

Flash Report Interim 2003

Kikkoman Corporation



Consolidated Financial Results

November 26 2002

Half year ended September 30, 2002

Listed company name: **Kikkoman Corporation**
Code No.: 2801
Shares listed: Tokyo (1st Section), Osaka (1st Section)
Head office: 250 Noda, Noda City, Chiba Prefecture
Contact: Shinichi Matsumoto, Manager Public Relations and Investor Relations,
E-mail: ir@mail.kikkoman.co.jp

Board of Directors' meeting for approval of interim consolidated results: November 26, 2002

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended September 30, 2002 are presented solely for convenience.



Kikkoman Corporation

Flash Report Interim 2003

<Index>

1. Business performance for the six-month period ended September 30, 2002	2
(1) Business results	
(2) Financial position	
(3) Cash Flows	
(4) Scope of consolidation and application of the equity method	
(5) Changes in scope of consolidation and accounting methods	
2. Forecast of business performance for the fiscal year ending March 31, 2003	4
3. Consolidated Interim Balance Sheets	5
4. Consolidated Interim Statements of Income	7
5. Consolidated Interim Statements of Shareholders' Equity ..	8
6. Consolidated Interim Statements of Cash Flows	9
7. Notes to Consolidated Interim Financial Statements	10
(1) Basis of Preparation	
(2) Summary of Significant Accounting Policies	
(3) U.S. Dollar Amounts	
(4) Recurring Income	
(5) Segment Information	
(6) Important Subsequent Events	
8. Supplementary Schedules	19
(1) Effect of Translation Difference on Overall Results	
(2) Comparison with the interim period ended September 30, 2001	
(3) Major Consolidated Performance Indicators	

**1. Business performance for the six-month period ended September 30, 2002
(April 1, 2002 to September 30, 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- Sep.30,2002	¥169,488	¥7,981	¥7,137
Apr. 1- Sep.30,2001	¥164,820	¥5,800	¥5,267
Apr. 1,2001 - Mar.31,2002	¥336,887	¥14,942	¥13,183

	Net income	Net income per share (yen)	Net income per share: Assuming full dilution (yen)
Apr. 1- Sep.30,2002	¥3,623	¥18.46	¥17.79
Apr. 1- Sep.30,2001	¥2,579	¥13.19	¥12.76
Apr. 1,2001 - Mar.31,2002	¥5,363	¥27.43	¥26.52

Note:

Income from equity in earnings of unconsolidated subsidiaries and affiliates:

Apr.1-Sep.30, 2002: (¥115 million)

Apr.1-Sep.30, 2001: ¥131 million, Apr.1, 2001-Mar.31, 2002: ¥226 million

Average number of shares during the period (consolidated)

Apr.1-Sep.30, 2002: 196,266,593

Apr.1-Sep.30, 2001: 195,542,365, Apr.1, 2001-Mar.31, 2002: 195,531,893

Changes in accounting method

None

1. Business performance for the six-month period ended September 30, 2002 (continued)
(April 1, 2002 to September 30, 2002)

(2) Financial position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (yen)
Sep.30,2002	¥287,367	¥131,539	45.8%	¥670.40
Sep.30,2001	¥295,911	¥128,752	43.5%	¥658.43
Mar.31,2002	¥294,527	¥132,313	44.9%	¥676.82

Note:

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

Sep.30, 2002: 196,208,828

Sep.30, 2001: 195,545,079, Mar.31, 2002: 195,492,644

(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.30,2002	¥6,353	(¥ 659)	(¥ 501)	¥35,069
Apr. 1- Sep.30,2001	¥6,503	(¥9,353)	¥4,067	¥26,984
Apr. 1,2001 – Mar.31,2002	¥22,572	(¥17,602)	(¥ 480)	¥30,858

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

- Consolidated subsidiaries: 24
- Unconsolidated subsidiaries accounted for by equity method: 6
- Affiliates accounted for by equity method: 2

1. Business performance for the six-month period ended September 30, 2002 (continued)

(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: 1
Newly unconsolidated company: None
Companies newly accounted for by the equity method: None
Companies no longer accounted for by the equity method: 1

**2. Forecast of business performance for the fiscal year ending March 31, 2003
(April 1, 2002 to March 31, 2003)**

(Millions of yen)

Net sales	Recurring income	Net income
¥346,000	¥15,200	¥7,900

Estimated net income per share for the year: Consolidated basis ¥40.26

Note:

The average exchange rate for the full year is estimated at ¥125=US\$1.00.

(¥129 and ¥121 in the first half and second half, respectively.)

The above estimates were based on the economic environment at the time they were prepared. Kikkoman therefore wishes to caution readers that actual results may differ materially from forecasts due to a number of unpredictable factors.

3. Consolidated Interim Balance Sheets

	September 30,		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Assets			
Current assets:			
Cash and time deposits	¥ 36,834	¥ 29,520	\$ 299,463
Trade notes and accounts receivable	41,799	43,503	339,829
Allowance for doubtful receivables	(639)	(634)	(5,195)
	<u>41,160</u>	<u>42,868</u>	<u>334,638</u>
Inventories	24,888	31,203	202,341
Deferred tax assets	3,830	3,130	31,138
Other current assets	5,550	4,617	45,122
Total current assets	<u>112,264</u>	<u>111,342</u>	<u>912,715</u>
Property, plant and equipment, at cost:			
Land	32,771	32,927	266,431
Buildings and structures	89,750	88,648	729,675
Machinery, equipment and vehicles	140,755	153,452	1,144,350
Other	62,031	62,387	504,317
Construction in progress	803	2,826	6,528
	<u>326,113</u>	<u>340,241</u>	<u>2,651,326</u>
Accumulated depreciation	(205,773)	(213,921)	(1,672,951)
Property, plant and equipment, net	<u>120,340</u>	<u>126,320</u>	<u>978,374</u>
Investments and other assets:			
Investments in securities	30,282	32,127	246,195
Investments in and advances to unconsolidated subsidiaries and affiliates	7,561	8,515	61,472
Intangible assets	8,014	8,730	65,154
Deferred tax assets	4,691	4,165	38,138
Other assets	4,213	4,709	34,252
Total investments and other assets	<u>54,763</u>	<u>58,248</u>	<u>445,228</u>
Total assets	<u>¥ 287,367</u>	<u>¥ 295,911</u>	<u>\$ 2,336,317</u>

3. Consolidated Interim Balance Sheets (continued)

	September 30,		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank loans	¥ 26,705	¥ 29,018	\$ 217,114
Current portion of long-term debt	1,361	2,236	11,065
Convertible bonds due within one year	10,000	–	81,301
Trade notes and accounts payable	11,255	15,029	91,504
Other accounts payable	14,961	15,469	121,634
Accrued expenses	2,892	3,108	23,512
Accrued income taxes	2,063	1,847	16,772
Other current liabilities	3,711	4,157	30,171
Total current liabilities	<u>72,951</u>	<u>70,868</u>	<u>593,098</u>
Long-term liabilities:			
Long-term debt	14,785	24,888	120,203
Accrued employees' pension and severance costs	30,923	32,108	251,407
Accrued officers' severance benefits	1,104	1,218	8,976
Deposits received	12,620	12,344	102,602
Deferred tax liabilities	3,977	5,632	32,333
Other long-term liabilities	1,075	947	8,740
Total long-term liabilities	<u>64,484</u>	<u>77,139</u>	<u>524,260</u>
Minority interests	18,392	19,046	149,528
Shareholders' equity:			
Common stock, without par value:			
Authorized: 300,000,000 shares			
Issued: 197,202,300 shares at September 30, 2002 and 2001			
	11,599	11,599	94,301
Additional paid-in capital	5,768	5,768	46,894
Retained earnings	107,711	102,830	875,699
Unrealized holding gain on securities	8,439	9,312	68,610
Translation adjustments	(1,754)	(549)	(14,260)
	<u>131,764</u>	<u>128,961</u>	<u>1,071,252</u>
Treasury stock, at cost:			
September 30, 2002 – 993,472 shares	(225)	–	(1,829)
September 30, 2001 – 829,028 shares	–	(104)	–
Shareholders' equity, net	<u>131,539</u>	<u>128,856</u>	<u>1,069,423</u>
Total liabilities and shareholders' equity	<u>¥287,367</u>	<u>¥295,911</u>	<u>\$2,336,317</u>

See accompanying notes to consolidated interim financial statements.

4. Consolidated Interim Statements of Income

	Six months ended September 30,		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Net sales	¥169,488	¥164,820	\$1,377,951
Cost of sales	100,770	95,980	819,268
Gross profit	68,717	68,840	558,675
Selling, general and administrative expenses	60,736	63,039	493,789
Operating income	7,981	5,800	64,886
Other income (expenses):			
Interest and dividend income	571	594	4,642
Equity in earnings of unconsolidated subsidiaries and affiliates	(115)	131	(935)
Interest expense	(500)	(669)	(4,065)
Special additional retirement benefits	(626)	(958)	(5,089)
Gain on sales of property, plant and equipment	438	294	3,561
Loss on disposal of property, plant and equipment	(404)	(75)	(3,285)
Other, net	(894)	(590)	(7,268)
	<u>(1,531)</u>	<u>(1,271)</u>	<u>(12,447)</u>
Income before income taxes and minority interests	6,449	4,528	52,431
Income taxes:			
Current	3,360	2,899	27,317
Deferred	(528)	(897)	(4,293)
	<u>2,831</u>	<u>2,002</u>	<u>23,016</u>
Income before minority interests	3,617	2,526	29,407
Minority interests in earnings of consolidated subsidiaries			
	5	53	41
Net income	<u>¥ 3,623</u>	<u>¥ 2,579</u>	<u>\$ 29,455</u>

See accompanying notes to consolidated interim financial statements.

5. Consolidated Interim Statements of Shareholders' Equity

	Six months ended September 30,		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Common stock			
Balance at beginning and end of period (September 30, 2002 – 197,202,300 shares; September 30, 2001 – 197,202,300 shares)	¥ 11,599	¥ 11,599	\$ 94,301
Additional paid-in capital			
Balance at beginning and end of period	¥ 5,768	¥ 5,768	\$ 46,894
Retained earnings			
Balance at beginning of period	¥105,549	¥100,493	\$858,122
Add:			
Net income	3,623	2,579	29,455
Other	–	129	–
Deduct:			
Cash dividends paid	(1,380)	(330)	(11,220)
Bonuses to directors and statutory auditors	(82)	(41)	(667)
Balance at end of period	¥107,711	¥102,830	\$875,699
Unrealized holding gain on securities			
Balance at beginning of period	¥ 8,022	¥ 11,687	\$ 65,219
Net change during period	416	(2,375)	3,382
Balance at end of period	¥ 8,439	¥ 9,312	\$ 68,610
Translation adjustments			
Balance at beginning of period	¥ 1,618	¥ (2,876)	\$ 13,154
Net change during period	(3,373)	2,327	(27,422)
Balance at end of period	¥ (1,754)	¥ (549)	\$ (14,260)

See accompanying notes to consolidated interim financial statements.

6. Consolidated Interim Statements of Cash Flows

	Six months ended September 30,		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 6,449	¥ 4,528	\$ 52,431
Depreciation and amortization	7,314	7,838	59,463
Accrued employees' pension and severance costs	88	(260)	715
Accrued officers' severance benefits	(243)	39	(1,976)
Interest and dividend income	(571)	(594)	(4,642)
Interest expense	500	669	4,065
Equity in earnings of unconsolidated subsidiaries and affiliates	115	(131)	935
Gain on sales of property, plant and equipment	(438)	(294)	(3,561)
Loss on disposal of property, plant and equipment	404	75	3,285
Notes and accounts receivable	(1,627)	(3,466)	(13,228)
Inventories	2,814	(750)	22,878
Notes and accounts payable	(2,521)	1,472	(20,496)
Other	(1,863)	178	(15,146)
Subtotal	10,420	9,302	84,715
Interest and dividends received	606	624	4,927
Interest paid	(468)	(706)	(3,805)
Income taxes paid	(4,205)	(2,718)	(34,187)
Net cash provided by operating activities	6,353	6,503	51,650
Cash flows from investing activities			
Acquisition of property, plant and equipment	(6,019)	(6,672)	(48,935)
Proceeds from sales of property, plant and equipment	3,923	519	31,894
Acquisition of investments in securities	(1,010)	(1,340)	(8,211)
Purchase of subsidiary's stock	-	(1,655)	-
Loans made	(109)	(442)	(886)
Collection of loans	2,016	291	16,390
Other	539	(52)	4,382
Net cash used in investing activities	(659)	(9,353)	(5,358)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	1,414	4,238	11,496
Proceeds from long-term debt	-	111	-
Repayment of long-term debt	(410)	-	(3,333)
Cash dividends paid	(1,380)	(330)	(11,220)
Other	(124)	47	(1,008)
Net cash (used in) provided by financing activities	(501)	4,067	(4,073)
Effect of exchange rate changes on cash and cash equivalents	(1,114)	569	(9,057)
Increase in cash and cash equivalents	4,077	1,786	33,146
Cash and cash equivalents at beginning of period	30,858	25,188	250,878
Increase arising from inclusion of subsidiaries in consolidation	133	10	1,081
Cash and cash equivalents at end of period	¥35,069	¥26,984	\$285,114

See accompanying notes to consolidated interim financial statements.

7. Notes to Consolidated Interim Financial Statements

September 30, 2002

(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) 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.

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.

(2) Summary of Significant Accounting Policies (continued)

(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.

(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.

(2) Summary of Significant Accounting Policies (continued)

(f) Depreciation and amortization (continued)

The useful lives are as follows:

Buildings and structures	from 7 to 50 years
Machinery and vehicles	from 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.

The effect of the adjustment made during this fiscal period arising from revisions to the actuarial assumptions (the "actuarial assumption adjustment") is 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 allowance plans. Provision for retirement allowances for these officers has been made at estimated amounts.

(2) Summary of Significant Accounting Policies (continued)

(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.

(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 ¥123 = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 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.

(4) Recurring Income

	Six months ended September 30, 2002		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Operating income	¥7,981	¥5,800	\$64,886
Non-operating income	1,470	1,896	11,951
Non-operating expenses	(2,314)	(2,428)	(18,813)
Recurring income	¥7,137	¥5,267	\$58,024
Extraordinary income	438	294	3,561
Extraordinary expenses	(1,125)	(1,034)	(9,146)
Income before income taxes at minority interests	¥6,449	¥4,528	\$52,431

(5) 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: processing 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

Business segments information for the Company and its consolidated subsidiaries for the six months ended September 30, 2002 and 2001 is summarized as follows:

	Six months ended September 30, 2002				Total	Eliminations and corporate	Consolidated
	Foods – processing and sales	Foods – wholesale sales	Coca-Cola	Other			
	<i>(Millions of yen)</i>						
I. Sales and operating income:							
Sales to third parties	¥ 87,935	¥23,910	¥55,730	¥1,912	¥169,488	¥ –	¥169,488
Intragroup sales and transfers	227	349	–	–	577	(577)	–
Total sales	88,163	24,259	55,730	1,912	170,065	(577)	169,488
Operating expenses	82,586	23,292	54,533	1,674	162,087	(580)	161,507
Operating income	¥ 5,576	¥ 966	¥ 1,196	¥ 238	¥ 7,978	¥ 2	¥ 7,981
II. Assets, depreciation and capital expenditures:							
Total assets	¥148,934	¥19,444	¥67,339	¥8,030	¥243,749	¥ 43,618	¥287,367
Depreciation and amortization	4,508	132	2,510	162	7,314	–	7,314
Capital expenditures	3,134	70	2,989	44	6,238	–	6,238

(5) Segment Information (continued)

Business Segments

	Six months ended September 30, 2002					Eliminations and corporate	Consolidated
	Foods – processing and sales	Foods – wholesale sales	Coca-Cola	Other	Total		
	<i>(Thousands of U.S. dollars)</i>						
I. Sales and operating income:							
Sales to third parties	\$ 714,919	\$194,390	\$453,089	\$15,545	\$1,377,951	\$ –	\$1,377,951
Intragroup sales and transfers	1,846	2,837	–	–	4,691	(4,691)	–
Total sales	716,772	197,228	453,089	15,545	1,382,642	(4,691)	1,377,951
Operating expenses	671,431	189,366	443,358	13,610	1,317,780	(4,715)	1,313,065
Operating income	<u>\$ 45,333</u>	<u>\$ 7,854</u>	<u>\$ 9,724</u>	<u>\$ 1,935</u>	<u>\$ 64,862</u>	<u>\$ 16</u>	<u>\$ 64,886</u>
II. Assets, depreciation and capital expenditures:							
Total assets	\$1,210,846	\$158,081	\$547,472	\$65,285	\$1,981,699	\$ 354,618	\$2,336,317
Depreciation and amortization	36,650	1,073	20,407	1,317	59,463	–	59,463
Capital expenditures	25,480	569	24,301	358	50,715	–	50,715

	Six months ended September 30, 2001					Eliminations and corporate	Consolidated
	Foods – processing and sales	Foods – wholesale sales	Coca-Cola	Other	Total		
	<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	<u>¥ 4,357</u>	<u>¥ 730</u>	<u>¥ 426</u>	<u>¥ 269</u>	<u>¥ 5,784</u>	<u>¥ 16</u>	<u>¥ 5,800</u>
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

(5) Segment Information (continued)

Geographical Segments

Geographical segment information for the Company and its consolidated subsidiaries for the six months ended September 30, 2002 and 2001 is summarized as follows:

Six months ended September 30, 2002						
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<i>(Millions of yen)</i>					
Sales to third parties	¥130,420	¥33,249	¥5,818	¥169,488	¥ –	¥169,488
Interarea sales and transfers	4,227	534	843	5,605	(5,605)	–
Total sales	134,648	33,783	6,661	175,094	(5,605)	169,488
Operating expenses	131,411	29,588	6,083	167,083	(5,576)	161,507
Operating income	¥ 3,236	¥ 4,195	¥ 578	¥ 8,010	¥ (29)	¥ 7,981
Total assets	¥196,562	¥45,329	¥9,944	¥251,836	¥ 35,531	¥287,367

Six months ended September 30, 2002						
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to third parties	\$1,060,325	\$270,317	\$47,301	\$1,377,951	\$ –	\$1,377,951
Interarea sales and transfers	34,366	4,341	6,854	45,569	(45,569)	–
Total sales	1,094,699	274,659	54,154	1,423,528	(45,569)	1,377,951
Operating expenses	1,068,382	240,553	49,455	1,358,398	(45,333)	1,313,065
Operating income	\$ 26,309	\$ 34,106	\$ 4,699	\$ 65,122	\$ (236)	\$ 64,886
Total assets	\$1,598,065	\$368,528	\$80,846	\$2,047,447	\$ 288,870	\$2,336,317

Six months ended September 30, 2001						
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<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

(5) Segment Information (continued)

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, 2002 and 2001 are summarized as follows:

	<u>Six months ended September 30, 2002</u>					
	<u>North America</u>	<u>Other</u>	<u>Total</u>	<u>North America</u>	<u>Other</u>	<u>Total</u>
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Overseas sales	¥33,083	¥8,132	¥ 41,216	\$268,967	\$66,114	\$ 335,089
Consolidated net sales			169,488			1,377,951
Ratio of overseas sales to consolidated net sales	19.5%	4.8%	24.3%			
	<u>Six months ended September 30, 2001</u>					
	<u>North America</u>	<u>Other</u>	<u>Total</u>			
	<i>(Millions of yen)</i>					
Overseas sales	¥29,456	¥7,368	¥ 36,824			
Consolidated net sales			164,820			
Ratio of overseas sales to consolidated net sales	17.9%	4.4%	22.3%			

(6) Important Subsequent Events

(a) Issue of Third Series of Unsecured Bonds

Kikkoman has issued a third series of unsecured bonds, as follows:

Issue Date	November 20, 2002
Total Issue Amount	¥10,000 million
Issue Price	¥100 per ¥100 face value
Interest Rate	0.53% per annum
Collateral	Unsecured
Redemption Date	November 20, 2007
Application of Funds	Redemption of convertible bonds

(6) Important Subsequent Events (continued)

(b) Return of the Substituted Portion of the Employees' Pension Fund

On October 18, 2002, consolidated subsidiary Tone Coca-Cola Bottling Co., Ltd. and one other company were granted permission by the Minister of Health, Labour and Welfare to be exempted from future obligations regarding the substituted portion of the employees' pension fund in accordance with the Defined Benefit Corporate Pension Law.

Furthermore, consolidated subsidiary Tone Coca-Cola Bottling Co., Ltd. and one other company plan to recognize the elimination of retirement benefit obligations related to the substituted portion on the approval date by applying transitional measures stipulated in Article 47-2 of The Japanese Institute of Certified Public Accountants' Accounting Committee Report No. 13, "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)".

Accordingly, both companies plan to record extraordinary gains in the current fiscal year of an as yet undetermined amount.

8. Supplementary Schedules

(1) Effect of Translation Difference on Overall Results

(Millions of yen)

		Fiscal 2003	Fiscal 2002	Increase /Decrease		Translation difference	Increase/decrease except translation difference	
		Interim	Interim				Amount	%
		4.1.02 – 9.30.02	4.1.01 – 9.30.01	Amount	%			
Net Sales	Total	¥ 169,488	¥ 164,820	¥ 4,667	102.8	¥2,706	¥ 1,961	101.2
	Overseas (Sales to the third party)	39,067	34,423	4,664	113.5	2,706	1,937	105.6
Operating Income	Total	7,981	5,800	2,180	137.6	330	1,850	131.9
	Overseas	4,773	3,399	1,373	140.4	330	1,043	130.7
Recurring Income		7,137	5,267	1,869	135.5	306	1,562	129.7
Net income		3,623	2,579	1,043	140.5	196	847	132.8
Exchange Rate (yen/US\$)		129.11	119.93	9.18				

(2) 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	Total	¥ 346,000	¥ 336,887	¥ 9,112	102.7	¥ 1,789	¥ 7,332	102.2
	Overseas (Sales to the third party)	77,000	71,180	5,819	108.2	1,789	4,030	105.7
Operating Income	Total	17,400	14,942	2,457	116.4	230	2,226	114.9
	Overseas	8,600	7,204	1,395	119.4	230	1,164	116.2
Recurring Income		15,200	13,183	2,016	115.3	205	1,810	113.7
Net income		7,900	5,363	2,536	147.3	127	2,409	144.9
Exchange Rate (yen/US\$)		125.00	121.64	3.36				

8. Supplementary Schedules (continued)

(3) Major Consolidated Performance Indicators

Consolidated Results		Interim 2000.6	Interim 2001.9	Interim 2002.9	2000.12	2002.3	2003.3
		Actual	Actual	Actual	Actual	Actual	Forecast
Net Sales	¥ millions	152,771	164,820	169,488	326,708	336,887	346,000
YoY Change	%	45.5	7.9	2.8	47.3	3.1	2.7
Operating Income	¥ millions	5,819	5,800	7,981	14,686	14,942	17,400
(Operating Income	%	3.8	3.5	4.7	4.5	4.4	5.0
YoY Change	%	23.0	0.3	37.6	33.0	1.7	16.4
Recurring Income	¥ millions	5,176	5,267	7,137	12,911	13,183	15,200
(Recurring Income	%	3.4	3.2	4.2	4.0	3.9	4.4
YoY Change	%	23.7	1.8	35.5	25.1	2.1	15.3
Net Income	¥ millions	2,940	2,579	3,623	6,150	5,363	7,900
(Net Income Ratio)	%	1.9	1.6	2.1	1.9	1.6	2.3
YoY Change	%	36.3	12.3	40.5	16.3	12.8	47.3
Shareholders' Equity per Share	yen	594.71	658.43	670.40	611.13	676.82	-
Net Income per Share	yen	15.04	13.19	18.46	31.45	27.43	40.26
Diluted Net Income per Share	yen	-	12.76	17.79	29.38	26.52	-
Shareholders' Equity	¥ millions	116,289	128,752	131,539	119,503	132,313	-
Total Assets	¥ millions	268,816	295,911	287,367	282,110	294,527	-
Shareholders' Equity Ratio	%	43.3	43.5	45.8	42.4	44.9	-
ROE	%	2.6	2.0	2.7	5.3	4.1	-
Recurring Income to Total Assets	%	2.1	1.8	2.5	5.1	4.5	-
Share Price as of Term-end	yen	817	743	784	846	685	-
PER	Times	-	-	-	26.9	25.0	-
Cash Flows From Operating Activities	¥ millions	9,946	6,503	6,353	22,125	22,572	-
Cash Flows From Investing Activities	¥ millions	9,190	9,353	659	16,323	17,602	-
Cash Flows From Financing Activities	¥ millions	4,904	4,067	501	6,385	480	-
Term-end Cash and Cash Equivalents	¥ millions	21,303	26,984	35,069	25,371	30,858	-
Free Cash Flows	¥ millions	756	2,850	5,693	5,802	4,970	-
Free Cash Flows per Share	yen	3.87	14.58	29.01	29.68	25.42	-
Interest-bearing Debt	¥ millions	51,832	56,143	52,852	51,144	52,615	-
Capital Expenditures (For Property, Plant and Equipment)	¥ millions	7,957	7,603	6,238	16,352	15,435	12,400
Depreciation and Amortization (On Property, Plant and Equipment)	¥ millions	7,671	7,250	5,788	15,831	14,567	11,400
R&D Costs	¥ millions	7,783	7,838	7,314	15,919	16,437	15,000
Net Financial Income	¥ millions	7,018	7,082	6,618	14,687	14,845	13,700
Average Term Exchange Rate	yen/US\$	1,757	1,836	1,814	3,703	3,651	-
No. of Employees	people	103	74	70	308	164	-
No. of Shares Issued and Outstanding at Term-end	Thousand	195,539	195,545	196,208	195,545	195,492	-

(Notes) 1. Net sales do not include consumption and other taxes.

2. Effective from the period ended December 2000, the scope of consolidation changed due to the application of standards for effective control.

3. Data for the three months ended March 31, 2001 have not be shown because this was a transitional period due to a change in the fiscal year-end.

4. For the purposes of comparison, year-on-year changes for the interim period ended September 30, 2001 and year ended March 31, 2002 are those with the interim period ended June 30, 2000 and the year ended December 31, 2000.

5. Free cash flows are defined as the sum of cash flows from operating and investing activities.

6. Net financial income = interest and dividend income - interest expense

7. Please refer to page 4 for details of assumptions underlying forecasts and other related information.