

April 24 2008

Consolidated Financial Results

Kikkoman Corporation Flash Report 2008

Year ended March 31, 2008

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 24, 2008

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience.

Kikkoman Corporation Flash Report 2008

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1. Business Performance for the Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(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, 2007 -Mar. 31, 2008	¥413,938	¥23,854	¥22,388
Apr. 1, 2006 -Mar. 31, 2007	¥392,611	¥21,646	¥20,983

	Net income	Net income per share (yen)	Net income per share: Assuming full dilution (yen)
Apr. 1, 2007 -Mar. 31, 2008	¥11,447	¥59.16	¥59.12
Apr. 1, 2006 -Mar. 31, 2007	¥10,739	¥55.49	¥55.45

Note:

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

Apr. 1, 2007-Mar. 31, 2008: ¥406 million

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

(2) Financial Position

(Millions of yen)

	Total assets	Total net assets	Shareholders' equity ratio	Shareholders' equity per share (yen)
Mar. 31, 2008	¥342,287	¥199,415	48.8%	¥864.01
Mar. 31, 2007	¥348,995	¥206,919	50.3%	¥906.84

Note:

1) Total Shareholders' equity

Mar. 31, 2008: ¥ 167,188 million

Mar. 31, 2007: ¥ 175,522 million

1. Business Performance for the Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)(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, 2007 –Mar. 31, 2008	¥26,118	(¥19,578)	¥ 4,712	¥32,984
Apr. 1, 2006 –Mar. 31, 2007	¥24,663	(¥27,634)	(¥ 9,549)	¥23,474

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

- Consolidated subsidiaries: 39
- Unconsolidated subsidiaries accounted for by equity method: 1
- 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: 5
 - Newly unconsolidated company: 0
 - Companies newly accounted for by the equity method: 0
 - Companies no longer accounted for by the equity method: 3

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, 2006 –Mar. 31, 2007	-	15.00	15.00	¥ 2,916	27.0%	1.7%
Apr. 1, 2007 –Mar. 31, 2008	-	15.00	15.00	¥ 2,915	25.4%	1.7%
Apr. 1, 2008 –Mar. 31, 2009 (Estimated)	-	15.00	15.00		26.4%	

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, 2009 (April 1, 2008 to March 31, 2009)

(Millions of yen)

	Net sales	Operating Income	Recurring income	Net income	Net income per share(yen)
Apr. 1, -Sep.30, 2008	¥200,000	¥9,500	¥ 8,500	¥ 4,300	22.22
Apr.1, 2008-Mar.31, 2009	¥418,000	¥23,000	¥21,500	¥11,000	56.85

4. Consolidated Balance Sheets

	March 31,		
	2008	2007	2008
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note3)</i>
Assets			
Current assets:			
Cash and time deposits	¥ 34,038	¥ 24,505	\$ 340,380
Trade notes and accounts receivable	49,147	50,656	491,470
Allowance for doubtful receivables	(937)	(967)	(9,370)
	48,209	49,689	482,090
Inventories	29,720	29,910	297,200
Deferred tax assets	5,171	4,728	51,710
Other current assets	11,859	7,558	118,590
Total current assets	128,999	116,391	1,289,990
Property, plant and equipment, at cost:			
Land	32,287	32,560	322,870
Buildings and structures	106,297	106,130	1,062,970
Machinery, equipment and vehicles	158,305	158,594	1,583,050
Other	55,004	55,207	550,040
Construction in progress	6,085	3,983	60,850
	357,979	356,477	3,579,790
Accumulated depreciation	(223,937)	(222,954)	(2,239,370)
Property, plant and equipment, net	134,042	133,522	1,340,420
Investments and other assets:			
Investments in securities	32,009	47,202	320,090
Investments in and advances to unconsolidated subsidiaries and affiliates	9,707	12,451	97,070
Goodwill	24,068	27,775	240,680
Other Intangible assets	4,612	6,239	46,120
Deferred tax assets	2,987	3,573	29,870
Other assets	5,860	1,838	58,600
Total investments and other assets	79,245	99,081	792,450
Total assets	¥ 342,287	¥ 348,995	\$ 3,422,870

4. Consolidated Balance Sheets (continued)

	March 31,		
	2008	2007	2008
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note3)</i>
Liabilities			
Current liabilities:			
Short-term bank loans	¥ 11,143	¥ 13,004	\$ 111,430
Current portion of long-term debt	852	11,444	8,520
Trade notes and accounts payable	17,365	16,242	173,650
Other accounts payable	15,954	14,549	159,540
Accrued employees' bonus	2,477	2,169	24,770
Accrued directors' bonus	142	122	1,420
Accrued income taxes	2,351	2,477	23,510
Other current liabilities	7,034	6,820	70,340
Total current liabilities	<u>57,323</u>	<u>66,831</u>	<u>573,230</u>
Long-term liabilities:			
Long-term debt	61,592	41,070	615,920
Accrued employees' pension and severance costs	9,293	16,448	92,930
Accrued officers' severance benefits	2,186	1,930	21,860
Deposits received	6,074	1,253	60,740
Deferred tax liabilities	3,585	8,399	35,850
Other long-term liabilities	2,815	6,142	28,150
Total long-term liabilities	<u>85,548</u>	<u>75,245</u>	<u>855,480</u>
Net assets			
Shareholders' equity:			
Common stock, without par value:			
Authorized: 600,000,000 shares			
Issued: 197,202,300 shares at March 31, 2008	11,599	11,599	115,990
Capital surplus	5,791	5,782	57,910
Retained earnings	154,947	145,091	1,549,470
Treasury stock, at cost:			
March 31, 2008 – 3,700,248 shares	(2,928)	(2,786)	(29,280)
Total shareholders' equity	<u>169,410</u>	<u>159,687</u>	<u>1,694,100</u>
Difference of appreciation and conversion:			
Unrealized holding gain on securities	6,030	16,926	60,300
Deferred hedge gain/loss	10	167	100
Translation adjustments	(7,834)	(719)	(78,340)
Unfunded retirement benefit obligation of overseas subsidiaries	(427)	(539)	(4,270)
Total difference of appreciation and conversion	<u>(2,221)</u>	<u>15,835</u>	<u>(22,210)</u>
Stock acquisition rights	67	–	670
Minority interests	32,159	31,396	321,590
Total net assets	<u>199,415</u>	<u>206,919</u>	<u>1,994,150</u>
Total liabilities and net assets	<u>¥342,287</u>	<u>¥348,995</u>	<u>\$3,422,870</u>

See accompanying notes to consolidated financial statements

5. Consolidated Statements of Income

	Year ended March 31,		
	2008	2007	2008
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Net sales	¥413,938	¥392,611	\$4,139,380
Cost of sales	250,347	237,568	2,503,470
Gross profit	163,591	155,043	1,635,910
Selling, general and administrative expenses	139,736	133,396	1,397,360
Operating income	23,854	21,646	238,540
Other income (expenses):			
Interest and dividend income	1,302	1,222	13,020
Equity in (losses) earnings of unconsolidated subsidiaries and affiliates	406	620	4,060
Interest expense	(1,073)	(1,047)	(10,730)
Gain on sales of securities	370	147	3,700
Dividends from liquidation of securities	28	52	280
Gain on sales of property, plant and equipment	2,149	1,175	21,490
Gain on establishment of pension trust fund	4,895	–	48,950
Loss on disposal of property, plant and equipment	(2,055)	(968)	(20,550)
Loss on revaluation of investments in securities	(133)	(257)	(1,330)
Loss on impairment of fixed assets	(2,449)	–	(24,490)
Special additional severance benefits	(275)	–	(2,750)
Write-down of inventories	(42)	–	(420)
Loss on revaluation of golf memberships	(7)	(52)	(70)
Loss from redemption of bond	–	(78)	–
Environmental conservation costs	–	(131)	–
Expense for compensation	–	(376)	–
Loss on cancellation of materials purchases contracts	–	(176)	–
Depreciation expense resulting from revision of residual value	(327)	–	(3,270)
Amortization of net transition obligation of severance and retirement benefit	405	–	4,050
Expenses related to voluntary recall of the products	(229)	–	(2,290)
Expense for Kikkoman's 50th Anniversary in America Project	(1,946)	–	(19,460)
Other, net	(1,507)	(796)	(15,070)
Income before income taxes and minority interests	23,366	20,980	233,660
Income taxes:			
Current	7,832	7,704	78,320
Deferred	2,633	742	26,330
	10,466	8,447	104,660
Income before minority interests	12,900	12,533	129,000
Minority interests	(1,452)	(1,793)	(14,520)
Net income	¥ 11,447	¥ 10,739	\$ 114,470

See accompanying notes to consolidated financial statements.

6. Consolidated Statements of Net Assets

	Year ended March 31,		
	2008	2007	2008
	<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, 2008 – 197,202,300 shares; March 31, 2007 – 197,202,300 shares)	¥ 11,599	¥ 11,599	\$ 115,990
Capital surplus			
Balance at beginning of the period	¥ 5,782	¥ 5,775	\$ 57,820
Add:			
Gain on sales of treasury stock	9	6	90
Balance at end of the period	¥ 5,791	¥ 5,782	\$ 57,910
Retained earnings			
Balance at beginning of the period	¥145,091	¥136,546	\$1,450,910
Add:			
Net income	11,447	10,739	114,470
Increase from accounting period changes of consolidated subsidiaries	198	40	1,980
Increase due to addition of consolidated subsidiaries previously not consolidated	1,125	–	11,250
Adjustment in minimum pension liability of consolidated subsidiaries in U.S.A.	–	172	–
Other	–	32	–
Deduct:			
Cash dividends paid	(2,916)	(2,333)	(29,160)
Bonuses to directors and statutory auditors	–	(105)	–
Other	–	–	–
Balance at end of the period	¥154,947	¥145,091	\$1,549,470
Treasury stock			
Balance at beginning of the period	¥ (2,786)	¥ (2,668)	\$ (27,860)
Add:			
Purchase	(237)	(249)	(2,370)
Deduct:			
Disposal	95	130	950
Balance at end of the period	¥ (2,928)	¥ (2,786)	\$ (29,280)
Unrealized holding gain on securities			
Balance at beginning of the period	¥ 16,926	¥ 19,497	\$ 169,260
Net change during the period	(10,895)	(2,571)	(108,950)
Balance at end of the period	¥ 6,030	¥ 16,926	\$ 60,300
Deferred hedge gain/loss			
Balance at beginning of the period	¥ 167	¥ –	\$ 1,670
Net change during the period	(157)	167	(1,570)
Balance at end of the period	¥ 10	¥ 167	\$ 100
Translation adjustments			
Balance at beginning of the period	¥ (719)	¥ (2,073)	\$ (7,190)
Net change during the period	(7,115)	1,354	(71,150)
Balance at end of the period	¥ (7,834)	¥ (719)	\$ (78,340)
Unfunded retirement benefit obligation of overseas subsidiaries			
Balance at beginning of the period	¥ (539)	¥ –	\$ (5,390)
Net change during the period	111	(539)	1,110
Balance at end of the period	¥ (427)	¥ (539)	\$ (4,270)
Stock acquisition rights			
Balance at beginning of the period	¥ –	¥ –	\$ –
Net change during the period	67	–	670
Balance at end of the period	¥ 67	¥ –	\$ 670
Minority interests			
Balance at beginning of the period	¥ 31,396	¥ 23,331	\$ 313,960
Net change during the period	762	8,064	7,620
Balance at end of the period	¥ 32,159	¥ 31,396	\$ 321,590

See accompanying notes to consolidated interim financial statements.

7. Consolidated Statements of Cash Flows

	Year ended March 31,		
	2008	2007	2008
	<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	¥ 23,366	¥ 20,980	\$ 233,660
Depreciation and amortization	17,333	16,290	173,330
Depreciation expense resulting from revision of residual value	327	–	3,270
Loss on impairment of fixed assets	2,449	–	24,490
Accrued employees' pension and severance costs	(4,556)	(2,695)	(45,560)
Increase (decrease) in accrued expenses resulting from transition of pension plan	2,244	–	22,440
Accrued officers' severance benefits	236	145	2,360
Interest and dividend income	(1,302)	(1,222)	(13,020)
Interest expense	1,073	1,047	10,730
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(406)	(620)	(4,060)
Gain on sales of property, plant and equipment	(2,149)	(1,175)	(21,490)
Gain on sales of securities	(370)	(147)	(3,700)
Gain on establishment of pension trust fund	(4,895)	–	(48,950)
Loss on disposal of property, plant and equipment	2,055	968	20,550
Loss on revaluation of investments in securities	133	257	1,330
Notes and accounts receivable	481	(1,624)	4,810
Inventories	(746)	(481)	(7,460)
Notes and accounts payable	1,424	34	14,240
Other	(3,027)	720	(30,270)
Subtotal	33,669	32,477	336,690
Interest and dividends received	1,529	1,577	15,290
Interest paid	(1,085)	(1,058)	(10,850)
Income taxes paid	(7,995)	(8,332)	(79,950)
Net cash provided by operating activities	26,118	24,663	261,180
Cash flows from investing activities			
Acquisition of property, plant and equipment	(19,327)	(18,341)	(193,270)
Proceeds from sales of property, plant and equipment	4,151	6,525	41,510
Acquisition of intangible assets	(534)	(473)	(5,340)
Acquisition of investments in securities	(5,566)	(12,107)	(55,660)
Proceeds from sales of investments in securities	548	1,884	5,480
Payments for purchase of shares of consolidated subsidiaries due to change in scope of consolidation	–	(6,043)	–
Addition to loans receivable	(716)	(490)	(7,160)
Collection of loans receivable	1,991	658	19,910
Other	(126)	753	(1,260)
Net cash used in investing activities	(19,578)	(27,634)	(195,780)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	(1,251)	3,389	(12,510)
Proceeds from long-term debt	21,476	–	214,760
Repayment of long-term debt	(11,667)	(9,765)	(116,670)
Acquisition of treasury stock	(237)	(249)	(2,370)
Cash dividends paid	(3,505)	(3,008)	(35,050)
Other	(101)	83	(1,010)
Net cash provided by (used in) financing activities	4,712	(9,549)	47,120
Effect of exchange rate changes on cash and cash equivalents	(2,571)	390	(25,710)
Increase (decrease) in cash and cash equivalents	8,681	(12,130)	86,810
Cash and cash equivalents at beginning of the year	23,474	35,642	234,740
Increase (decrease) from the changes of accounting year-end date in certain consolidated subsidiaries	(55)	(1,072)	(550)
Increase arising from inclusion of subsidiaries in consolidation	884	625	8,840
Increase in cash due to merger of non-consolidated subsidiaries	–	408	–
Cash and cash equivalents at end of the year	¥ 32,984	¥ 23,474	\$ 329,840

See accompanying notes to consolidated financial statements.

8. Notes to Consolidated Financial Statements

March 31, 2008

(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 Financial Instruments and Exchange Law of Japan, 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 inter-company 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)

(f) Depreciation and amortization (continued)

(Changes in accounting policies)

The Company and its domestic consolidated subsidiaries (excluding certain consolidated subsidiaries) have changed depreciation method related to the fixed assets acquired on or after April 1, 2007 from the one as defined under the previous Japanese Tax Code to the one as defined under the revised Japanese Tax Code introduced in the 2007 tax reform. The effect of this change on operating income and income before taxes and minority interests for the period is immaterial.

(Additional information)

The Company and the certain consolidated subsidiaries will continue to apply the depreciation method as defined under the previous Japanese Tax Code related to tangible fixed assets acquired on or prior to March 31, 2007 and the difference between the 5% of the acquisition cost and the nominal value of each in such group of assets will be evenly allocated to the period of 5 years commencing the year next to the year when the net book value of each in such group of assets reaches 5% of the original acquisition cost. As a result, operating income has been decreased by ¥706 million (\$7,060 thousand) and income before income taxes and minority interests for the period has been decreased by ¥713 million (\$7,130 thousand).

Change in the estimated useful lives

The Company has changed the estimated useful lives of production facilities for soy sauce material to reflect more realistic useful lives of those production facilities based on the studies conducted in conjunction with the medium and long-term equipment investment plan. Due to that change, depreciation expense has been decreased by ¥2 million (\$20 thousand) and ¥327 million (\$3,270 thousand) has been recorded as depreciation expense resulting from revision of residual value. As a result, operating income has been increased by ¥2 million (\$20 thousand) and income before income taxes and minority interests for the period has been decreased by ¥324 million (\$3,240 thousand).

(g) Leases

Non-cancelable 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.

(2) Summary of Significant Accounting Policies (continued)

(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.

(Additional information)

On January 1, 2008, certain consolidated subsidiary received approval from the Ministry of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employee pension fund, in accordance with the implementation of the "Defined Benefit enterprise Pension Law." The minimum Liability reserve (the amount of plan assets equivalent to the amount to be returned) came to ¥721 million (\$7,210 thousand) on the day of approval. On the assumption that the said amount recorded under the minimum liability reserve had been returned at the end of the reporting term, we estimate that a gain of ¥250 million (\$2,500 thousand) would have been posted, pursuant to the stipulations in Article 44-2 of Practical Guidelines of Accounting for Retirement Benefit (Interim Report), that is, JICPA's Accounting Committee Report No. 13.

(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 Corporation Law of Japan, 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.

(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 ¥100 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2008. 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,		
	2008	2007	2008
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 4)</i>
Operating income	¥23,854	¥21,646	\$238,540
Non-operating income	4,232	4,863	42,320
Non-operating expenses	(5,698)	(5,527)	(56,980)
Recurring income	22,388	20,983	223,880
Extraordinary income	7,850	1,375	78,500
Extraordinary expenses	(6,872)	(1,377)	(68,720)
Income before income taxes and minority interests	23,366	20,980	233,660

(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, soy milk, food products for business purpose and food products for health; 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, logistics and restaurants.

Business Segments

Business segments information of the Company and its consolidated subsidiaries for the years ended March 31, 2008 and 2007 is summarized as follows:

	Year ended March 31, 2008						
	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	¥205,389	¥76,293	¥124,092	¥ 8,162	¥413,938	¥ –	¥413,938
Intragroup sales and transfers	1,077	241	128	7,247	8,694	(8,694)	–
Total sales	206,467	76,534	124,220	15,409	422,632	(8,694)	413,938
Operating expenses	191,597	72,414	120,444	14,402	398,858	(8,775)	390,083
Operating income	¥ 14,870	¥ 4,120	¥ 3,776	¥ 1,006	¥ 23,773	¥ 80	¥ 23,854
II. Assets, depreciation and capital expenditures:							
Total assets	¥186,051	¥29,307	¥ 65,971	¥13,828	¥295,159	¥47,127	¥342,287
Depreciation and amortization	11,818	335	4,815	691	17,660	–	17,660
Capital expenditures	10,648	2,569	7,405	680	21,304	–	21,304

(5) Segment Information (continued)

Business Segments (continued)

	Year ended March 31, 2008						
	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	\$2,053,890	\$762,930	\$1,240,920	\$ 81,620	\$4,139,380	\$ –	\$4,139,380
Intragroup sales and transfers	10,770	2,410	1,280	72,470	86,940	(86,940)	–
Total sales	2,064,670	765,340	1,242,200	154,090	4,226,320	(86,940)	4,139,380
Operating expenses	1,915,970	724,140	1,204,440	144,020	3,988,580	(87,750)	3,900,830
Operating income	\$ 148,700	\$ 41,200	\$ 37,760	\$ 10,060	\$ 237,730	\$ 800	\$ 238,540
II. Assets, depreciation and capital expenditures:							
Total assets	\$1,860,510	\$293,070	\$ 659,710	\$138,280	\$2,951,590	\$471,270	\$3,422,870
Depreciation and amortization	118,180	3,350	48,150	6,910	176,600	–	176,600
Capital expenditures	106,480	25,690	74,050	6,800	213,040	–	213,040

	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

(5) Segment Information (continued)

Geographical Segments

Geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2008 and 2007 is summarized as follows:

	Year ended March 31, 2008					
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<i>(Millions of yen)</i>					
Sales to third parties	¥289,361	¥96,431	¥28,145	¥413,938	¥ –	¥413,938
Interarea sales and transfers	14,945	1,654	629	17,230	(17,230)	–
Total sales	304,307	98,086	28,774	431,168	(17,230)	413,938
Operating expenses	293,509	88,026	25,782	407,318	(17,234)	390,083
Operating income	¥ 10,798	¥10,060	¥ 2,992	¥ 23,850	¥ 4	¥ 23,854
Total assets	¥252,384	¥73,021	¥21,275	¥346,680	¥ 4,393	¥342,287

	Year ended March 31, 2008					
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to third parties	\$2,893,610	\$964,310	\$281,450	\$4,139,380	\$ –	\$4,139,380
Interarea sales and transfers	149,450	16,540	6,290	172,300	(172,300)	–
Total sales	3,043,070	980,860	287,740	4,311,680	(172,300)	4,139,380
Operating expenses	2,935,090	880,260	257,820	4,073,180	(172,340)	3,900,830
Operating income	\$ 107,980	\$100,600	\$ 29,920	\$ 238,500	\$ 40	\$ 238,540
Total assets	\$2,523,840	\$730,210	\$212,750	\$3,466,800	\$ 43,930	\$3,422,870

	Year ended March 31, 2007					
	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	<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

(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, 2008 and 2007 are summarized as follows:

	Year ended March 31, 2008					
	North America	Other	Total	North America	Other	Total
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Overseas sales	¥96,097	¥33,755	¥129,852	\$960,970	\$337,550	\$1,298,520
Consolidated net sales			413,938			\$4,139,380
Ratio of overseas sales to consolidated net sales	23.2%	8.2%	31.4%	23.2%	8.2%	31.4%
	Year ended March 31, 2007					
	North America	Other	Total			
	<i>(Millions of yen)</i>					
Overseas sales	¥89,609	¥25,689	¥115,299			
Consolidated net sales			392,611			
Ratio of overseas sales to consolidated net sales	22.8%	6.6%	29.4%			

9. Supplementary Schedules

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

Consolidated Statement of Income (Millions of yen, %)

	FY2007		FY2008		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.06 – 3.31.07		4.1.07 – 3.31.08		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	392,611	100.0	413,938	100.0	21,326	105.4	-	(475)	21,802	105.6
Operating Income	21,646	5.5	23,854	5.8	2,208	110.2	0.3	(61)	2,269	110.5
Recurring Income	20,983	5.3	22,388	5.4	1,405	106.7	0.1	(56)	1,461	107.0
Net Income	10,739	2.7	11,447	2.8	708	106.6	0.1	(56)	764	107.1
Exchange Rate (¥/US\$)	117.00		114.13		(2.87)					

Geographical Segment Information (Millions of yen, %)

		FY2007		FY2008		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.06 – 3.31.07		4.1.07 – 3.31.08		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Japan	Net Sales	294,875	100.0	304,307	100.0	9,431	103.2	-	-	9,431	103.2
	Operating Income	10,623	3.6	10,798	3.5	174	101.6	(0.1)	-	174	101.6
Overseas	Net Sales	110,908	100.0	125,782	100.0	14,874	113.4	-	(463)	15,338	113.8
	Operating Income	11,082	10.0	13,051	10.4	1,968	117.8	0.4	(61)	2,030	118.3
Eliminations	Net Sales	(13,172)	100.0	(16,151)	100.0	(2,979)	-	-	(11)	(2,967)	-
	Operating Income	(59)	-	5	-	65	-	-	(0)	65	-
Consolidated total	Net Sales	392,611	100.0	413,938	100.0	21,326	105.4	-	(475)	21,802	105.6
	Operating Income	21,646	5.5	23,854	5.8	2,208	110.2	0.3	(61)	2,269	110.5
Exchange Rate (¥/US\$)		117.00		114.13		(2.87)					

9. Supplementary Schedules (Continued)

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

Business Segment Information

(Millions of yen, %)

		FY2007		FY2008		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.06 – 3.31.07		4.1.07 – 3.31.08		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%				Amount		
Foods-manufacturing and sales	Net Sales	201,793	100.0	206,467	100.0	4,673	102.3	-	153	4,520	102.2
	Operating Income	15,120	7.5	14,870	7.2	(250)	98.3	(0.3)	(48)	(201)	98.7
Foods-wholesale	Net Sales	67,609	100.0	76,534	100.0	8,925	113.2	-	(654)	9,579	114.2
	Operating Income	2,994	4.4	4,120	5.4	1,125	137.6	1.0	(13)	1,139	138.0
Coca-Cola	Net Sales	116,806	100.0	124,220	100.0	7,414	106.3	-	-	7,414	106.3
	Operating Income	2,481	2.1	3,776	3.0	1,295	152.2	0.9	-	1,295	152.2
Others	Net Sales	7,313	100.0	15,409	100.0	8,096	210.7	-	45	8,050	210.1
	Operating Income	1,048	14.3	1,006	6.5	(41)	96.0	(7.8)	0	(42)	95.9
Eliminations	Net Sales	(911)	100.0	(8,694)	100.0	(7,782)	-	-	(20)	(7,762)	-
	Operating Income	2	-	80	-	79	-	-	(0)	79	-
Consolidated total	Net Sales	392,611	100.0	413,938	100.0	21,326	105.4	-	(475)	21,802	105.6
	Operating Income	21,646	5.5	23,854	5.8	2,208	110.2	0.3	(61)	2,269	110.5
Exchange Rate (¥/US\$)		117.00		114.13		(2.87)					

9. Supplementary Schedules (Continued)

(2) Consolidated Forecasts for FY2009 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements

Consolidated Statement of Income (Millions of yen, %)

	FY2009		FY2008		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.08 – 3.31.09		4.1.07 – 3.31.08		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	418,000	100.0	413,938	100.0	4,061	101.0	-	(14,201)	18,263	104.4
Operating Income	23,000	5.5	23,854	5.8	(854)	96.4	(0.3)	(1,517)	662	102.8
Recurring Income	21,500	5.1	22,388	5.4	(888)	96.0	(0.3)	(1,447)	558	102.5
Net Income	11,000	2.6	11,447	2.8	(447)	96.1	(0.2)	(929)	481	104.2
Exchange Rate (¥/US\$)	100.00		114.13		(14.13)					

Geographical Segment Information (Millions of yen, %)

		FY2009		FY2008		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.08 – 3.31.09		4.1.07 – 3.31.08		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Japan	Net Sales	313,200	100.0	304,307	100.0	8,892	102.9	-	-	8,892	102.9
	Operating Income	10,300	3.3	10,798	3.5	(498)	95.4	(0.2)	-	(498)	95.4
Overseas	Net Sales	122,300	100.0	125,782	100.0	(3,482)	97.2	-	(14,301)	10,818	108.6
	Operating Income	12,700	10.4	13,051	10.4	(351)	97.3	-	(1,517)	1,166	108.9
Eliminations	Net Sales	(17,500)	100.0	(16,151)	100.0	(1,348)	-	-	99	(1,447)	109.0
	Operating Income	-	-	5	-	(5)	-	-	-	(5)	-
Consolidated total	Net Sales	418,000	100.0	413,938	100.0	4,061	101.0	-	(14,201)	18,263	104.4
	Operating Income	23,000	5.5	23,854	5.8	(854)	96.4	(0.3)	(1,517)	662	102.8
Exchange Rate (¥/US\$)		100.00		114.13		(14.13)					

9. Supplementary Schedules (Continued)

(2) Consolidated Forecasts for FY2009 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements (Continued)

		Business Segment Information				<i>(Millions of yen, %)</i>					
		FY2009		FY2008		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.08 – 3.31.09		4.1.07 – 3.31.08						Amount	
		Amount	%	Amount	%	Amount	YoY	%		Amount	YoY
Foods- manufacturing and sales	Net Sales	209,300	100.0	206,467	100.0	2,832	101.4	-	(6,165)	8,997	104.4
	Operating Income	14,250	6.8	14,870	7.2	(620)	95.8	(0.4)	(1,200)	580	103.9
Foods- wholesale	Net Sales	75,900	100.0	76,534	100.0	(634)	99.2	-	(8,026)	7,392	109.7
	Operating Income	4,050	5.3	4,120	5.4	(70)	98.3	(0.1)	(316)	246	106.0
Coca-Cola	Net Sales	126,000	100.0	124,220	100.0	1,779	101.4	-	-	1,779	101.4
	Operating Income	3,700	2.9	3,776	3.0	(76)	98.0	(0.1)	-	(76)	98.0
Others	Net Sales	15,500	100.0	15,409	100.0	90	100.6	-	(19)	110	100.7
	Operating Income	1,000	6.5	1,006	6.5	(6)	99.3	-	(0)	(6)	99.4
Eliminations	Net Sales	(8,700)	100.0	(8,694)	100.0	(5)	-	-	10	(15)	-
	Operating Income	-	-	80	-	(80)	-	-	-	(80)	-
Consolidated total	Net Sales	418,000	100.0	413,938	100.0	4,061	101.0	-	(14,201)	18,263	104.4
	Operating Income	23,000	5.5	23,854	5.8	(854)	96.4	(0.3)	(1,517)	662	102.8
Exchange Rate (¥/US\$)		100.00		114.13		(14.13)					

9. Supplementary Schedules (continued)

(3) Major Consolidated Performance Indicators

<i>Consolidated Results</i>		2006.3	2007.3	2008.3	2009.3
		Actual	Actual	Actual	Forecast
Net Sales	millions of yen	359,906	392,611	413,938	418,000
YoY Change	%	4.4	9.1	5.4	1.0
Operating Income	millions of yen	18,557	21,646	23,854	23,000
(Operating Income Ratio to Net Sales)	%	5.2	5.5	5.8	5.5
YoY Change	%	4.0	16.6	10.2	(3.6)
Recurring Income	millions of yen	17,350	20,983	22,388	21,500
(Recurring Income Ratio to Net Sales)	%	4.8	5.3	5.4	5.1
YoY Change	%	4.2	20.9	6.7	(4.0)
Net Income	millions of yen	10,125	10,739	11,447	11,000
(Net Income Ratio to Net Sales)	%	2.8	2.7	2.8	2.6
YoY Change	%	6.7	6.1	6.6	(3.9)
Shareholders' Equity per Share	yen	870.82	906.84	864.01	-
Net Income per Share	yen	51.80	55.49	59.16	56.85
Diluted Net Income per Share	yen	51.79	55.45	59.12	-
Total Net Assets	millions of yen	168,676	206,919	199,415	-
Shareholders' Equity	millions of yen	-	175,522	167,189	-
Total Assets	millions of yen	331,781	348,995	342,287	-
Shareholders' Equity Ratio	%	50.8	50.3	48.8	-
D/E Ratio	%	37.8	37.3	44.0	-
Dividend on Equity	%	1.5	1.7	1.7	-
ROE	%	6.4	6.2	6.7	-
Recurring Income to Total Assets	%	5.5	6.2	6.5	-
Share Price as of Term-end	yen	1,324	1,510	1,225	-
PER	Times	25.6	27.2	20.7	-
Cash Flows From Operating Activities	millions of yen	20,646	24,663	26,118	-
Cash Flows From Investing Activities	millions of yen	(17,270)	(27,634)	(19,578)	-
Cash Flows From Financing Activities	millions of yen	11,240	(9,549)	4,712	-
Term-end Cash and Cash Equivalents	millions of yen	35,642	23,474	32,984	-
Free Cash Flows	millions of yen	4,090	5,848	6,257	-
Free Cash Flows per Share	yen	21.12	30.22	32.33	-
Interest-bearing Debt	millions of yen	69,396	70,616	78,716	-
Capital Expenditures	millions of yen	17,156	17,064	21,304	18,000
(For Property, Plant and Equipment)	millions of yen	15,964	16,425	20,765	17,500
Depreciation and Amortization	millions of yen	14,223	16,290	17,660	18,000
(On Property, Plant and Equipment)	millions of yen	12,506	14,235	15,532	16,000
R&D Costs	millions of yen	3,439	3,783	3,754	-
Net Financial Income (Loss)	millions of yen	191	175	228	-
Average Term Exchange Rate	yen/US\$	113.42	117.00	114.13	100.00
No. of Employees	people	6,422	7,065	7,348	-
No. of Shares Issued and Outstanding at Term-end	Thousand	193,589	193,553	193,502	-

(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.

8. Depreciation and Amortization do not include the amortization of goodwill.