

Flash Report Interim 2002

Kikkoman Corporation



Consolidated Financial Results

December 6 2001

Half year ended September 30, 2001

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 interim consolidated results: November 26, 2001

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended September 30, 2001 are presented solely for convenience.

1. Business performance for the six-month period ended September 30, 2001

(April 1, 2001 to September 30, 2001)

(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- Sep.30,2001	¥164,820	¥5,800	¥5,267
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- Sep.30,2001	¥2,579	¥13.19	¥12.76
Jan.1- Mar.31,2001	(¥406)	(¥2.08)	—

Note:

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

Income from equity in earnings of unconsolidated subsidiaries and affiliates:

Apr.1-Sep.30: ¥131 million (Jan.1-Mar.31,2001: ¥ - million)

Average number of shares during the period (consolidated)

Apr.1-Sep.30: 195,542,365 (Jan.1-Mar.31,2001: 195,543,989)

Changes in accounting method

Segment information by type of business has been newly disclosed

1. Business performance for the six-month period ended September 30, 2001

(continued)

(2) Financial position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (yen)
Sep.30,2001	¥295,911	¥128,752	43.5%	¥658.43
Mar.31,2001	¥287,559	¥126,462	44.0%	¥646.72

Note:

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

Sep.30: 195,545,079 (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- Sep.30,2001	¥6,503	(¥9,353)	¥4,067	¥26,984
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: 22
- Unconsolidated subsidiaries accounted for by equity method: 7
- Affiliates accounted for by equity method: 2

(5) Changes in scope of consolidation and accounting methods

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

Newly consolidated companies: 2

Newly unconsolidated company: 1

Companies newly accounted for by the equity method: None

Companies no longer accounted for by the equity method: None

2. Forecast of business performance for the fiscal year ending March 31, 2002

(April 1, 2001 to March 31, 2002)

(Millions of yen)

Net sales	Recurring income	Net income
¥338,000	¥13,100	¥6,200

Estimated net income per share for the year: Consolidated basis ¥31.71

3. Consolidated Interim Balance Sheets

	September 30, 2001	March 31, 2001	September 30, 2001
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 4)</i>
Assets			
Current assets:			
Cash and time deposits	¥ 29,520	¥ 27,801	\$ 248,067
Trade notes and accounts receivable	43,503	39,372	365,571
Allowance for doubtful receivables	(634)	(626)	(5,328)
	42,868	38,746	360,235
Inventories	31,203	29,594	262,210
Deferred tax assets	3,130	2,794	26,303
Other current assets	4,617	4,418	38,798
Total current assets	<u>111,342</u>	<u>103,354</u>	<u>935,647</u>
Property, plant and equipment, at cost:			
Land	32,927	32,885	276,697
Buildings and structures	88,648	87,230	744,941
Machinery, equipment and vehicles	153,452	150,134	1,289,513
Other	62,387	60,591	524,261
Construction in progress	2,826	1,508	23,748
	340,241	332,349	2,859,168
Accumulated depreciation	(213,921)	(207,381)	(1,797,655)
Property, plant and equipment, net	<u>126,320</u>	<u>124,968</u>	<u>1,061,513</u>
Investments and other assets:			
Investments in securities	32,127	34,793	269,975
Investments in and advances to unconsolidated subsidiaries and affiliates	8,515	7,696	71,555
Intangible assets	8,730	8,130	73,361
Deferred tax assets	4,165	3,897	35,000
Other assets	4,709	4,717	39,571
Total investments and other assets	<u>58,248</u>	<u>59,236</u>	<u>489,479</u>
Total assets	<u>¥ 295,911</u>	<u>¥ 287,559</u>	<u>\$ 2,486,647</u>

3. Consolidated Interim Balance Sheets(Continued)

	September 30, 2001	March 31, 2001	September 30, 2001
	<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	¥ 29,018	¥ 23,928	\$ 243,849
Current portion of long-term debt	2,236	2,534	18,790
Trade notes and accounts payable	15,029	13,213	126,294
Other accounts payable	15,469	13,936	129,992
Accrued expenses	3,108	2,575	26,118
Accrued income taxes	1,847	1,685	15,521
Other current liabilities	4,157	4,100	34,933
Total current liabilities	<u>70,868</u>	<u>61,975</u>	<u>595,529</u>
Long-term liabilities:			
Long-term debt	24,888	24,660	209,143
Accrued employees' pension and severance costs	32,108	32,364	269,815
Accrued officers' severance benefits	1,218	1,178	10,235
Deposits received	12,344	13,275	103,731
Deferred tax liabilities	5,632	7,615	47,328
Other long-term liabilities	947	895	7,958
Total long-term liabilities	<u>77,139</u>	<u>79,989</u>	<u>648,227</u>
Minority interests	19,151	19,131	160,933
Shareholders' equity:			
Common stock, ¥50 par value:			
Authorized: 300,000,000 shares			
Issued: 197,202,300 shares at September 30, 2001 and March 31, 2001			
	11,599	11,599	97,471
Additional paid-in capital	5,768	5,768	48,471
Retained earnings	102,831	100,493	864,126
Unrealized holding gains on securities	9,312	11,687	78,252
Translation adjustments	(549)	(2,876)	(4,613)
	<u>128,961</u>	<u>126,672</u>	<u>1,083,706</u>
Treasury stock, at cost:			
September 30, 2001 - 1,657,221 shares	(209)	-	(1,756)
March 31, 2001 - 1,657,260 shares	-	(209)	-
Shareholders' equity, net	<u>128,752</u>	<u>126,462</u>	<u>1,081,950</u>
Total liabilities and shareholders' equity	<u>¥295,911</u>	<u>¥287,559</u>	<u>\$2,486,647</u>

See accompanying notes to consolidated interim financial statements.

4. Consolidated Interim Statements of Income

	Six months ended September 30, 2001	Three months ended March 31, 2001	Six months ended September 30, 2001
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 4)</i>
Net sales	¥164,820	¥29,998	\$1,385,042
Cost of sales	95,980	16,593	806,555
Gross profit	68,840	13,405	578,487
Selling, general and administrative expenses	63,039	13,202	529,739
Operating income	5,800	202	48,739
Other income (expenses):			
Interest and dividend income	594	212	4,992
Equity in earnings of unconsolidated subsidiaries and affiliates	131	–	1,101
Interest expense	(669)	(132)	(5,622)
Amortization of net retirement benefit obligation at transition	–	(2,832)	–
Special additional retirement benefits	(958)	–	(8,050)
Other, net	(370)	380	(3,109)
	(1,271)	(2,371)	(10,681)
Income (loss) before income taxes and minority interests	4,528	(2,168)	38,050
Income taxes:			
Current	2,899	464	24,361
Deferred	(897)	(1,330)	(7,538)
	2,002	(865)	16,824
Income (loss) before minority interests	2,526	(1,302)	21,227
Minority interests in earnings of consolidated subsidiaries	53	896	445
Net income (loss)	¥ 2,579	¥ (406)	\$ 21,672

See accompanying notes to consolidated interim financial statements.

5. Consolidated Interim Statements of Shareholders' Equity

	Six months ended September 30, 2001	Three months ended March 31, 2001	Six months ended September 30, 2001
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 4)</i>
Common stock			
Balance at beginning and end of period (September 31, 2001 - 197,202,300 share March 31, 2001 - 197,202,300 shares)	¥ 11,599	¥ 11,599	\$ 97,471
Additional paid-in capital			
Balance at beginning and end of period	¥ 5,768	¥ 5,768	\$ 48,471
Retained earnings			
Balance at beginning of period	¥100,493	¥102,345	\$844,479
Add:			
Net income (loss)	2,579	(406)	21,672
Other	129	-	1,084
Deduct:			
Cash dividends paid	(330)	(1,380)	(2,773)
Bonuses to directors and statutory auditors	(41)	(64)	(345)
Balance at end of period	¥102,831	¥100,493	\$864,126
Unrealized holding gains on securities			
Balance at beginning of period	¥ 11,687	¥ -	\$ 98,210
Net change during period	(2,375)	11,687	(19,958)
Balance at end of period	¥ 9,312	¥ 11,687	\$ 78,252
Translation adjustments			
Balance at beginning of period	¥ (2,876)	¥ -	\$ (24,168)
Net change during period	2,327	(2,876)	19,555
Balance at end of period	¥ (549)	¥ (2,876)	\$ (4,613)

See accompanying notes to consolidated interim financial statements.

6. Consolidated Interim Statements of Cash Flows

	Six months ended September 30, 2001	Three months ended March 31, 2001	Six months ended September 30, 2001
	<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	¥ 4,528	¥ (2,168)	\$ 38,050
Depreciation and amortization	7,838	1,762	65,866
Accrued employees' pension and severance costs	(260)	2,430	(2,185)
Accrued officers' severance benefits	39	(479)	328
Interest and dividend income	(594)	(212)	(4,992)
Interest expense	669	132	5,622
Equity in earnings of unconsolidated subsidiaries and affiliates	(131)	–	(1,101)
Gain on sales of property, plant and equipment	(294)	–	(2,471)
Loss on disposal of property, plant and equipment	75	–	630
Notes and accounts receivable	(3,466)	11,539	(29,126)
Inventories	(750)	(1,666)	(6,303)
Notes and accounts payable	1,472	(1,663)	12,370
Other	178	(3,079)	1,496
Subtotal	9,302	6,592	78,168
Interest and dividends received	624	220	5,244
Interest paid	(706)	(128)	(5,933)
Income taxes paid	(2,718)	(3,441)	(22,840)
Net cash provided by operating activities	6,503	3,242	54,647
Cash flows from investing activities			
Acquisition of property, plant and equipment	(6,672)	(1,614)	(56,067)
Proceeds from sales of property, plant and equipment	519	–	4,361
Acquisition of investments in securities	(1,340)	(67)	(11,261)
Purchase of subsidiary's stock	(1,655)	–	(13,908)
Other	(204)	(224)	(1,714)
Net cash used in investing activities	(9,353)	(1,906)	(78,597)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	4,238	(20)	35,613
Proceeds from long-term debt	111	–	933
Cash dividends paid	(331)	(1,581)	(2,782)
Other	47	(0)	395
Net cash provided by (used in) financing activities	4,067	(1,601)	34,176
Effect of exchange rate changes on cash and cash equivalents	569	82	4,782
Increase (decrease) in cash and cash equivalents	1,786	(183)	15,008
Cash and cash equivalents at beginning of period	25,188	25,371	211,664
Increase arising from inclusion of subsidiaries in consolidation	10	–	84
Cash and cash equivalents at end of period	¥26,984	¥25,188	\$226,756

See accompanying notes to consolidated interim financial statements

7. Notes to Consolidated Interim Financial Statements

September 30, 2001

(1) Basis of Preparation

KIKKOMAN CORPORATION (the “Company”) and its domestic subsidiaries maintain their accounting records and prepare their interim 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 interim financial statements have been compiled from the consolidated semiannual 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 interim 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, the 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 interim 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 interim financial statements on an equity basis.

All significant intercompany balances and transactions have been eliminated in consolidation.

7. Notes to Consolidated Interim Financial Statements (continued)

(3) Summary of Significant Accounting Policies (continued)

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

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 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 unrealized gains and losses reported in 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 Interim 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) Bond issuance expenses

Bond issuance expenses are charged to income as incurred.

7. Notes to Consolidated Interim Financial Statements (continued)

(3) Summary of Significant Accounting Policies (continued)

(i) 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.

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.

(i) Accrued pension and severance costs (continued)

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

All employees of the consolidated subsidiaries are covered by 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.

(j) 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.

(k) Research and development costs

Research and development costs are charged to income when incurred.

(l) Derivatives

Derivative positions are stated at fair value.

7. Notes to Consolidated Interim 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 ¥119 = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 2001. 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

	Six months ended September 30, 2001	Three months ended March 31, 2001	Six months ended September 30, 2001
	2001	2001	2001
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 4)</i>
Operating income	¥5,800	¥202	\$48,739
Non-operating income	1,896	937	15,933
Non-operating expenses	(2,428)	(695)	(20,403)
Recurring income	¥5,267	¥445	\$44,261
Extraordinary income	294	472	2,471
Extraordinary expenses	(1,034)	(3,086)	(8,689)
Income (loss) before income taxes and minority interests	¥4,528	(¥2,168)	\$38,050

(6) 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, soy sauce derivative products, Del Monte processed fruit and vegetables, and sake and wine; wholesale 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.

7. Notes to Consolidated Interim Financial Statements (continued)

(6) Segment Information (continued)

Business Segments

	Six months ended September 30, 2001						Consolidated
	Foods-manufacturing and sales	Foods-wholesale	Coca-Cola	Others	Total	Eliminations and corporate	
	<i>(Millions of yen)</i>						
I. Sales and operating income:							
Sales to third parties	¥ 86,797	¥23,351	¥52,278	¥2,393	¥164,820	¥ –	¥164,820
Intragroup sales and transfers	217	374	–	131	723	(723)	–
Total sales	87,014	23,726	52,278	2,524	165,543	(723)	164,820
Operating expenses	82,656	22,995	51,852	2,255	159,759	(739)	159,020
Operating income	¥ 4,357	¥ 730	¥ 426	¥ 269	¥ 5,784	¥ 16	¥ 5,800
II. Assets, depreciation and capital expenditures:							
Total assets	¥153,628	¥19,729	¥70,703	¥9,399	¥253,461	¥ 42,450	¥295,911
Depreciation and amortization	4,575	119	2,825	164	7,684	–	7,684
Capital expenditures	4,695	99	2,576	33	7,405	–	7,405

	Six months ended September 30, 2001						Consolidated
	Foods-manufacturing and sales	Foods-wholesale	Coca-Cola	Others	Total	Eliminations and corporate	
	<i>(Thousands of U.S. dollars)</i>						
I. Sales and operating income:							
Sales to third parties	\$ 729,387	\$196,227	\$439,311	\$20,109	\$1,385,042	\$ –	\$1,385,042
Intragroup sales and transfers	1,824	3,143	–	1,101	6,076	(6,076)	–
Total sales	731,210	199,378	439,311	21,210	1,391,118	(6,076)	1,385,042
Operating expenses	694,588	193,235	435,731	18,950	1,342,513	(6,210)	1,336,303
Operating income	\$ 36,613	\$ 6,134	\$ 3,580	\$ 2,261	\$ 48,605	\$ 134	\$ 48,739
II. Assets, depreciation and capital expenditures:							
Total assets	\$1,290,992	\$165,790	\$594,143	\$78,983	\$2,129,924	\$ 356,723	\$2,486,647
Depreciation and amortization	38,445	1,000	23,739	1,378	64,571	–	64,571
Capital expenditures	39,454	832	21,647	277	62,227	–	62,227

7. Notes to Consolidated Interim Financial Statements (continued)

(6) Segment Information (continued)

Business Segments(continued)

	Three months ended March 31, 2001						Consolidated
	Foods-manufacturing and sales	Foods-wholesale	Coca-Cola	Others	Total	Eliminations and corporate	
	<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 six months ended September 30, 2001 and the three months ended March 31, 2001 is summarized as follows:

	Six months ended September 30, 2001				Eliminations and corporate	Consolidated
	Japan	North America	Other	Total		
	<i>(Millions of yen)</i>					
Sales to third parties	¥130,397	¥29,638	¥4,784	¥164,820	¥ –	¥164,820
Interarea sales and transfers	3,644	480	769	4,894	(4,894)	–
Total sales	134,042	30,119	5,554	169,715	(4,894)	164,820
Operating expenses	131,639	27,014	5,259	163,912	(4,892)	159,020
Operating income	¥ 2,402	¥ 3,104	¥ 294	¥ 5,802	¥ (2)	¥ 5,800
Total assets	¥208,500	¥43,633	¥9,206	¥261,340	¥ 34,570	¥295,911

7. Notes to Consolidated Interim Financial Statements (continued)

(6) Segment Information (continued)

Geographical Segments (continued)

	Six months ended September 30, 2001					
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to third parties	\$1,095,773	\$249,059	\$40,202	\$1,385,042	\$ –	\$1,385,042
Interarea sales and transfers	30,622	4,034	6,462	41,126	(41,126)	–
Total sales	1,126,403	253,101	46,672	1,426,176	(41,126)	1,385,042
Operating expenses	1,106,210	227,008	44,193	1,377,412	(41,109)	1,336,303
Operating income	\$ 20,185	\$ 26,084	\$ 2,471	\$ 48,756	\$ (17)	\$ 48,739
Total assets	\$1,752,101	\$366,664	\$77,361	\$2,196,134	\$ 290,504	\$2,486,647
	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	¥203,302	¥ 39,064	¥8,758	¥251,124	¥ 36,434	¥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 six months ended September 30, 2001 are summarized as follows:

Six months ended September 30, 2001

	North America	Other	Total
	<i>(Millions of yen)</i>		
Overseas sales	¥29,456	¥7,368	¥ 36,824
Consolidated net sales			164,820
	<i>(Thousands of U.S. dollars)</i>		
Overseas sales	\$247,529	\$61,916	\$ 309,445
Consolidated net sales			1,385,042
Ratio of overseas sales to consolidated net sales	17.9%	4.4%	22.3%

8. Supplementary Schedules

(1) Forecast of business performance for the fiscal year ending March 31, 2002

(April 1, 2001 to March 31, 2002)

(Millions of yen)

	Fiscal 2002	Fiscal 2000	Increase /Decreases		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	¥ 338,000	¥ 326,708	¥ 11,291	103.5	¥5,896	¥5,395	101.7
Operating Income	14,700	14,686	13	100.1	727	(714)	95.1
Recurring Income	13,100	12,911	188	101.5	637	(448)	96.5
Net income	6,200	6,150	49	100.8	386	(336)	94.5
Exchange rate	\$120.00	\$107.95	\$12.05				

Note:

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 ¥1,137 million effect from applying the new standard in the year ending March 31, 2002.

(2) Comparison with the interim period ended June 30, 2000

(Millions of yen)

		Fiscal 2002	Fiscal 2000	Increase /Decreases		Translation difference	Increase/decrease except translation difference	
		4.1.01 – 9.30.01	1.1.00 – 6.30.00	Amount	%		Amount	%
		Amount	Amount					
Net Sales	Total	¥ 164,820	¥ 152,771	¥ 12,049	107.9	¥3,227	¥8,822	105.8
	Overseas	34,423	29,276	5,147	117.6	3,227	1,919	106.6
Operating Income	Total	5,800	5,819	(19)	99.7	391	(411)	92.9
	Overseas	3,399	2,956	443	115.0	373	70	102.4
	Recurring Income	5,267	5,176	91	101.8	344	(253)	95.1
	Net income	2,579	2,940	(361)	87.7	211	(572)	80.5
	Exchange rate	\$119.93	\$106.29	\$13.64				

Note:

Due to a change in the company's balance date, no interim results are available for the previous April-September period. For reference purposes, comparisons have been made with the six-month period ended June 30, 2000. However, due to the change in balance sheet date, comparisons for the parent company and four consolidated subsidiaries relate to a different interim period. Comparisons with major overseas subsidiaries are made for the same interim period. The translation difference in the above table under sales includes a ¥503 million effect from applying the new accounting standard referred to in Note 1 above.