +86 (311) 8592-5958

Kikkoman Singapore R&D Laboratory Pte Ltd

c/o Department of Chemistry National University of Singapore,
3 Science Drive 3, Singapore 117543
Tel: +65 (6872) 2235
Fax: +65 (6872) 2239

Del Monte Asia Pte Ltd*

290 Orchard Road, #17-08,
Paragon, Singapore 238859
Tel: +65 (6235) 1926
Fax: +65 (6235) 3044

Siam Del Monte Company Limited*

52 Taniya Plaza, 22nd Floor, Zone C,
Silom Road, Bangrak, Bangkok 10500, Thailand
Tel: +66 (2) 231-2223
Fax: +66 (2) 231-2225

Del Monte Foods (Xiamen) Co., Ltd.

No. 151 Meihe Jiu Road,
Light Food Industrial Park,
Tong'an District, Xiamen, 361100 China
Tel: +86 (592) 7395-631
Fax: +86 (592) 7395-636

JFC-Sheng Yuan Hong (Beijing) Trading Co., Ltd

Room 104, No.72 Building of Ba Li Zhuang
Xi Li, Ocean Paradise, Chao Yang District,
Beijing, 100025 China
Tel: +86 (10) 8586-6842
Fax: +86 (10) 8586-6845

JFC Hong Kong Limited**

5th Floor, Ever Gain Centre,
43-57 Wang Wo Tsai Street, Tsuen Wan,
N.T., Hong Kong, China
Tel: +852 (2428) 6431
Fax: +852 (2480) 4762

*Oceania***Kikkoman Australia Pty. Limited***

Suite 2, Level 6, 132 Arthur Street,
North Sydney, N.S.W. 2060, Australia
Tel: +61 (2) 9923-2533
Fax: +61 (2) 9923-2050

Japan Food Corp. (Aust) Pty. Limited*

Woodcock Place, Building D1, 16 Mars Road,
Lane Cove, N.S.W. 2066, Australia
Tel: +61 (2) 9429-8000
Fax: +61 (2) 9429-8010

JFC New Zealand Limited

Unit 1/10 Cryers Road,
East Tamaki, Auckland, New Zealand
Tel: +64 (9) 969-2400
Fax: +64 (9) 969-2420

*Consolidated subsidiaries

**Equity method affiliates

Note: Numbers preceded by "+" are country codes.

Home page address: <http://www.kikkoman.com/>

(As of July 2009)

Corporate History

The city of Noda is ideally situated close to soybean-growing regions as well as the Edo River, which provided a convenient transportation route to and from Edo (present-day Tokyo). Noda has been well-known for its soy sauce production since the Edo period (1603–1867). In December 1917, eight family-run companies merged to form Noda Shoyu Co., Ltd., the predecessor of Kikkoman Corporation, with capital of ¥7 million.

1925 April	Noda Shoyu Co., Ltd. absorbs Noda Shoyu Jozo Co., Ltd., Manjo Mirin Co., Ltd. and Nippon Shoyu Co., Ltd. through a merger.	1990 February	A joint-venture company, President Kikkoman Inc., is established to produce soy sauce in Tainan, in Taiwan.
1931 September	The Takasago soy sauce production plant (formerly the Kansai Plant) begins shipments.	1990 December	The production facility of President Kikkoman Inc. begins shipments.
1957 June	Kikkoman International Inc. (now Kikkoman Sales USA, Inc) is established in San Francisco, California, in the United States.	1996 April	Kikkoman establishes Kikkoman Foods Europe B.V. in the Netherlands.
1961 July	Kikko Food Industries Co., Ltd. (now Nippon Del Monte Corporation) is established.	1997 October	Kikkoman Foods Europe B.V. holds its grand opening.
1962 February	Tone Beverage Co., Ltd. (now Tone Coca-Cola Bottling Co., Ltd.) is established.	1998 October	The second U.S. manufacturing plant of Kikkoman Foods, Inc., in Folsom, California, holds its grand opening.
1962 October	Katsunuma Yoshu Co., Ltd. (now Manns Wine Co., Bottling Co., Ltd.) is established.	2000 May	A joint-venture company, Kunshan President Kikkoman Biotechnology Co., Ltd, is established in Kunshan, China.
1964 October	Noda Shoyu Co., Ltd. is renamed Kikkoman Shoyu Co., Ltd.	2002 May	The China Plant of Kunshan President Kikkoman Biotechnology Co., Ltd. holds its grand opening.
1969 June	Kikkoman invests in Japan Food Corporation (now JFC International Inc.) in the United States.	2004 March	Kikkoman invests in Higeta Shoyu Co., Ltd. and Kibun Food Chemifa Co., Ltd. (now Foodchemifa Co., Ltd.)
1970 March	Kikkoman invests in Pacific Trading Co., Ltd.	2005 January	Siam Del Monte Company Limited is established in Thailand.
1972 March	Kikkoman Foods, Inc. is established in Walworth, Wisconsin, in the United States.	2005 March	Country Life, LLC is established in New York in the United States.
1973 June	The Wisconsin Plant of Kikkoman Foods, Inc. holds its grand opening.	2006 February	Siam Del Monte Company Limited holds its grand opening.
1979 March	Kikkoman Trading Europe GmbH is established in Neuss, in Germany.	2006 November	Del Monte Foods (Xiamen) Co., Ltd. is established in Amoy, in China.
1980 October	The Company takes on its present name, Kikkoman Corporation.	2008 June	Kikkoman enters a capital and business alliance with Riken Vitamin Co., Ltd.
1983 June	Kikkoman (S) Pte Ltd, a production facility, is established in Singapore.	2008 July	Kikkoman establishes joint venture President Kikkoman Zhenji Foods Co., Ltd in Shijiazhuang in China.
1984 November	The production facility of Kikkoman (S) Pte Ltd holds its grand opening.	2008 October	Del Monte Foods (Xiamen) Co., Ltd. holds its grand opening.
1987 January	Kikkoman's Chitose Plant (now Hokkaido Kikkoman Company) in Hokkaido begins shipments.	2009 March	Tone Coca-Cola Bottling Co., Ltd. removed from scope of consolidation as a result of a partial transfer of shares.
1990 January	Kikkoman buys perpetual marketing rights for the Del Monte brand in the Asian-Pacific region, excluding the Philippines.	2009 June	President Kikkoman Zhenji Foods Co., Ltd holds its grand opening.

(As of July 2009)

Board of Directors and Officers

Board of Directors and Corporate Auditors

Chairman of the Board

Yuzaburo Mogi*

President

Mitsuo Someya*

Directors

Tadao Kondo*
Kenichi Saito
Yukio Sato
Koji Negishi
Noriaki Horikiri
Katsumi Amano
Tsunao Hashimoto
Toshihiko Fukui
Mamoru Ozaki

* Representative Director

Corporate Auditors

Sadao Nozaki
Yutaka Kitani
Takeo Inokuchi
Motohiko Kogo

Corporate Officers

Chairman of the Board and Chief Executive Officer

Yuzaburo Mogi

President and Chief Operating Officer

Mitsuo Someya

Senior Executive Corporate Officer

Tadao Kondo

Executive Corporate Officers

Kenichi Saito
Yukio Sato
Koji Negishi
Noriaki Horikiri
Katsumi Amano
Hiroshi Futamura
Masanori Fukumitsu
Koichi Yamazaki
Masanao Shimada

Corporate Officers

Michinori Nishimura
Yoshiro Kubota
Takaharu Nakamura
Shoichi Ui
Satoru Abe
Bunji Matsuzaki
Kazuo Shimizu
Eiichi Shimoyamada
Satoshi Sasaki
Shintaro Karasawa
Takashi Hamada
Noboru Mimura
Shozaburo Nakano
Asahi Matsuyama
Kimio Ando
Naoyuki Kiyomatsu
Yasuyoshi Kase
Kiminae Fujimura

(As of June 23, 2009)

Corporate Data

Name

Kikkoman Corporation

Head Office

250 Noda, Noda-shi, Chiba 278-8601, Japan

Date of Establishment

December 7, 1917

Paid-in Capital

¥11,599,398,094

Number of Shares

Authorized: 600,000,000

Issued and outstanding: 210,383,202

Number of Employees (Consolidated)

5,226 (As of March 31, 2009)

Stock Exchange Listings

Tokyo, Osaka

Shareholder Registry Administrator

Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

Stock Price Range on the Tokyo Stock Exchange

Fiscal 2009:	High: ¥1,526	Low: ¥697
Fiscal 2008:	High: ¥1,887	Low: ¥1,118
Fiscal 2007:	High: ¥1,727	Low: ¥1,250

Business Activities

- Manufacturing and sales of Kikkoman soy sauce
- Contract sales of Higeta soy sauce
- Manufacturing and sales of Kikkoman soy sauce soup base, dipping and marinades sauces, and processed grain products
- Contract sales of Higeta soy sauce soup base
- Manufacturing and sales of Del Monte processed tomato products, fruit and vegetable juice beverages, sauces, and canned goods
- Manufacturing and sales of Manjo *mirin*
- Manufacturing and sales of Manns wines
- Sales of imported alcoholic beverages
- Manufacturing and sales of soy milk, products for foodservice-use, and health foods in the U.S.
- Sales of oriental food products in Japan and overseas
- Manufacturing and sales of medical reagents, clinical diagnostic reagents, and chemical products
- Real estate rental, logistics and storage, and restaurant businesses

(As of July 2009)



Kikkoman Corporation

Noda Head Office

250 Noda, Noda-shi, Chiba 278-8601, Japan

Tokyo Head Office

2-1-1 Nishi-Shinbashi,
Minato-ku, Tokyo 105-8428, Japan

<http://www.kikkoman.com/>