

Flash Report

Kikkoman Corporation



Consolidated Financial Results

June 10 2002

Year ended March 31, 2002

Listed company name: **Kikkoman Corporation**
Code No.: 2801
Shares listed: Tokyo (1st Section), Osaka (1st Section)
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Board of Directors' meeting for approval of consolidated results: May 27, 2002

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 are presented solely for convenience.

1. Business performance for the year ended March 31, 2002

(April 1, 2001 to March 31, 2002)

(1) Business results

Amounts less than ¥ 1 million, except for per share amounts, have been omitted in the following tables.

(Millions of yen)

	Net sales	Operating income	Recurring income
Apr. 1, 2001 - Mar. 31, 2002	¥336,887	¥14,942	¥13,183
Jan. 1 - Mar. 31, 2001	¥ 29,998	¥202	¥445

	Net income	Net income per share (yen)	Net income per share: Assuming full dilution (yen)
Apr. 1, 2001 - Mar. 31, 2002	¥5,363	¥27.43	¥26.52
Jan. 1 - Mar. 31, 2001	(¥406)	(¥ 2.08)	—

Note:

1) Income from equity in earnings of unconsolidated subsidiaries and affiliates:

Apr. 1, 2001-Mar. 31, 2002: ¥226 million (Jan. 1-Mar. 31, 2001: ¥ - million)

2) Average number of shares during the period (consolidated)

Apr. 1, 2001-Mar. 31, 2002: 195,531,893 (Jan. 1-Mar. 31, 2001: 195,543,989)

3) Changes in accounting method

Segment information by type of business has been newly disclosed

4) Because the period ended March 31, 2001 was a three-month transitional period due to a change of balance date, no results are available. Consequently, no comparisons are available with the period of the previous fiscal year.

1. Business performance for the year ended March 31, 2002 (continued)

(2) Financial position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (yen)
Mar.31,2002	¥294,527	¥132,313	44.9%	¥676.82
Mar.31,2001	¥287,559	¥126,462	44.0%	¥646.72

Note:

1) Number of shares issued and outstanding at end of the period (consolidated)

Mar.31, 2002: 195,492,644 (Mar.31, 2001: 195,545,040)

(3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Apr. 1,2001 – Mar.31,2002	¥22,572	(¥17,602)	(¥ 480)	¥30,858
Jan.1- Mar.31,2001	¥3,242	(¥1,906)	(¥1,601)	¥25,188

(4) Scope of consolidation and application of the equity method

- Consolidated subsidiaries: 23
- Unconsolidated subsidiaries accounted for by equity method: 7
- Affiliates accounted for by equity method: 2

(5) Changes in scope of consolidation and accounting methods

1) Changes in the scope of consolidation and the number of companies accounted for by the equity method

Newly consolidated companies: 4

Newly unconsolidated company: 2

Companies newly accounted for by the equity method: 1

Companies no longer accounted for by the equity method: 1

2. Forecast of business performance for the fiscal year ending March 31, 2003

(Millions of yen)

	Net sales	Recurring income	Net income
Apr. 1, - Sep.30,2002	¥172,000	¥6,300	¥3,200
Apr.1,2002- Mar.31,2003	¥352,000	¥15,000	¥7,400

Estimated net income per share for the year: Consolidated basis

¥37.85

3. Consolidated Balance Sheets

March 31,

	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 4)</i>
Assets			
Current assets:			
Cash and time deposits	¥ 32,835	¥ 27,801	\$ 246,880
Trade notes and accounts receivable	41,116	39,372	309,143
Allowance for doubtful receivables	(604)	(626)	(4,541)
	<u>40,511</u>	<u>38,746</u>	<u>304,594</u>
Inventories	28,525	29,594	214,474
Deferred tax assets	4,262	2,794	32,045
Other current assets	9,268	4,418	69,684
Total current assets	<u>115,403</u>	<u>103,354</u>	<u>867,692</u>
Property, plant and equipment, at cost:			
Land	33,082	32,885	248,737
Buildings and structures	90,020	87,230	676,842
Machinery, equipment and vehicles	147,170	150,134	1,106,541
Other	61,790	60,591	464,586
Construction in progress	1,954	1,508	14,692
	<u>334,017</u>	<u>332,349</u>	<u>2,511,406</u>
Accumulated depreciation	(209,975)	(207,381)	(1,578,759)
Property, plant and equipment, net	<u>124,042</u>	<u>124,968</u>	<u>932,647</u>
Investments and other assets:			
Investments in securities	30,179	34,793	226,910
Investments in and advances to unconsolidated subsidiaries and affiliates	7,851	7,696	59,030
Intangible assets	8,376	8,130	62,977
Deferred tax assets	4,245	3,897	31,917
Other assets	4,427	4,717	33,286
Total investments and other assets	<u>55,081</u>	<u>59,236</u>	<u>414,143</u>
Total assets	<u>¥ 294,527</u>	<u>¥ 287,559</u>	<u>\$ 2,214,489</u>

3. Consolidated Balance Sheets (Continued)

	March 31,		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 4)</i>
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank loans	¥ 25,713	¥ 23,928	\$ 193,331
Current portion of long-term debt	10,645	2,534	80,038
Trade notes and accounts payable	14,069	13,213	105,782
Other accounts payable	18,354	13,936	138,000
Accrued expenses	2,229	2,575	16,759
Accrued income taxes	2,960	1,685	22,256
Other current liabilities	3,396	4,100	25,534
Total current liabilities	<u>77,369</u>	<u>61,975</u>	<u>581,722</u>
Long-term liabilities:			
Long-term debt	16,256	24,660	122,226
Accrued employees' pension and severance costs	30,815	32,364	231,692
Accrued officers' severance benefits	1,347	1,178	10,128
Deposits received	12,712	13,275	95,579
Deferred tax liabilities	4,250	7,615	31,955
Other long-term liabilities	937	895	7,045
Total long-term liabilities	<u>66,320</u>	<u>79,989</u>	<u>498,647</u>
Minority interests	18,523	19,131	139,271
Shareholders' equity:			
Common stock:			
Authorized: 300,000,000 shares			
Issued: 197,202,300 shares in 2002 and 2001	11,599	11,599	87,211
Additional paid-in capital	5,768	5,768	43,368
Retained earnings	105,550	100,493	793,609
Unrealized holding gain on securities	8,022	11,687	60,316
Translation adjustments	1,618	(2,876)	12,165
	<u>132,559</u>	<u>126,672</u>	<u>996,684</u>
Treasury stock, at cost:			
2002 - 1,709,656 shares	(245)	-	(1,842)
2001 - 1,657,260 shares	-	(209)	-
Shareholders' equity, net	<u>132,313</u>	<u>126,462</u>	<u>994,835</u>
Contingent liabilities			
Total liabilities and shareholders' equity	<u>¥ 294,527</u>	<u>¥287,559</u>	<u>\$2,214,489</u>

See accompanying notes to consolidated financial statements.

4. Consolidated Statements of Income

	Year ended March 31, 2002	Three months ended March 31, 2001	Year ended March 31, 2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 4)</i>
Net sales	¥ 336,887	¥29,998	\$2,532,985
Cost of sales	195,981	16,593	1,473,541
Gross profit	140,905	13,405	1,059,436
Selling, general and administrative expenses	125,963	13,202	947,090
Operating income	14,942	202	112,346
Other income (expenses):			
Interest and dividend income	1,081	212	8,128
Equity in earnings of unconsolidated subsidiaries and affiliates	226	—	1,699
Interest expense	(1,246)	(132)	(9,368)
Gain on sales of securities	503	—	3,782
Amortization of net severance benefit obligation at transition	—	(2,832)	—
Special additional severance benefits	(3,960)	—	(29,774)
Gain on sales of property, plant and equipment	453	—	3,406
Loss on disposal of property, plant and equipment	(601)	—	(4,519)
Loss on liquidation of affiliates	(416)	—	(3,128)
Other, net	(2,006)	380	(15,083)
	<u>(5,966)</u>	<u>(2,371)</u>	<u>(44,857)</u>
Income (loss) before income taxes and minority interests	8,976	(2,168)	67,489
Income taxes:			
Current	6,564	464	49,353
Deferred	(2,511)	(1,330)	(18,880)
	<u>4,053</u>	<u>(865)</u>	<u>30,474</u>
Income (loss) before minority interests	4,922	(1,302)	37,008
Minority interests	441	896	3,316
Net income (loss)	<u>¥ 5,363</u>	<u>¥ (406)</u>	<u>\$ 40,323</u>

See accompanying notes to consolidated financial statements.

5. Consolidated Statements of Shareholders' Equity

	Year ended March 31, 2002	Three months ended March 31, 2001	Year ended March 31, 2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 4)</i>
Common stock			
Balance at beginning and end of period (2002 - 197,202,300 shares; 2001 - 197,202,300 shares)	¥ 11,599	¥ 11,599	\$ 87,211
Additional paid-in capital			
Balance at beginning and end of period	¥ 5,768	¥ 5,768	\$ 43,368
Retained earnings			
Balance at beginning of period	¥ 100,493	¥102,345	\$755,586
Add:			
Net income (loss)	5,363	(406)	40,323
Other	129	-	970
Deduct:			
Cash dividends paid	(330)	(1,380)	(2,481)
Bonuses to directors and statutory auditors	(41)	(64)	(308)
Other	(64)	-	(481)
Balance at end of period	¥ 105,550	¥ 100,493	\$793,609
Unrealized holding gain on securities			
Balance at beginning of period	¥ 11,687	¥ -	\$ 87,872
Net change during period	(3,664)	11,687	(27,549)
Balance at end of period	¥ 8,022	¥ 11,687	\$ 60,316
Translation adjustments			
Balance at beginning of period	¥ (2,876)	¥ -	\$ (21,624)
Net change during period	4,495	(2,876)	33,797
Balance at end of period	¥ 1,618	¥ (2,876)	\$ 12,165

See accompanying notes to consolidated financial statements.

6. Consolidated Statements of Cash Flows

	Year ended March 31, 2002	Three months ended March 31, 2001	Year ended March 31, 2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 4)</i>
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ 8,976	¥ (2,168)	\$ 67,489
Depreciation and amortization	16,437	1,762	123,586
Accrued employees' pension and severance costs	(1,566)	2,430	(11,774)
Accrued officers' severance benefits	169	(479)	1,271
Interest and dividend income	(1,081)	(212)	(8,128)
Interest expense	1,246	132	9,368
Equity in earnings of unconsolidated subsidiaries and affiliates	(226)	-	(1,699)
Gain on sales of property, plant and equipment	(453)	-	(3,406)
Gain on sales of securities	(503)	-	(3,782)
Loss on disposal of property, plant and equipment	601	-	4,519
Loss on liquidation of affiliates	416	-	3,128
Notes and accounts receivable	(307)	11,539	(2,308)
Inventories	2,718	(1,666)	20,436
Notes and accounts payable	130	(1,663)	977
Other	1,578	(3,079)	11,865
Subtotal	28,136	6,592	211,549
Interest and dividends received	1,123	220	8,444
Interest paid	(1,327)	(128)	(9,977)
Income taxes paid	(5,359)	(3,441)	(40,293)
Net cash provided by operating activities	22,572	3,242	169,714
Cash flows from investing activities			
Acquisition of property, plant and equipment	(13,215)	(1,614)	(99,361)
Proceeds from sales of property, plant and equipment	558	-	4,195
Acquisition of investments in securities	(1,933)	(67)	(14,534)
Proceeds from sales of investments in securities	698	-	5,248
Purchase of subsidiary's stock	(1,986)	-	(14,932)
Addition to loans receivable	(2,189)	(294)	(16,459)
Other	465	70	3,496
Net cash used in investing activities	(17,602)	(1,906)	(132,346)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	921	(20)	6,925
Proceeds from long-term debt	1,875	-	14,098
Repayment of long-term debt	(2,651)	-	(19,932)
Cash dividends paid	(546)	(1,581)	(4,105)
Other	(79)	(0)	(594)
Net cash used in financing activities	(480)	(1,601)	(3,609)
Effect of exchange rate changes on cash and cash equivalents	1,170	82	8,797
Increase (decrease) in cash and cash equivalents	5,660	(183)	42,556
Cash and cash equivalents at beginning of period	25,188	25,371	189,383
Increase arising from inclusion of subsidiaries in consolidation	10	-	75
Cash and cash equivalents at end of period	¥ 30,858	¥ 25,188	\$ 232,015

See accompanying notes to consolidated financial statements.

7. Notes to Consolidated Financial Statements

(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 and practices generally accepted and applied 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 Securities and Exchange Law of Japan and have been prepared in accordance with accounting principles generally accepted in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

As permitted by the Securities and Exchange Law, 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.

(2) Change in Fiscal Year

Effective March 31, 2001 the Company and certain consolidated subsidiaries changed their fiscal year end from December 31 to March 31. Accordingly, consolidated statements of income, shareholders’ equity and cash flows have been presented for the three-month period ended March 31, 2001.

Since a difference of three months between the parent company’s fiscal year end and the year end of its subsidiaries is permitted, most of the subsidiaries have not changed their fiscal year end from December 31. Their statements of income, shareholders’ equity and cash flows have not been included in the consolidated financial statements for the period ended March 31, 2001.

(3) 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.

7. Notes to Consolidated Financial Statements (continued)

(3) Summary of Significant Accounting Policies (continued)

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

All significant intercompany 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, not significant in amount, between the cost and the underlying net equity in investments in consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for by the equity method are charged or credited to income in the year of acquisition.

(b) Foreign currency translation

Revenue and expense accounts of the foreign consolidated subsidiaries are translated at the average exchange rates in effect during the period. Except for shareholders' equity, the balance sheet accounts 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 minority interests and as a separate component of stockholders' equity.

(c) Cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased 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 shareholders' equity, net of taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

7. Notes to Consolidated Financial Statements (continued)

(3) Summary of Significant Accounting Policies (continued)

(e) Inventories

Inventories are stated principally at the lower of cost or market, cost being determined by the average method, except for finished products, work in process and soybean-related ingredients of the Company which are stated at the lower of cost or market, cost being determined by the last-in, first-out method.

(f) Depreciation and amortization

Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is determined primarily by the declining-balance method, except for buildings and two of the Company's factories, on which depreciation is computed by the straight-line method at rates based on the estimated useful lives of the respective assets. Depreciation of property, plant and equipment of the foreign consolidated subsidiaries is computed principally by the straight-line method.

The useful lives are as follows:

Buildings and structures	over 7 to 50 years
Machinery and vehicles	over 3 to 20 years

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

(g) Leases

Noncancelable leases of the Company and its domestic consolidated subsidiaries are accounted for as operating leases (whether such leases are classified as operating or finance leases) except that leases which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases. However, leases of the foreign consolidated subsidiaries are generally accounted for as either finance or operating leases according to their classification.

(h) Accrued pension and severance costs

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

7. Notes to Consolidated Financial Statements (continued)

(3) Summary of Significant Accounting Policies (continued)

(h) Accrued pension and severance costs (continued)

The effect of the adjustment made during this fiscal period arising from revisions to the actuarial assumptions (the “actuarial assumption adjustment”) is to be amortized by the straight-line method beginning the following fiscal year over periods ranging from 10 to 15 years, which are within the average remaining years of service of the active participants in the plans.

The unrecognized retirement benefit obligation at transition has been charged to operations as incurred.

Certain foreign consolidated subsidiaries have defined contribution plans in addition to defined pension plans.

In addition, directors and statutory auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded retirement allowances plans. Provision for retirement allowances for these officers has been made at estimated amounts.

(i) 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 will be in effect when the differences are expected to reverse.

(j) Research and development costs

Research and development costs are charged to income when incurred.

(k) Derivatives

Derivative positions are stated at fair value.

(l) Appropriation of retained earnings

Under the Commercial Code of Japan (the “Code”), 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 accounts for that period do not, therefore, reflect such appropriations. See Note 19.

7. Notes to Consolidated Financial Statements (continued)

(4) 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 ¥ 133 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2002. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

(5) Recurring Income

	Year ended	Three months	Year ended
	March 31	ended	March 31, 2002
	2002	March 31	2002
	<i>(Millions of yen)</i>	2001	<i>(Thousands of</i>
			<i>U.S. dollars)</i>
			<i>(Note 4)</i>
Operating income	¥ 14,942	¥ 202	\$112,346
Non-operating income	3,567	937	26,820
Non-operating expenses	(5,326)	(695)	(40,045)
Recurring income	¥ 13,183	¥ 445	\$99,120
Extraordinary income	957	472	7,195
Extraordinary expenses	(5,165)	(3,086)	(38,835)
Income (loss) before income taxes and minority interests	¥ 8,976	(¥2,168)	\$67,489

7. Notes to Consolidated Financial Statements (continued)

(6) Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the processing and sales of products in Japan and overseas in four major segments: manufacturing and sales of foods which include soy sauce and other processed seasonings, sauces, Del Monte processed fruit and vegetables, and sake and wine; 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 and restaurants.

Business Segments

	Year ended March 31, 2002						
	Foods-manufacturing and sales	Foods-wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consolidated
	<i>(Millions of yen)</i>						
I. Sales and operating income:							
Sales to third parties	¥ 171,957	¥ 47,028	¥ 113,469	¥ 4,433	¥ 336,887	¥ –	¥ 336,887
Intragroup sales and transfers	431	627	–	131	1,190	(1,190)	–
Total sales	172,388	47,655	113,469	4,565	338,078	(1,190)	336,887
Operating expenses	162,007	46,033	111,080	4,035	323,157	(1,212)	321,945
Operating income	¥ 10,381	¥ 1,622	¥ 2,388	¥ 529	¥ 14,920	¥ 21	¥ 14,942

II. Assets, depreciation and capital expenditures:							
Total assets	¥ 153,577	¥ 20,574	¥ 71,052	¥ 8,784	¥ 253,988	¥ 40,538	¥ 294,527
Depreciation and amortization	9,473	240	6,100	351	16,166	–	16,166
Capital expenditures	9,734	138	5,085	49	15,007	–	15,007

	Year ended March 31, 2002						
	Foods-manufacturing And sales	Foods-wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consolidated
	<i>(Thousands of U.S. dollars)</i>						
I. Sales and operating income:							
Sales to third parties	\$1,292,910	\$353,594	\$853,150	\$33,331	\$2,532,985	\$ –	\$2,532,985
Intragroup sales and transfers	3,241	4,714	–	985	8,947	(8,947)	–
Total sales	1,296,150	358,308	853,150	34,323	2,541,940	(8,947)	2,532,985
Operating expenses	1,218,098	346,113	835,188	30,338	2,429,752	(9,113)	2,420,639
Operating income	\$ 78,053	\$ 12,195	\$ 17,955	\$ 3,977	\$ 112,180	\$ 158	\$ 112,346

II. Assets, depreciation and capital expenditures:							
Total assets	\$1,154,714	\$154,692	\$534,226	\$66,045	\$1,909,684	\$ 304,797	\$2,214,489
Depreciation and amortization	71,226	1,805	45,865	2,639	121,549	–	121,549
Capital expenditures	73,188	1,038	38,233	368	112,835	–	112,835

7. Notes to Consolidated Financial Statements (continued)

(6) Segment Information

Three months ended March 31, 2001							
	Foods- manufacturing And sales	Foods- wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consoli- dated
<i>(Millions of yen)</i>							
I. Sales and operating income:							
Sales to third parties	¥ 29,326	¥ –	¥ –	¥ 671	¥ 29,998	¥ –	¥ 29,998
Intragroup sales and transfers	–	–	–	–	–	–	–
Total sales	29,326	–	–	671	29,998	–	29,998
Operating expenses	29,123	–	–	676	29,799	(3)	29,795
Operating income (loss)	¥ 203	¥ –	¥ –	¥ (4)	¥ 199	¥ 3	¥ 202
II. Assets, depreciation and capital expenditures:							
Total assets	¥ 148,465	¥ 18,451	¥ 66,709	¥ 9,529	¥ 243,155	¥ 44,404	¥ 287,559
Depreciation and amortization	1,703	–	–	57	1,761	–	1,761
Capital expenditures	1,076	–	–	23	1,100	–	1,100

Geographical Segments

Geographical segment information for the Company and its consolidated subsidiaries for the year ended March 31, 2002 and the three months ended March 31, 2001 is summarized as follows:

Year ended March 31, 2002						
	Japan	North America	Other	Total	Eliminations and corporate	Consoli- dated
<i>(Millions of yen)</i>						
Sales to third parties	¥ 265,707	¥ 61,126	¥ 10,053	¥ 336,887	¥ –	¥ 336,887
Interarea sales and transfers	7,998	1,344	1,608	10,951	(10,951)	–
Total sales	273,706	62,471	11,662	347,839	(10,951)	336,887
Operating expenses	265,973	55,921	11,007	332,902	(10,956)	321,945
Operating income	¥ 7,733	¥ 6,550	¥ 654	¥ 14,937	¥ 4	¥ 14,942
Total assets	¥ 204,650	¥ 48,003	¥ 9,792	¥ 262,446	¥ 32,080	¥ 294,527

7. Notes to Consolidated Financial Statements (continued)

(6) Segment Information

	Year ended March 31, 2002					
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to third parties	\$1,997,797	\$459,594	\$75,586	\$2,532,985	\$ –	\$2,532,985
Interarea sales and transfers	60,135	10,105	12,090	82,338	(82,338)	–
Total sales	2,057,940	469,707	87,684	2,615,331	(82,338)	2,532,985
Operating expenses	1,999,797	420,459	82,759	2,503,023	(82,376)	2,420,639
Operating income	\$ 58,143	\$ 49,248	\$ 4,917	\$ 112,308	\$ 30	\$ 112,346
Total assets	\$1,538,722	\$360,925	\$73,624	\$1,973,278	\$ 241,203	\$2,214,489

	Three months ended March 31, 2001					
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<i>(Millions of yen)</i>					
Sales to third parties	¥ 28,992	¥ –	¥ 1,005	¥ 29,998	¥ –	¥ 29,998
Interarea sales and transfers	157	–	348	505	(505)	–
Total sales	29,150	–	1,354	30,504	(505)	29,998
Operating expenses	29,037	–	1,269	30,307	(511)	29,795
Operating income	¥ 112	¥ –	¥ 85	¥ 197	¥ 5	¥ 202
Total assets	¥ 247,993	¥ 39,064	¥ 8,758	¥ 295,816	¥ (8,257)	¥ 287,559

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 year ended March 31, 2002 are summarized as follows:

	Year ended March 31, 2002					
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
	North America	Other	Total	North America	Other	Total
Overseas sales	¥ 60,978	¥ 14,791	¥ 75,770	\$458,481	\$111,211	\$ 569,699
Consolidated net sales			336,887			2,532,985
Ratio of overseas sales to consolidated net sales	18.1%	4.4%	22.5%			

8. Supplementary Schedules

(1) Forecast of business performance for the fiscal year ending March 31, 2003

(April 1, 2002 to March 31, 2003)

(Millions of yen)

	Fiscal 2003	Fiscal 2002	Increase /Decrease		Translation difference	Increase/decrease except translation difference	
	4.1.02 – 3.31.03	4.1.01 – 3.31.02	Amount	%		Amount	%
	Amount	Amount					
Net sales	¥ 352,000	¥ 336,887	¥ 15,112	104.5	¥ 2,053	¥ 13,058	103.9
Operating Income	17,000	14,942	2,057	113.8	220	1,837	112.3
Recurring Income	15,000	13,183	1,816	113.8	187	1,628	112.4
Net income	7,400	5,363	2,036	138.0	117	1,918	135.8
Exchange rate	\$125.00	\$121.64	\$3.36				

(2) Comparison with the year ended December 31, 2000

(Millions of yen)

		Fiscal 2002	Fiscal 2000	Increase /Decrease		Translation difference	Increase/decrease except translation difference	
		4.1.01 – 3.31.02	1.1.00 – 12.31.00	Amount	%		Amount	%
		Amount	Amount					
Net Sales	Total	¥ 336,887	¥ 326,708	¥ 10,179	103.1	¥ 6,584	¥ 3,594	101.1
	Overseas	71,180	61,481	9,698	115.8	6,584	3,113	105.1
Operating Income	Total	14,942	14,686	255	101.7	789	(533)	96.4
	Overseas	7,204	5,772	1,432	124.8	787	644	111.2
	Recurring Income	13,183	12,911	271	102.1	679	(407)	96.8
	Net income	5,363	6,150	(786)	87.2	418	(1,204)	80.4
		\$121.64	\$107.95	\$13.69				

Note:

- 1) Due to a change in the company's balance date, no results are available for the previous April-March period. For reference purposes, comparisons have been made with the period ended December 31, 2000. However, due to the change in balance sheet date, comparisons for the parent company and four consolidated subsidiaries relate to a different period. Comparisons with major overseas subsidiaries are made for the same period.
- 2) Effective from the fiscal year ending March 31, 2002, some expenses previously treated as selling expenses at a U.S. consolidated subsidiary will be debited against sales as a result of a change in U.S. accounting standards. This change will have no effect on profits. The translation difference in the above table under sales includes a ¥ 1,204 million effect from applying the new standard in the year ending March 31, 2002.