

Flash Report 2006

Kikkoman Corporation



Consolidated Financial Results

April 27 2006

Year ended March 31, 2006

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: April 27, 2006

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience.



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1. Business Performance for the Year Ended March 31, 2006 (April 1, 2005 to March 31, 2006)

(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, 2005 -Mar. 31, 2006	¥359,906	¥18,557	¥17,350
Apr. 1, 2004 -Mar. 31, 2005	¥344,625	¥17,847	¥16,649

	Net income	Net income per share (yen)	Net income per share: Assuming full dilution (yen)
Apr. 1, 2005 -Mar. 31, 2006	¥10,125	¥51.80	¥51.79
Apr. 1, 2004 -Mar. 31, 2005	¥9,487	¥48.16	-

Note:

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

Apr. 1, 2005-Mar. 31, 2006: ¥716 million

Apr. 1, 2004-Mar. 31, 2005: ¥580 million

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

Apr. 1, 2005-Mar. 31, 2006: 193,639,737

Apr. 1, 2004-Mar. 31, 2005: 194,912,517

3) Changes in accounting method

None

1. Business Performance for the Year Ended March 31, 2006 (April 1, 2005 to March 31, 2006) (continued)

(2) Financial Position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (yen)
Mar.31, 2006	¥331,781	¥168,676	50.8%	¥870.82
Mar.31, 2005	¥295,802	¥147,370	49.8%	¥760.33

Note:

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

Mar.31, 2006: 193,589,843

Mar.31, 2005: 193,692,116

(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. 1,2005 -Mar.31, 2006	¥20,646	(¥17,270)	¥11,240	¥35,642
Apr. 1,2004 -Mar.31, 2005	¥20,405	(¥31,224)	¥4,456	¥18,815

(4) Scope of Consolidation and Application of the Equity Method

- Consolidated subsidiaries: 30
- Unconsolidated subsidiaries accounted for by equity method: 6
- Affiliates accounted for by equity method: 8

(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: 2

Companies no longer accounted for by the equity method: 0

2. Forecast of Business Performance for the Fiscal Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Net sales	Operating Income	Recurring income	Net income
Apr. 1, -Sep.30, 2006	¥176,000	¥8,300	¥8,400	¥4,800
Apr.1, 2006-Mar.31, 2007	¥369,000	¥20,000	¥19,200	¥10,600

Estimated net income per share for the year: Consolidated basis ¥54.27

3. Consolidated Balance Sheets

	March 31,		
	2006 <i>(Millions of yen)</i>	2005	2006 <i>(Thousands of U.S. dollars) (Note 3)</i>
Assets			
Current assets:			
Cash and time deposits	¥ 36,487	¥ 20,664	\$ 311,855
Trade notes and accounts receivable	44,652	43,586	381,641
Allowance for doubtful receivables	(786)	(670)	(6,718)
	43,865	42,916	374,915
Inventories	27,142	26,427	231,983
Deferred tax assets	4,314	3,739	36,872
Other current assets	7,333	7,031	62,675
Total current assets	119,143	100,779	1,018,316
Property, plant and equipment, at cost:			
Land	29,273	32,381	250,197
Buildings and structures	96,092	92,977	821,299
Machinery, equipment and vehicles	144,552	139,841	1,235,487
Other	54,395	54,035	464,915
Construction in progress	2,669	1,905	22,812
	326,983	321,142	2,794,726
Accumulated depreciation	(212,921)	(207,426)	(1,819,838)
Property, plant and equipment, net	114,062	113,715	974,889
Investments and other assets:			
Investments in securities	45,168	33,221	386,051
Investments in and advances to unconsolidated subsidiaries and affiliates	41,816	34,380	357,402
Intangible assets	6,841	7,462	58,470
Deferred tax assets	3,238	3,972	27,675
Other assets	1,510	2,270	12,906
Total investments and other assets	98,575	81,307	842,521
Total assets	¥ 331,781	¥ 295,802	\$ 2,835,735

3. Consolidated Balance Sheets (continued)

	March 31,		
	2006	2005	2006
	<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	¥ 5,905	¥ 25,043	\$ 50,470
Current portion of long-term debt	2,920	7,144	24,957
Trade notes and accounts payable	13,391	13,183	114,453
Other accounts payable	15,478	15,104	132,291
Accrued expenses	2,016	2,010	17,231
Accrued income taxes	2,040	2,344	17,436
Other current liabilities	4,995	4,521	42,692
Total current liabilities	<u>46,748</u>	<u>69,353</u>	<u>399,556</u>
Long-term liabilities:			
Long-term debt	55,005	17,381	470,128
Accrued employees' pension and severance costs	18,616	23,714	159,111
Accrued officers' severance benefits	1,784	1,744	15,248
Deposits received	6,419	6,356	54,863
Deferred tax liabilities	9,319	4,747	79,650
Other long-term liabilities	1,880	2,506	16,068
Total long-term liabilities	<u>93,025</u>	<u>56,451</u>	<u>795,085</u>
Minority interests	23,331	22,627	199,410
Shareholders' equity:			
Common stock:			
Authorized: 300,000,000 shares			
Issued: 197,202,300 shares in 2006 and 2005	11,599	11,599	99,137
Additional paid-in capital	5,775	5,773	49,359
Retained earnings	136,546	127,951	1,167,060
Unrealized holding gain on securities	19,497	11,008	166,641
Translation adjustments	(2,073)	(6,408)	(17,718)
	<u>171,344</u>	<u>149,923</u>	<u>1,464,479</u>
Treasury stock, at cost:			
March 31, 2006 – 3,612,457 shares	(2,668)	–	(22,803)
March 31, 2005 – 3,510,184 shares	–	(2,553)	–
Shareholders' equity, net	<u>168,676</u>	<u>147,370</u>	<u>1,441,675</u>
Total liabilities and shareholders' equity	<u>¥331,781</u>	<u>¥295,802</u>	<u>\$2,835,735</u>

See accompanying notes to consolidated financial statements.

4. Consolidated Statements of Income

	Year ended March 31,		
	2006	2005	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 3)</i>
Net sales	¥359,906	¥344,625	\$3,076,120
Cost of sales	216,975	207,276	1,854,487
Gross profit	142,931	137,348	1,221,632
Selling, general and administrative expenses	124,373	119,500	1,063,017
Operating income	18,557	17,847	158,607
Other income (expenses):			
Interest and dividend income	852	774	7,282
Equity in (losses) earnings of unconsolidated subsidiaries and affiliates	716	580	6,120
Interest expense	(660)	(544)	(5,641)
Gain on sales of securities	611	246	5,222
Gain on sales of property, plant and equipment	798	378	6,821
Gain on establishment of pension trust fund	2,520	–	21,538
Loss on sales of property, plant and equipment	(4)	(190)	(34)
Loss on disposal of property, plant and equipment	(1,360)	(1,204)	(11,624)
Loss on revaluation of investments in securities	(36)	(5)	(308)
Loss on impairment of fixed assets	(1,965)	–	(16,795)
Loss on revaluation of investments in affiliates	(73)	–	(624)
Special additional severance benefits	(230)	–	(1,966)
Costs related to vending machines to accept the tender of new yen bills	(171)	(284)	(1,462)
Write-down of inventories	(452)	–	(3,863)
Loss on revaluation of golf memberships	(11)	–	(94)
Environmental conservation costs	(86)	–	(735)
Other, net	(1,638)	(1,261)	(14,000)
	(1,194)	(1,511)	(10,205)
Income before income taxes and minority interests	17,362	16,336	148,393
Income taxes:			
Current	6,391	5,737	54,624
Deferred	(156)	4	(1,333)
	6,235	5,742	53,291
Income before minority interests	11,127	10,593	95,103
Minority interests	(1,002)	(1,106)	(8,564)
Net income	¥ 10,125	¥ 9,487	\$ 86,538

See accompanying notes to consolidated financial statements.

5. Consolidated Statements of Shareholders' Equity

	Year ended March 31,		
	2006	2005	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Common stock			
Balance at beginning and end of the year (March 31, 2006 – 197,202,300 shares; March 31, 2005 – 197,202,300 shares)	¥ 11,599	¥ 11,599	\$ 99,137
Additional paid-in capital			
Balance at beginning of the year	¥ 5,773	¥ 5,770	\$ 49,342
Add:			
Gain on sales of treasury stock	2	2	17
Balance at end of the year	¥ 5,775	¥ 5,773	\$ 49,359
Retained earnings			
Balance at beginning of the year	¥127,951	¥120,176	\$1,093,598
Add:			
Net income	10,125	9,487	86,538
Increase from accounting period changes of consolidated subsidiaries	435	–	3,718
Other	76	462	650
Deduct:			
Cash dividends paid	(1,945)	(1,959)	(16,624)
Bonuses to directors and statutory auditors	(96)	(87)	(821)
Other	–	(127)	–
Balance at end of the year	¥136,546	¥127,951	\$1,167,060
Unrealized holding gain on securities			
Balance at beginning of the year	¥ 11,008	¥ 11,012	\$ 94,085
Net change during the year	8,488	(3)	72,547
Balance at end of the year	¥ 19,497	¥ 11,008	\$ 166,641
Translation adjustments			
Balance at beginning of the year	¥ (6,408)	¥ (5,665)	\$ (54,769)
Net change during the year	4,335	(743)	37,051
Balance at end of the year	¥ (2,073)	¥ (6,408)	\$ (17,718)

See accompanying notes to consolidated financial statements.

6. Consolidated Statements of Cash Flows

	Year ended March 31,		
	2006	2005	2006
	<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	¥ 17,362	¥ 16,336	\$ 148,393
Depreciation and amortization	14,223	13,622	121,564
Loss on impairment of fixed assets	1,965	–	16,795
Accrued employees' pension and severance costs	(2,105)	(2,418)	(17,991)
Accrued officers' severance benefits	40	180	342
Interest and dividend income	(852)	(774)	(7,282)
Interest expense	660	544	5,641
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(716)	(580)	(6,120)
Gain on sales of property, plant and equipment	(798)	(378)	(6,821)
Gain on sales of securities	(611)	(246)	(5,222)
Gain on establishment of pension trust fund	(2,520)	–	(21,538)
Loss on disposal of property, plant and equipment	1,360	1,204	11,624
Loss on sales of property, plant and equipment	4	190	34
Loss on revaluation of investments in securities	36	5	308
Loss on revaluation of investments in affiliates	73	–	624
Notes and accounts receivable	126	(2,430)	1,077
Inventories	813	(1,024)	6,949
Notes and accounts payable	(726)	99	(6,205)
Other	(846)	1,253	(7,231)
Subtotal	27,490	25,583	234,957
Interest and dividends received	1,212	982	10,359
Interest paid	(694)	(518)	(5,932)
Income taxes paid	(7,362)	(5,641)	(62,923)
Net cash provided by operating activities	20,646	20,405	176,462
Cash flows from investing activities			
Acquisition of property, plant and equipment	(15,391)	(12,598)	(131,547)
Proceeds from sales of property, plant and equipment	1,340	991	11,453
Acquisition of intangible assets	(1,164)	(1,244)	(9,949)
Acquisition of investments in securities	(8,164)	(13,331)	(69,778)
Proceeds from sales of investments in securities	4,170	2,483	35,641
Addition to loans receivable	(186)	(7,601)	(1,590)
Collection of loans receivable	935	858	7,991
Other	1,190	(781)	10,171
Net cash used in investing activities	(17,270)	(31,224)	(147,607)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	(19,144)	9,887	(163,624)
Proceeds from long-term debt	39,768	–	339,897
Repayment of long-term debt	(7,144)	(1,449)	(61,060)
Acquisition of treasury stock	(130)	(1,523)	(1,111)
Cash dividends paid	(2,194)	(2,201)	(18,752)
Other	86	(257)	735
Net cash used in financing activities	11,240	4,456	96,068
Effect of exchange rate changes on cash and cash equivalents	683	47	5,838
Increase (decrease) in cash and cash equivalents	15,300	(6,314)	130,769
Cash and cash equivalents at beginning of the year	18,815	25,100	160,812
Increase from the changes of accounting year-end date in certain consolidated subsidiaries	1,526	–	13,043
Increase arising from inclusion of subsidiaries in consolidation	–	29	–
Cash and cash equivalents at end of the year	¥ 35,642	¥ 18,815	\$ 304,632

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 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 Securities and Exchange Law 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 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) 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 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 year. 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.

(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 one of the Company's factories and part of rental equipments 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 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 are amortized by the straight-line method over their estimated useful lives.

(2) Summary of Significant Accounting Policies (continued)

(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 by the Company and its domestic consolidated subsidiaries based on the projected benefit obligation and the pension plan assets.

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

The effect of the adjustment made during this fiscal year 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 14 years, which are shorter than the average remaining years of service of the active participants in the plans.

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.

(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 as incurred.

(2) Summary of Significant Accounting Policies (continued)

(k) Derivatives

The Company and its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to manage the 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 an asset or a liability. Payables hedged by qualified forward foreign exchange contracts are translated at the corresponding contract rates.

(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.

(m) Changes in accounting policies

Accounting Standard for Impairment of fixed assets

Effective April 1, 2005, the Company and domestic consolidated subsidiaries adopted a new accounting standard for impairment of fixed assets (“Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Council on August 9, 2002) and the Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003).

As the result of adopting initial adoption of the Standards for the year ended March 31, 2006, income before income taxes and minority interests for the period has been decreased by ¥1,965 million (U.S.\$16,795 thousand) due to the loss on impairment of fixed assets.

Accumulated total of loss on impairment for fixed assets were directly deducted from the balance of each category of fixed asset.

(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 ¥117 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2006. 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

	Year ended March 31,		
	2006	2005	2006
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Operating income	¥18,557	¥17,847	\$158,607
Non-operating income	3,962	3,544	33,863
Non-operating expenses	(5,169)	(4,742)	(44,179)
Recurring income	17,350	16,649	148,291
Extraordinary income	3,931	624	33,598
Extraordinary expenses	(3,918)	(938)	(33,487)
Income before income taxes and minority interests	17,362	16,336	148,393

(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: manufacturing and sales of foods which include soy sauce and other 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 of the Company and its consolidated subsidiaries for the years ended March 31, 2006 and 2005 is summarized as follows:

	Year ended March 31, 2006						
	Foods – manufacturing and sales	Foods – wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consoli- dated
	(Millions of yen)						
I. Sales and operating income:							
Sales to third parties	¥177,989	¥59,226	¥117,886	¥4,803	¥359,906	¥ –	¥359,906
Intragroup sales and transfers	598	391	–	1	991	(991)	–
Total sales	178,588	59,617	117,886	4,804	360,897	(991)	359,906
Operating expenses	166,331	57,275	115,150	3,589	342,347	(998)	341,349
Operating income	¥ 12,256	¥ 2,341	¥ 2,736	¥1,214	¥ 18,549	¥ 7	¥ 18,557
II. Assets, depreciation and capital expenditures:							
Total assets	¥176,252	¥22,481	¥ 59,621	¥7,108	¥265,462	¥66,318	¥331,781
Depreciation and amortization	9,289	260	4,464	209	14,223	–	14,223
Capital expenditures	10,802	209	6,077	67	17,156	–	17,156

(5) Segment Information (continued)**Business Segments (continued)**

	Year ended March 31, 2006						
	Foods – manufacturing and sales	Foods – wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consoli- dated
	<i>(Thousands of U.S. dollars)</i>						
I. Sales and operating income:							
Sales to third parties	\$1,521,274	\$506,205	\$1,007,573	\$41,051	\$3,076,120	\$ –	\$3,076,120
Intragroup sales and transfers	5,111	3,342	–	9	8,470	(8,470)	–
Total sales	1,526,393	509,547	1,007,573	41,060	3,084,590	(8,470)	3,076,120
Operating expenses	1,421,632	489,530	984,188	30,675	2,926,043	(8,530)	2,917,513
Operating income	\$ 104,752	\$ 20,009	\$ 23,385	\$10,376	\$ 158,538	\$ 60	\$ 158,607
II. Assets, depreciation and capital expenditures:							
Total assets	\$1,506,427	\$192,145	\$ 509,581	\$60,752	\$2,268,906	\$566,821	\$2,835,735
Depreciation and amortization	79,393	2,222	38,154	1,786	121,564	–	121,564
Capital expenditures	92,325	1,786	51,940	573	146,632	–	146,632
	Year ended March 31, 2005						
	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	¥169,604	¥51,172	¥119,412	¥4,435	¥344,625	¥ –	¥344,625
Intragroup sales and transfers	550	820	–	3	1,374	(1,374)	–
Total sales	170,155	51,993	119,412	4,438	345,999	(1,374)	344,625
Operating expenses	159,029	50,182	115,406	3,524	328,143	(1,366)	326,777
Operating income	¥ 11,125	¥ 1,810	¥ 4,005	¥ 914	¥ 17,856	¥ (8)	¥ 17,847
II. Assets, depreciation and capital expenditures:							
Total assets	¥169,587	¥20,478	¥ 61,876	¥7,281	¥259,223	¥36,579	¥295,802
Depreciation and amortization	8,772	267	4,359	222	13,622	–	13,622
Capital expenditures	8,916	392	4,270	83	13,663	–	13,663

(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 years ended March 31, 2006 and 2005 are summarized as follows:

	Year ended March 31, 2006					
	North America	Other	Total	North America	Other	Total
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Overseas sales	¥72,636	¥21,595	¥ 94,232	\$620,821	\$184,573	\$ 805,402
Consolidated net sales			359,906			3,076,120
Ratio of overseas sales to consolidated net sales	20.2%	6.0%	26.2%	20.2%	6.0%	26.2%
	Year ended March 31, 2005					
	North America	Other	Total			
	<i>(Millions of yen)</i>					
Overseas sales	¥62,703	¥19,474	¥ 82,177			
Consolidated net sales			344,625			
Ratio of overseas sales to consolidated net sales	18.2%	5.6%	23.8%			

8. Supplementary Schedules

(1) Consolidated Results for FY2006 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements

Consolidated Statement of Income

(Millions of yen, %)

	FY2006		FY2005		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.05 – 3.31.06		4.1.04 – 3.31.05		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	359,906	100.0	344,625	100.0	15,281	104.4	-	4,147	11,134	103.2
Operating Income	18,557	5.2	17,847	5.2	709	104.0	-	461	247	101.4
Recurring Income	17,350	4.8	16,649	4.8	700	104.2	-	436	264	101.6
Net Income	10,125	2.8	9,487	2.8	637	106.7	-	280	356	103.8
Exchange Rate (¥/US\$)	113.42		108.00		5.42					

Geographical Segment Information

(Millions of yen, %)

		FY2006		FY2005		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.05 – 3.31.06		4.1.04 – 3.31.05		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Japan	Net Sales	279,587	100.0	274,882	100.0	4,704	101.7	-	-	4,704	101.7
	Operating Income	8,806	3.1	9,360	3.4	(553)	94.1	(0.3)	-	(553)	94.1
Overseas	Net Sales	91,834	100.0	80,076	100.0	11,757	114.7	-	4,245	7,511	109.4
	Operating Income	9,769	10.6	8,503	10.6	1,265	114.9	-	461	803	109.5
Eliminations	Net Sales	(11,514)	100.0	(10,333)	100.0	(1,180)	111.4	-	(98)	(1,082)	110.5
	Operating Income	(19)	-	(15)	-	(3)	119.4	-	(0)	(3)	119.3
Consolidated total	Net Sales	359,906	100.0	344,625	100.0	15,281	104.4	-	4,147	11,134	103.2
	Operating Income	18,557	5.2	17,847	5.2	709	104.0	-	461	247	101.4
Exchange Rate (¥/US\$)		113.42		108.00		5.42					

8. Supplementary Schedules (Continued)

(1) Consolidated Results for FY2006 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements (Continued)

		Business Segment Information				(Millions of yen, %)					
		FY2006		FY2005		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.05 – 3.31.06		4.1.04 – 3.31.05						Amount	
	Amount	%	Amount	%	Amount	YoY	%		Amount	YoY	
Foods-manufacturing and sales	Net Sales	178,588	100.0	170,155	100.0	8,433	105.0	-	1,632	6,801	104.0
	Operating Income	12,256	6.9	11,125	6.5	1,131	110.2	0.4	360	770	106.9
Foods-wholesale	Net Sales	59,617	100.0	51,993	100.0	7,624	114.7	-	2,509	5,114	109.8
	Operating Income	2,341	3.9	1,810	3.5	530	129.3	0.4	101	429	123.7
Coca-Cola	Net Sales	117,886	100.0	119,412	100.0	(1,525)	98.7	-	-	(1,525)	98.7
	Operating Income	2,736	2.3	4,005	3.4	(1,269)	68.3	(1.1)	-	(1,269)	68.3
Others	Net Sales	4,804	100.0	4,438	100.0	365	108.2	-	10	354	108.0
	Operating Income	1,214	25.3	914	20.6	300	132.9	4.7	(0)	301	133.0
Eliminations	Net Sales	(991)	100.0	(1,374)	100.0	383	72.1	-	(5)	388	71.7
	Operating Income	7	-	(8)	-	15	-	-	0	15	-
Consolidated total	Net Sales	359,906	100.0	344,625	100.0	15,281	104.4	-	4,147	11,134	103.2
	Operating Income	18,557	5.2	17,847	5.2	709	104.0	-	461	247	101.4
Exchange Rate (¥/US\$)		113.42		108.00		5.42					

8. Supplementary Schedules (Continued)

(2) Consolidated Forecasts for FY2007 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements

Consolidated Statement of Income (Millions of yen, %)

	FY2007		FY2006		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.06 – 3.31.07		4.1.05 – 3.31.06		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	369,000	100.0	359,906	100.0	9,093	102.5	-	(1,793)	10,886	103.0
Operating Income	20,000	5.4	18,557	5.2	1,442	107.8	0.2	(193)	1,636	108.8
Recurring Income	19,200	5.2	17,350	4.8	1,849	110.7	0.4	(201)	2,051	111.8
Net Income	10,600	2.9	10,125	2.8	474	104.7	0.1	(118)	593	105.9
Exchange Rate (¥/US\$)	110.00		113.42		(3.42)					

Geographical Segment Information (Millions of yen, %)

		FY2007		FY2006		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.06 – 3.31.07		4.1.05 – 3.31.06		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Japan	Net Sales	278,500	100.0	279,587	100.0	(1,086)	99.6	-	-	(1,086)	99.6
	Operating Income	9,700	3.5	8,806	3.1	893	110.1	0.4	-	893	110.1
Overseas	Net Sales	102,000	100.0	91,834	100.0	10,165	111.1	-	(1,797)	11,963	113.0
	Operating Income	10,300	10.1	9,769	10.6	530	105.4	(0.5)	(193)	724	107.4
Eliminations	Net Sales	(11,500)	100.0	(11,514)	100.0	14	99.9	-	4	10	99.9
	Operating Income	-	-	(19)	-	19	-	-	-	19	-
Consolidated total	Net Sales	369,000	100.0	359,906	100.0	9,093	102.5	-	(1,793)	10,886	103.0
	Operating Income	20,000	5.4	18,557	5.2	1,442	107.8	0.2	(193)	1,636	108.8
Exchange Rate (¥/US\$)		110.00		113.42		(3.42)					

8. Supplementary Schedules (Continued)

(2) Consolidated Forecasts for FY2007 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements (Continued)

		Business Segment Information				<i>(Millions of yen, %)</i>						
		FY2007		FY2006		Increase /Decrease			Translation difference	Increase /Decrease except translation difference		
		4.1.06 – 3.31.07		4.1.05 – 3.31.06						Amount		YoY
		Amount	%	Amount	%	Amount	YoY	%		Amount	YoY	
Foods-manufacturing and sales	Net Sales	182,680	100.0	178,588	100.0	4,091	102.3	-	(615)	4,707	102.6	
	Operating Income	12,496	6.8	12,256	6.9	239	102.0	(0.1)	(166)	406	103.3	
Foods- wholesale	Net Sales	62,104	100.0	59,617	100.0	2,486	104.2	-	(1,188)	3,675	106.2	
	Operating Income	2,453	4.0	2,341	3.9	112	104.8	0.1	(26)	138	105.9	
Coca-Cola	Net Sales	120,000	100.0	117,886	100.0	2,113	101.8	-	-	2,113	101.8	
	Operating Income	3,800	3.2	2,736	2.3	1,063	138.9	0.9	-	1,063	138.9	
Others	Net Sales	5,160	100.0	4,804	100.0	355	107.4	-	6	349	107.3	
	Operating Income	1,249	24.2	1,214	25.3	34	102.9	(1.1)	(0)	35	102.9	
Eliminations	Net Sales	(945)	100.0	(991)	100.0	45	95.4	-	4	41	95.8	
	Operating Income	-	-	7	-	(7)	-	-	-	(7)	-	
Consolidated total	Net Sales	369,000	100.0	359,906	100.0	9,093	102.5	-	(1,793)	10,886	103.0	
	Operating Income	20,000	5.4	18,557	5.2	1,442	107.8	0.2	(193)	1,636	108.8	
Exchange Rate (¥/US\$)		110.00		113.42		(3.42)						

8. Supplementary Schedules (continued)

(3) Major Consolidated Performance Indicators

<i>Consolidated Results</i>		2004.3	2005.3	2006.3	2007.3
		Actual	Actual	Actual	Forecast
Net Sales	millions of yen	334,656	344,625	359,906	369,000
YoY Change	%	(2.3)	3.0	4.4	2.5
Operating Income	millions of yen	17,059	17,847	18,557	20,000
(Operating Income Ratio to Net Sales)	%	5.1	5.2	5.2	5.4
YoY Change	%	(4.7)	4.6	4.0	7.8
Recurring Income	millions of yen	15,428	16,649	17,350	19,200
(Recurring Income Ratio to Net Sales)	%	4.6	4.8	4.8	5.2
YoY Change	%	(1.4)	7.9	4.2	10.7
Net Income	millions of yen	9,287	9,487	10,125	10,600
(Net Income Ratio to Net Sales)	%	2.8	2.8	2.8	2.9
YoY Change	%	11.7	2.2	6.7	4.7
Shareholders' Equity per Share	yen	726.57	760.33	870.82	-
Net Income per Share	yen	47.15	48.16	51.80	54.27
Diluted Net Income per Share	yen	-	-	51.79	-
Shareholders' Equity	millions of yen	141,849	147,370	168,676	-
Total Assets	millions of yen	278,602	295,802	331,781	-
Shareholders' Equity Ratio	%	50.9	49.8	50.8	-
ROE	%	6.8	6.6	6.4	-
Recurring Income to Total Assets	%	5.6	5.8	5.5	-
Share Price as of Term-end	yen	866	1,075	1,324	-
PER	Times	18.4	22.3	25.6	-
Operating Activities	millions of yen	20,451	20,405	20,646	-
Cash Flows From Investing Activities	millions of yen	(16,107)	(31,224)	(17,270)	-
Cash Flows From Financing Activities	millions of yen	(10,997)	4,456	11,240	-
Term-end Cash and Cash Equivalents	millions of yen	25,100	18,815	35,642	-
Free Cash Flows	millions of yen	6,766	6,562	4,090	-
Free Cash Flows per Share	yen	34.68	33.67	21.12	-
Interest-bearing Debt	millions of yen	46,722	54,853	69,396	-
Capital Expenditures	millions of yen	15,422	13,663	17,156	14,100
(For Property, Plant and Equipment)	millions of yen	13,283	12,355	15,964	13,200
Depreciation and Amortization	millions of yen	13,847	13,622	14,223	14,000
(On Property, Plant and Equipment)	millions of yen	12,440	12,092	12,506	12,100
R&D Costs	millions of yen	3,551	3,453	3,439	-
Net Financial Income (Loss)	millions of yen	154	229	191	-
Average Term Exchange Rate	yen/US\$	116.05	108.00	113.42	110.00
No. of Employees	people	6,204	6,350	6,422	-
No. of Shares Issued and Outstanding at Term-end	Thousand	195,111	193,692	193,589	-

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

2. Free cash flows = cash flows from operating activities - acquisition of property, plant, equipment and intangible assets

3. Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.

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