

Flash Report 2007

Kikkoman Corporation



Consolidated Financial Results

April 25 2007

Year ended March 31, 2007

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 25, 2007

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience.



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1. Business Performance for the Year Ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(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, 2006 -Mar. 31, 2007	¥392,611	¥21,646	¥20,983
Apr. 1, 2005 -Mar. 31, 2006	¥359,906	¥18,557	¥17,350

	Net income	Net income per share (yen)	Net income per share: Assuming full dilution (yen)
Apr. 1, 2006 -Mar. 31, 2007	¥10,739	¥55.49	¥55.45
Apr. 1, 2005 -Mar. 31, 2006	¥10,125	¥51.80	¥51.79

Note:

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

Apr. 1, 2006-Mar. 31, 2007: ¥620 million

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

(2) Financial Position

(Millions of yen)

	Total assets	Total net assets	Shareholders' equity ratio	Shareholders' equity per share (yen)
Mar. 31, 2007	¥348,995	¥206,919	50.3%	¥906.84
Mar. 31, 2006	¥331,781	¥168,676	50.8%	¥870.82

Note:

1) Total Shareholders' equity

Mar. 31, 2007: ¥ 175,522 million

Mar. 31, 2006: ¥ - million

1. Business Performance for the Year Ended March 31, 2007 (April 1, 2006 to March 31, 2007)(continued)

(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. 1,2006 –Mar.31, 2007	¥24,663	(¥27,634)	(¥ 9,549)	¥23,474
Apr. 1,2005 –Mar.31, 2006	¥20,646	(¥17,270)	¥11,240	¥35,642

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

- Consolidated subsidiaries: 34
- Unconsolidated subsidiaries accounted for by equity method: 4
- Affiliates accounted for by equity method: 6

(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: 4
 - Newly unconsolidated company: 0
 - Companies newly accounted for by the equity method: 0
 - Companies no longer accounted for by the equity method: 4

2. Cash Dividends

(Millions of yen)

	Cash dividends per share (yen)			Cash dividends total (full year)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	Half year ended	Full year ended	Total			
Apr. 1,2005 –Mar.31, 2006	-	12.00	12.00	¥ 2,333	23.2%	1.5%
Apr. 1,2006 –Mar.31, 2007	-	15.00	15.00	¥ 2,916	27.0%	1.7%
Apr. 1,2007 –Mar.31, 2008 (Estimated)	-	12.00	12.00			

Note:

- 1) This fiscal year ended March 31, 2007 dividend includes a commemorative dividend of ¥3.00 per share.

3. Forecast of Business Performance for the Fiscal Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

(Millions of yen)

	Net sales	Operating Income	Recurring income	Net income	Net income per share(yen)
Apr. 1, -Sep.30, 2007	¥200,000	¥10,000	¥ 9,500	¥ 5,200	26.87
Apr.1, 2007-Mar.31, 2008	¥413,000	¥24,000	¥22,500	¥11,500	59.42

4. Consolidated Balance Sheets

	March 31,		
	2007	2006	2007
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Assets			
Current assets:			
Cash and time deposits	¥ 24,505	¥ 36,487	\$ 207,669
Trade notes and accounts receivable	50,656	44,652	429,288
Allowance for doubtful receivables	(967)	(786)	(8,195)
	<u>49,689</u>	<u>43,865</u>	<u>421,093</u>
Inventories	29,910	27,142	253,475
Deferred tax assets	4,728	4,314	40,068
Other current assets	7,558	7,333	64,051
Total current assets	<u>116,391</u>	<u>119,143</u>	<u>986,364</u>
Property, plant and equipment, at cost:			
Land	32,560	29,273	275,932
Buildings and structures	106,130	96,092	899,407
Machinery, equipment and vehicles	158,594	144,552	1,344,017
Other	55,207	54,395	467,856
Construction in progress	3,983	2,669	33,754
	<u>356,477</u>	<u>326,983</u>	<u>3,020,992</u>
Accumulated depreciation	(222,954)	(212,921)	(1,889,441)
Property, plant and equipment, net	<u>133,522</u>	<u>114,062</u>	<u>1,131,542</u>
Investments and other assets:			
Investments in securities	47,202	45,168	400,017
Investments in and advances to unconsolidated subsidiaries and affiliates	12,451	41,816	105,517
Goodwill	27,775	39	235,381
Other Intangible assets	6,239	6,802	52,873
Deferred tax assets	3,573	3,238	30,280
Other assets	1,838	1,510	15,576
Total investments and other assets	<u>99,081</u>	<u>98,575</u>	<u>839,669</u>
Total assets	<u>¥ 348,995</u>	<u>¥ 331,781</u>	<u>\$ 2,957,585</u>

4. Consolidated Balance Sheets (continued)

	March 31,		
	2007	2006	2007
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Liabilities			
Current liabilities:			
Short-term bank loans	¥ 13,004	¥ 5,905	\$ 110,203
Current portion of long-term debt	11,444	2,920	96,983
Trade notes and accounts payable	16,242	13,391	137,644
Other accounts payable	14,549	15,478	123,297
Accrued employees' bonus	2,169	2,016	18,381
Accrued directors' bonus	122	–	1,034
Accrued income taxes	2,477	2,040	20,992
Other current liabilities	6,820	4,995	57,797
Total current liabilities	<u>66,831</u>	<u>46,748</u>	<u>566,364</u>
Long-term liabilities:			
Long-term debt	41,070	55,005	348,051
Accrued employees' pension and severance costs	16,448	18,616	139,390
Accrued officers' severance benefits	1,930	1,784	16,356
Deposits received	1,253	6,419	10,619
Deferred tax liabilities	8,399	9,319	71,178
Other long-term liabilities	6,142	1,880	52,051
Total long-term liabilities	<u>75,245</u>	<u>93,025</u>	<u>637,669</u>
Net assets			
Shareholders' equity:			
Common stock, without par value:			
Authorized: 300,000,000 shares			
Issued: 197,202,300 shares at March 31, 2007	11,599	–	\$98,297
Capital surplus	5,782	–	49,000
Retained earnings	145,091	–	1,229,585
Treasury stock, at cost:			
March 31, 2007 – 3,648,952 shares	(2,786)	–	(23,610)
Total shareholders' equity	<u>159,687</u>	<u>–</u>	<u>1,353,280</u>
Difference of appreciation and conversion:			
Unrealized holding gain on securities	16,926	–	143,441
Deferred hedge gain/loss	167	–	1,415
Translation adjustments	(719)	–	(6,093)
Unfunded retirement benefit obligation of overseas subsidiaries	(539)	–	(4,568)
Total difference of appreciation and conversion	<u>15,835</u>	<u>–</u>	<u>134,195</u>
Minority interests	31,396	–	266,068
Total net assets	<u>206,919</u>	<u>–</u>	<u>1,753,551</u>
Total liabilities and net assets	<u>¥348,995</u>	<u>¥ –</u>	<u>\$2,957,585</u>
Minority interests	–	23,331	–
Shareholders' equity			
Common stock, without par value:			
Authorized: 300,000,000 shares			
Issued: 197,202,300 shares at March 31, 2006	¥ –	¥ 11,599	\$ –
Additional paid-in capital	–	5,775	–
Retained earnings	–	136,546	–
Unrealized holding gain on securities	–	19,497	–
Translation adjustments	–	(2,073)	–
	<u>–</u>	<u>171,344</u>	<u>–</u>
Treasury stock, at cost:			
March 31, 2006 – 3,612,457 shares	–	(2,668)	–
Shareholders' equity, net	<u>–</u>	<u>168,676</u>	<u>–</u>
Total liabilities and Shareholders' equity	<u>¥ –</u>	<u>¥331,781</u>	<u>\$ –</u>

See accompanying notes to consolidated financial statements.

5. Consolidated Statements of Income

	Year ended March 31,		
	2007	2006	2007
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Net sales	¥392,611	¥359,906	\$3,327,212
Cost of sales	237,568	216,975	2,013,288
Gross profit	155,043	142,931	1,313,924
Selling, general and administrative expenses	133,396	124,373	1,130,475
Operating income	21,646	18,557	183,441
Other income (expenses):			
Interest and dividend income	1,222	852	10,356
Equity in (losses) earnings of unconsolidated subsidiaries and affiliates	620	716	5,254
Interest expense	(1,047)	(660)	(8,873)
Gain on sales of securities	147	611	1,246
Dividends from liquidation of securities	52	–	441
Gain on sales of property, plant and equipment	1,175	798	9,958
Gain on establishment of pension trust fund	–	2,520	–
Loss on sales of property, plant and equipment	–	(4)	–
Loss on disposal of property, plant and equipment	(968)	(1,360)	(8,203)
Loss on revaluation of investments in securities	(257)	(36)	(2,178)
Loss on impairment of fixed assets	–	(1,965)	–
Loss on revaluation of investments in affiliates	–	(73)	–
Special additional severance benefits	–	(230)	–
Costs related to vending machines to accept the tender of new yen bills	–	(171)	–
Write-down of inventories	–	(452)	–
Loss on revaluation of golf memberships	(52)	(11)	(441)
Loss from redemption of bond	(78)	–	(661)
Environmental conservation costs	(131)	(86)	(1,110)
Expense for compensation	(376)	–	(3,186)
Loss on cancellation of materials purchases contracts	(176)	–	(1,492)
Other, net	(796)	(1,638)	(6,746)
	(665)	(1,194)	(5,636)
Income before income taxes and minority interests	20,980	17,362	177,797
Income taxes:			
Current	7,704	6,391	65,288
Deferred	742	(156)	6,288
	8,447	6,235	71,585
Income before minority interests	12,533	11,127	106,212
Minority interests	(1,793)	(1,002)	(15,195)
Net income	¥ 10,739	¥ 10,125	\$ 91,008

See accompanying notes to consolidated financial statements.

6. Consolidated Statements of Net Assets

	Year ended March 31,		
	2007	2006	2007
	<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 period (March 31, 2007 – 197,202,300 shares; March 31, 2006 – 197,202,300 shares)	¥ 11,599	¥ 11,599	\$ 98,297
Capital surplus			
Balance at beginning of the period	¥ 5,775	¥ 5,773	\$ 48,941
Add:			
Gain on sales of treasury stock	6	2	51
Balance at end of the period	¥ 5,782	¥ 5,775	\$ 49,000
Retained earnings			
Balance at beginning of the period	¥136,546	¥127,951	\$1,157,169
Add:			
Net income	10,739	10,125	91,008
Increase from accounting period changes of consolidated subsidiaries	40	435	339
Adjustment in minimum pension liability of consolidated subsidiaries in U.S.A.	172	–	1,458
Other	32	76	271
Deduct:			
Cash dividends paid	(2,333)	(1,945)	(19,771)
Bonuses to directors and statutory auditors	(105)	(96)	(890)
Other	–	–	–
Balance at end of the period	¥145,091	¥136,546	\$1,229,585
Treasury stock			
Balance at beginning of the period	¥ (2,668)	–	\$ (22,610)
Add:			
Purchase	(249)	–	(2,110)
Deduct:			
Sales	130	–	1,102
Balance at end of the period	¥ (2,786)	–	\$ (23,610)
Unrealized holding gain on securities			
Balance at beginning of the period	¥ 19,497	¥ 11,008	\$ 165,229
Net change during the period	(2,571)	8,488	(21,788)
Balance at end of the period	¥ 16,926	¥ 19,497	\$ 143,441
Deferred hedge gain/loss			
Balance at beginning of the period	¥ –	¥ –	\$ –
Net change during the period	167	–	1,415
Balance at end of the period	¥ 167	¥ –	\$ 1,415
Translation adjustments			
Balance at beginning of the period	¥ (2,073)	¥ (6,408)	\$ (17,568)
Net change during the period	1,354	4,335	11,475
Balance at end of the period	¥ (719)	¥ (2,073)	\$ (6,093)
Unfunded retirement benefit obligation of overseas subsidiaries			
Balance at beginning of the period	¥ –	–	\$ –
Net change during the period	(539)	–	(4,568)
Balance at end of the period	¥ (539)	–	\$ (4,568)
Minority interests			
Balance at beginning of the period	¥ 23,331	–	\$ 197,720
Net change during the period	8,064	–	68,339
Balance at end of the period	¥ 31,396	–	\$ 266,068

See accompanying notes to consolidated interim financial statements.

7. Consolidated Statements of Cash Flows

	Year ended March 31,		
	2007	2006	2007
	<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	¥ 20,980	¥ 17,362	\$ 177,797
Depreciation and amortization	16,290	14,223	138,051
Loss on impairment of fixed assets	–	1,965	–
Accrued employees' pension and severance costs	(2,695)	(2,105)	(22,839)
Accrued officers' severance benefits	145	40	1,229
Interest and dividend income	(1,222)	(852)	(10,356)
Interest expense	1,047	660	8,873
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(620)	(716)	(5,254)
Gain on sales of property, plant and equipment	(1,175)	(798)	(9,958)
Gain on sales of securities	(147)	(611)	(1,246)
Gain on establishment of pension trust fund	–	(2,520)	–
Loss on disposal of property, plant and equipment	968	1,360	8,203
Loss on sales of property, plant and equipment	–	4	–
Loss on revaluation of investments in securities	257	36	2,178
Loss on revaluation of investments in affiliates	–	73	–
Notes and accounts receivable	(1,624)	126	(13,763)
Inventories	(481)	813	(4,076)
Notes and accounts payable	34	(726)	288
Other	720	(846)	6,102
Subtotal	32,477	27,490	275,229
Interest and dividends received	1,577	1,212	13,364
Interest paid	(1,058)	(694)	(8,966)
Income taxes paid	(8,332)	(7,362)	(70,610)
Net cash provided by operating activities	24,663	20,646	209,008
Cash flows from investing activities			
Acquisition of property, plant and equipment	(18,341)	(15,391)	(155,432)
Proceeds from sales of property, plant and equipment	6,525	1,340	55,297
Acquisition of intangible assets	(473)	(1,164)	(4,008)
Acquisition of investments in securities	(12,107)	(8,164)	(102,602)
Proceeds from sales of investments in securities	1,884	4,170	15,966
Payments for purchase of shares of consolidated subsidiaries due to change in scope of consolidation	(6,043)	–	(51,212)
Addition to loans receivable	(490)	(186)	(4,153)
Collection of loans receivable	658	935	5,576
Other	753	1,190	6,381
Net cash used in investing activities	(27,634)	(17,270)	(234,186)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	3,389	(19,144)	28,720
Proceeds from long-term debt	–	39,768	–
Repayment of long-term debt	(9,765)	(7,144)	(82,754)
Acquisition of treasury stock	(249)	(130)	(2,110)
Cash dividends paid	(3,008)	(2,194)	(25,492)
Other	83	86	703
Net cash provided by (used in) financing activities	(9,549)	11,240	(80,924)
Effect of exchange rate changes on cash and cash equivalents	390	683	3,305
Increase (decrease) in cash and cash equivalents	(12,130)	15,300	(102,797)
Cash and cash equivalents at beginning of the year	35,642	18,815	302,051
Increase from the changes of accounting year-end date in certain consolidated subsidiaries	(1,072)	1,526	(9,085)
Increase arising from inclusion of subsidiaries in consolidation	625	–	5,297
Increase in cash due to merger of non-consolidated subsidiaries	408	–	3,458
Cash and cash equivalents at end of the year	¥ 23,474	¥ 35,642	\$ 198,932

See accompanying notes to consolidated financial statements.

8. Notes to Consolidated Financial Statements

March 31, 2007

(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 net assets.

(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 difference of appreciation and conversion, 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 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 employees' bonuses

Accrued employees' bonuses are provided for payment of employees' bonuses based on the estimated amounts.

(i) Accrued directors' bonuses

Accrued directors' bonuses are provided for payment of directors' bonuses based on the estimated amounts

(j) 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 12 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.

(2) Summary of Significant Accounting Policies (continued)

(k) Income taxes

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

(l) Research and development costs

Research and development costs are charged to income as incurred.

(m) Derivatives

The Company and its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to 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 a separate component of difference of appreciation and conversion. Payables hedged by qualified forward foreign exchange contracts are translated at the corresponding contract rates.

(n) 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.

(o) Changes in accounting policies

Accounting Standard for Directors’ Bonuses

“Accounting Standard for Directors’ Bonuses” (The 4th Accounting Standards on November 29, 2005) has been adopted from the current term. Though Directors’ Bonuses had been recorded as decrease of unappropriated retained earnings by appropriation of earnings after a resolution of a general shareholders’ meeting, it is recorded as expense when it is paid since the current term.

This application resulted in the decrease of operating income and net income before income taxes and minority interest by 122 million yen.

(2) Summary of Significant Accounting Policies (continued)

(o) Changes in accounting policies (continued)

Accounting Standard for Net Assets of Balance Sheet

“Accounting Standard for Net Assets of Balance Sheet” (The 5th Accounting Standards on December 9, 2005) and “Guidance for the application of Accounting Standards for Net Assets of Balance Sheet” (The 8th Application Principle of the Accounting Standards on December 9, 2005) have been adopted from the current term.

The equivalent total amount of shareholders’ equity under the previous presentation method as of March 31, 2007 was 175,354 million yen.

(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 ¥118 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2007. 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,		
	2007	2006	2007
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Operating income	¥21,646	¥18,557	\$183,441
Non-operating income	4,863	3,962	41,212
Non-operating expenses	(5,527)	(5,169)	(46,839)
Recurring income	20,983	17,350	177,822
Extraordinary income	1,375	3,931	11,653
Extraordinary expenses	(1,377)	(3,918)	(11,669)
Income before income taxes and minority interests	20,980	17,362	177,797

(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, 2007 and 2006 is summarized as follows:

	Year ended March 31, 2007						
	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	¥201,133	¥67,359	¥116,806	¥ 7,312	¥392,611	¥ –	¥392,611
Intragroup sales and transfers	660	250	–	0	911	(911)	–
Total sales	201,793	67,609	116,806	7,313	393,523	(911)	392,611
Operating expenses	186,673	64,615	114,325	6,264	371,878	(913)	370,965
Operating income	¥ 15,120	¥ 2,994	¥ 2,481	¥ 1,048	¥ 21,644	¥ 2	¥ 21,646
II. Assets, depreciation and capital expenditures:							
Total assets	¥194,752	¥27,566	¥ 59,956	¥12,279	¥294,554	¥54,440	¥348,995
Depreciation and amortization	10,841	292	4,627	528	16,290	–	16,290
Capital expenditures	9,404	2,477	4,508	673	17,064	–	17,064
	Year ended March 31, 2007						
	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	\$1,704,517	\$570,839	\$989,881	\$ 61,966	\$3,327,212	\$ –	\$3,327,212
Intragroup sales and transfers	5,593	2,119	–	0	7,720	(7,720)	–
Total sales	1,710,110	572,958	989,881	61,975	3,334,941	(7,720)	3,327,212
Operating expenses	1,581,975	547,585	968,856	53,085	3,151,508	(7,737)	3,143,771
Operating income	\$ 128,136	\$ 25,373	\$ 21,025	\$ 8,881	\$ 183,424	\$ 17	\$ 183,441
II. Assets, depreciation and capital expenditures:							
Total assets	\$1,650,441	\$233,610	\$508,102	\$104,059	\$2,496,220	\$461,356	\$2,957,585
Depreciation and amortization	91,873	2,475	39,212	4,475	138,051	–	138,051
Capital expenditures	79,695	20,992	38,203	5,703	144,610	–	144,610

(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>(Millions of yen)</i>						
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

Geographical Segments

Geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2007 and 2006 is summarized as follows:

	Year ended March 31, 2007					
	Japan	North America	Other	Total	Eliminations and corporate	Consoli- dated
	<i>(Millions of yen)</i>					
Sales to third parties	¥283,589	¥90,275	¥18,746	¥392,611	¥ –	¥392,611
Interarea sales and transfers	11,286	2,250	540	14,077	(14,077)	–
Total sales	294,875	92,526	19,287	406,689	(14,077)	392,611
Operating expenses	284,251	83,271	17,459	384,983	(14,018)	370,965
Operating income	¥ 10,623	¥ 9,254	¥ 1,828	¥ 21,706	¥ (59)	¥ 21,646
Total assets	¥250,257	¥79,668	¥17,850	¥347,776	¥ 1,219	¥348,995
	Year ended March 31, 2007					
	Japan	North America	Other	Total	Eliminations and corporate	Consoli- dated
	<i>(Thousands of U.S. dollars)</i>					
Sales to third parties	\$2,403,297	\$765,042	\$158,864	\$3,327,212	\$ –	\$3,327,212
Interarea sales and transfers	95,644	19,068	4,576	119,297	(119,297)	–
Total sales	2,498,941	784,119	163,449	3,446,517	(119,297)	3,327,212
Operating expenses	2,408,907	705,686	147,958	3,262,568	(118,797)	3,143,771
Operating income	\$ 90,025	\$ 78,424	\$ 15,492	\$ 183,949	\$ (500)	\$ 183,441
Total assets	\$2,120,822	\$675,153	\$151,271	\$2,947,254	\$ 10,331	\$2,957,585

(5) Segment Information (continued)

Geographical Segments (continued)

	Year ended March 31, 2006					
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<i>(Millions of yen)</i>					
Sales to third parties	¥270,259	¥73,223	¥16,423	¥359,906	¥ –	¥359,906
Interarea sales and transfers	9,328	2,346	514	12,189	(12,189)	–
Total sales	279,587	75,570	16,938	372,095	(12,189)	359,906
Operating expenses	270,780	67,478	15,261	353,519	(12,170)	341,349
Operating income	¥ 8,806	¥ 8,091	¥ 1,677	¥ 18,576	¥ (19)	¥ 18,557
Total assets	¥226,281	¥59,005	¥16,173	¥301,460	¥ 30,320	¥331,781

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, 2007 and 2006 are summarized as follows:

	Year ended March 31, 2007					
	North America	Other	Total	North America	Other	Total
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Overseas sales	¥89,609	¥25,689	¥115,299	\$759,398	\$217,703	\$ 977,110
Consolidated net sales			392,611			3,327,212
Ratio of overseas sales to consolidated net sales	22.8%	6.6%	29.4%	22.8%	6.6%	29.4%
	Year ended March 31, 2006					
	North America	Other	Total			
	<i>(Millions of yen)</i>					
Overseas sales	¥72,636	¥21,595	¥ 94,232			
Consolidated net sales			359,906			
Ratio of overseas sales to consolidated net sales	20.2%	6.0%	26.2%			

9. Supplementary Schedules

(1) Consolidated Results 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	392,611	100.0	359,906	100.0	32,705	109.1	-	3,875	28,830	108.0
Operating Income	21,646	5.5	18,557	5.2	3,089	116.6	0.3	466	2,622	114.1
Recurring Income	20,983	5.3	17,350	4.8	3,633	120.9	0.5	462	3,171	118.3
Net Income	10,739	2.7	10,125	2.8	614	106.1	(0.1)	282	332	103.3
Exchange Rate (¥/US\$)	117.00		113.42		3.58					

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	294,875	100.0	279,587	100.0	15,288	105.5	-	-	15,288	105.5
	Operating Income	10,623	3.6	8,806	3.1	1,816	120.6	0.5	-	1,816	120.6
Overseas	Net Sales	110,908	100.0	91,834	100.0	19,074	120.8	-	3,976	15,097	116.4
	Operating Income	11,082	10.0	9,769	10.6	1,313	113.4	(0.6)	466	846	108.7
Eliminations	Net Sales	(13,172)	100.0	(11,514)	100.0	(1,657)	-	-	(101)	(1,555)	113.5
	Operating Income	(59)	-	(19)	-	(40)	-	-	(0)	(40)	313.0
Consolidated total	Net Sales	392,611	100.0	359,906	100.0	32,705	109.1	-	3,875	28,830	108.0
	Operating Income	21,646	5.5	18,557	5.2	3,089	116.6	0.3	466	2,622	114.1
Exchange Rate (¥/US\$)		117.00		113.42		3.58					

9. Supplementary Schedules (Continued)

(1) Consolidated Results 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	201,793	100.0	178,588	100.0	23,205	113.0	-	1,756	21,448	112.0	
	Operating Income	15,120	7.5	12,256	6.9	2,863	123.4	0.6	378	2,485	120.3	
Foods-wholesale	Net Sales	67,609	100.0	59,617	100.0	7,992	113.4	-	2,097	5,894	109.9	
	Operating Income	2,994	4.4	2,341	3.9	652	127.9	0.5	88	564	124.1	
Coca-Cola	Net Sales	116,806	100.0	117,886	100.0	(1,080)	99.1	-	-	(1,080)	99.1	
	Operating Income	2,481	2.1	2,736	2.3	(255)	90.7	(0.2)	-	(255)	90.7	
Others	Net Sales	7,313	100.0	4,804	100.0	2,508	152.2	-	24	2,483	151.7	
	Operating Income	1,048	14.3	1,214	25.3	(166)	86.3	(11.0)	(0)	(165)	86.3	
Eliminations	Net Sales	(911)	100.0	(991)	100.0	79	-	-	(3)	82	91.6	
	Operating Income	2	-	7	-	(5)	-	-	(0)	(5)	-	
Consolidated total	Net Sales	392,611	100.0	359,906	100.0	32,705	109.1	-	3,875	28,830	108.0	
	Operating Income	21,646	5.5	18,557	5.2	3,089	116.6	0.3	466	2,622	114.1	
Exchange Rate (¥/US\$)		117.00		113.42		3.58						

9. Supplementary Schedules (Continued)

(2) Consolidated Forecasts for FY2008 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements

Consolidated Statement of Income (Millions of yen, %)

	FY2008		FY2007		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.07 – 3.31.08		4.1.06 – 3.31.07		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	413,000	100.0	392,611	100.0	20,388	105.2	-	(1,372)	21,760	105.5
Operating Income	24,000	5.8	21,646	5.5	2,353	110.9	0.3	(134)	2,487	111.5
Recurring Income	22,500	5.4	20,983	5.3	1,516	107.2	0.1	(121)	1,638	107.8
Net Income	11,500	2.8	10,739	2.7	760	107.1	0.1	(89)	849	107.9
Exchange Rate (¥/US\$)	115.00		117.00		(2.00)					

Geographical Segment Information (Millions of yen, %)

		FY2008		FY2007		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.07 – 3.31.08		4.1.06 – 3.31.07		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Japan	Net Sales	305,900	100.0	294,875	100.0	11,024	103.7	-	-	11,024	103.7
	Operating Income	11,700	3.8	10,623	3.6	1,076	110.1	0.2	-	1,076	110.1
Overseas	Net Sales	122,300	100.0	110,908	100.0	11,391	110.3	-	(1,379)	12,771	111.5
	Operating Income	12,300	10.1	11,082	10.0	1,217	111.0	0.1	(134)	1,351	112.2
Eliminations	Net Sales	(15,200)	100.0	(13,172)	100.0	(2,027)	-	-	7	(2,035)	115.5
	Operating Income	-	-	(59)	-	59	-	-	-	59	-
Consolidated total	Net Sales	413,000	100.0	392,611	100.0	20,388	105.2	-	(1,372)	21,760	105.5
	Operating Income	24,000	5.8	21,646	5.5	2,353	110.9	0.3	(134)	2,487	111.5
Exchange Rate (¥/US\$)		115.00		117.00		(2.00)					

9. Supplementary Schedules (Continued)

(2) Consolidated Forecasts for FY2008 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements (Continued)

		Business Segment Information				<i>(Millions of yen, %)</i>						
		FY2008		FY2007		Increase /Decrease			Translation difference	Increase /Decrease except translation difference		
		4.1.07 – 3.31.08		4.1.06 – 3.31.07						Amount		YoY
		Amount	%	Amount	%	Amount	YoY	%		Amount	YoY	
Foods-manufacturing and sales	Net Sales	208,831	100.0	201,793	100.0	7,037	103.5	-	(578)	7,615	103.8	
	Operating Income	16,063	7.7	15,120	7.5	943	106.2	0.2	(101)	1,044	106.9	
Foods- wholesale	Net Sales	75,495	100.0	67,609	100.0	7,885	111.7	-	(805)	8,691	112.9	
	Operating Income	3,436	4.6	2,994	4.4	441	114.7	0.2	(32)	473	115.8	
Coca-Cola	Net Sales	120,000	100.0	116,806	100.0	3,193	102.7	-	-	3,193	102.7	
	Operating Income	2,800	2.3	2,481	2.1	318	112.8	0.2	-	318	112.8	
Others	Net Sales	16,531	100.0	7,313	100.0	9,218	226.0	-	10	9,207	225.9	
	Operating Income	1,700	10.3	1,048	14.3	651	162.2	(4.0)	(0)	651	162.2	
Eliminations	Net Sales	(7,858)	100.0	(911)	100.0	(6,946)	-	-	1	(6,948)	862.0	
	Operating Income	-	-	1	-	(1)	-	-	-	(1)	-	
Consolidated total	Net Sales	413,000	100.0	392,611	100.0	20,388	105.2	-	(1,372)	21,760	105.5	
	Operating Income	24,000	5.8	21,646	5.5	2,353	110.9	0.3	(134)	2,487	111.5	
Exchange Rate (¥/US\$)		115.00		117.00		(2.00)						

9. Supplementary Schedules (continued)

(3) Major Consolidated Performance Indicators

<i>Consolidated Results</i>		2005.3	2006.3	2007.3	2008.3
		Actual	Actual	Actual	Forecast
Net Sales	millions of yen	344,625	359,906	392,611	413,000
YoY Change	%	3.0	4.4	9.1	5.2
Operating Income	millions of yen	17,847	18,557	21,646	24,000
(Operating Income Ratio to Net Sales)	%	5.2	5.2	5.5	5.8
YoY Change	%	4.6	4.0	16.6	10.9
Recurring Income	millions of yen	16,649	17,350	20,983	22,500
(Recurring Income Ratio to Net Sales)	%	4.8	4.8	5.3	5.4
YoY Change	%	7.9	4.2	20.9	7.2
Net Income	millions of yen	9,487	10,125	10,739	11,500
(Net Income Ratio to Net Sales)	%	2.8	2.8	2.7	2.8
YoY Change	%	2.2	6.7	6.1	7.1
Shareholders' Equity per Share	yen	760.33	870.82	906.84	-
Net Income per Share	yen	48.16	51.80	55.49	59.42
Diluted Net Income per Share	yen	-	51.79	55.45	-
Total Net Assets	millions of yen	147,370	168,676	206,919	-
Shareholders' Equity	millions of yen	-	-	175,522	-
Total Assets	millions of yen	295,802	331,781	348,995	-
Shareholders' Equity Ratio	%	49.8	50.8	50.3	-
D/E Ratio	%	33.6	37.8	37.3	-
Dividend on Equity	%	1.3	1.5	1.7	-
ROE	%	6.6	6.4	6.2	-
Recurring Income to Total Assets	%	5.8	5.5	6.2	-
Share Price as of Term-end	yen	1,075	1,324	1,510	-
PER	Times	22.3	25.6	27.2	-
Cash Flows From Operating Activities	millions of yen	20,405	20,646	24,663	-
Cash Flows From Investing Activities	millions of yen	(31,224)	(17,270)	(27,634)	-
Cash Flows From Financing Activities	millions of yen	4,456	11,240	(9,549)	-
Term-end Cash and Cash Equivalents	millions of yen	18,815	35,642	23,474	-
Free Cash Flows	millions of yen	6,562	4,090	5,848	-
Free Cash Flows per Share	yen	33.67	21.12	30.22	-
Interest-bearing Debt	millions of yen	54,853	69,396	70,616	-
Capital Expenditures	millions of yen	13,663	17,156	17,064	23,000
(For Property, Plant and Equipment)	millions of yen	12,355	15,964	16,425	22,000
Depreciation and Amortization	millions of yen	13,622	14,223	16,290	17,100
(On Property, Plant and Equipment)	millions of yen	12,092	12,506	14,235	15,000
R&D Costs	millions of yen	3,453	3,439	3,783	-
Net Financial Income (Loss)	millions of yen	229	191	175	-
Average Term Exchange Rate	yen/US\$	108.00	113.42	117.00	115.00
No. of Employees	people	6,350	6,422	7,065	-
No. of Shares Issued and Outstanding at Term-end	Thousand	193,692	193,589	193,553	-

(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

5. Shareholders' equity is computed by subtracting stock acquisition rights and minority interests from net assets.

6. D/E ratio = (Loans + Bonds) / Shareholders' equity

7. No. of shares issued and outstanding at term-end is computed by subtracting shareholders' equity.