

July 30, 2010

## Consolidated Financial Results

# Kikkoman Corporation Flash Report for Fiscal 2011 1Q

Three-month period ended June 30, 2010

Listed company name: **Kikkoman Corporation**  
Shares listed: Tokyo (1st Section), Osaka (1st Section)  
Code No.: 2801  
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Scheduled submission date of quarterly accounting report: August 12, 2010  
Supplementary Schedules for quarter: Yes  
Results briefing for quarter: No  
Scheduled date for cash dividend payments: —

**Notes:**

1. All information has been prepared in accordance with accounting principles and practices generally accepted in Japan.
2. Amounts less than ¥1 million, except for per share amounts, have been omitted in the following tables.

## 1. Business Performance for the Three-month Period Ended June 30, 2010 (April 1, 2010 to June 30, 2010)

### 1) Business Performance

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)
Apr. 1, 2010 -Jun. 30, 2010	70,887	(0.5)	5,354	(14.1)	5,326	(8.2)	2,523	(23.9)
Apr. 1, 2009 -Jun. 30, 2009	71,210	(28.6)	6,234	35.1	5,801	26.5	3,316	20.3

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)
Apr. 1, 2010 -Jun. 30, 2010	12.22	—
Apr. 1, 2009 -Jun. 30, 2009	16.05	—

### 2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (yen)
Jun. 30, 2010	304,598	161,459	52.4%	773.58
Mar. 31, 2010	311,175	167,086	53.1%	800.79

(Note) Total shareholders' equity

Jun. 30, 2010: ¥ 159,654 million

Mar. 31, 2010: ¥ 165,277 million

## 2. Cash Dividends

	Cash dividends per share (yen)				
	Three-month period ended	Six-month period ended	Nine-month period ended	Full year ended	Total
Apr. 1, 2009 -Mar. 31, 2010	—	0.00	—	15.00	15.00
Apr. 1, 2010 -Mar. 31, 2011	—	/	/	/	/
Apr. 1, 2010 -Mar. 31, 2011 (Estimated)	/	0.00	—	15.00	15.00

(Note) Revisions to dividend forecasts this quarter: None

### 3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (yen)
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	
Apr. 1, 2010-Sep.30, 2010	145,500	1.2	10,000	(17.5)	9,000	(17.5)	4,000	(32.1)	19.38
Apr.1, 2010-Mar.31, 2011	292,000	2.2	21,200	0.5	19,200	0.3	10,000	16.2	48.45

(Note) Revisions to forecasts of business performance this quarter: None

### 4. Other data (for details, see page 9 under subsection 2. "Other Matters")

#### 1) Changes to important subsidiaries during the period: No

Newly consolidated companies: (name(s)): None

Newly unconsolidated companies: (name(s)): None

(Note) Changes in certain specified subsidiaries resulting in revised scope of consolidation in the period

#### 2) Application of simplified accounting methods and of special accounting methods: Yes

(Note) Application of simplified accounting methods and of special accounting methods in preparation for consolidated quarterly financial statements

#### 3) Changes in accounting principles, procedures, methods of presentation, etc.

① Changes associated with accounting standard revisions: Yes

② Changes other than those is ① above: No

(Note) Changes in accounting principles, procedures, methods of presentation, etc., associated with the preparation of consolidated quarterly financial statements (Changes in important items fundamental to the preparation of consolidated quarterly financial statements).

#### 4) Issued and outstanding shares (common stock)

① Shares issued and outstanding at end of period (including treasury stock)

June 30, 2010 — 210,383,202 shares                      Mar. 31, 2010 — 210,383,202 shares

② Treasury stock at end of period

June 30, 2010 — 3,999,945 shares                      Mar. 31, 2010 — 3,989,448 shares

③ Shares outstanding during the period (cumulative for period, consolidated)

June 30, 2010 — 206,387,480 shares                      June 30, 2010 — 206,635,349 shares

#### \* Disclosure of quarterly review procedures

This quarterly flash report does not use quarterly review procedures based on the Financial Instruments and Exchange Law. The quarterly review procedures were being conducted for consolidated quarterly financial statements when this quarterly flash review was disclosed.

#### \* Explanation of appropriate use of business forecasts and other special matters

Forecasts of business performance and future developments noted in this report are based on assumptions from information available to management at the time of disclosure and deemed reasonable at the present time. Actual results may differ significantly from forecasts. For details of business performance forecasts and guidelines for assumptions, please refer to "3. Forecasts of Business Performance" on page 8 of the "Qualitative Information and Consolidated Financial Statements, etc." section below.

## Table of Contents of Attachments

1. Qualitative Information and Consolidated Financial Statements, etc. ....	4
1) Consolidated Operating Results .....	4
2) Financial Position .....	7
3) Forecasts of Business Performance .....	8
2. Other Matters .....	9
1) Changes to Important Subsidiaries During the First Three Months .....	9
2) Application of Simplified Accounting Methods and of Special Accounting Methods .....	9
3) Changes in Accounting Principles, Procedures, Methods of Presentation, etc .....	9
3. Consolidated Quarterly Financial Statements .....	10
1) Consolidated Quarterly Balance Sheets .....	10
2) Consolidated Quarterly Statements of Income .....	12
3) Consolidated Quarterly Statements of Cash Flows .....	13
4) Notes Regarding Going Concern .....	14
5) Segment Information .....	14
6) Notes Regarding Significant Changes in Shareholders' Equity .....	14

## 1. Qualitative Information and Consolidated Financial Statements, etc.

### 1) Consolidated Operating Results

Although the global economy recovered moderately during the first quarter of fiscal 2011, conditions remained highly uncertain, with financial and capital markets experiencing volatility due to concern about public finance problems in Europe. The Japanese economy also continues to recover, but as severe employment conditions and deflation have persisted, the recovery has not yet become autonomous.

In this climate, the Kikkoman Group's sales in Japan were higher year on year in the case of soy sauce, but sales in the Food Products Division and the *Sake* and Wine Division were weak. In the Beverages Division, soy milk beverages performed strongly. Overseas operations almost returned to a growth track in North America and Europe, but sales in the Asia and Oceania markets struggled.

Performance in each reporting segment is outlined as follows.

<Consolidated Financial Statements (adjusted as if the Company had shifted to a holding company structure during the same quarter of the previous year)>

(Millions of yen, %)

	FY2010 1Q		FY2011 1Q		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2009 – 6.30.2009		4.1.2010 – 6.30.2010		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	71,231	100.0	70,887	100.0	(344)	99.5	–	(1,493)	1,148	101.6
Operating Income	6,254	8.8	5,354	7.6	(900)	85.6	(1.2)	(186)	(713)	88.6
Ordinary Income	5,801	8.1	5,326	7.5	(475)	91.8	(0.6)	(208)	(267)	95.4
Net Income	3,316	4.7	2,523	3.6	(793)	76.1	(1.1)	(148)	(644)	80.6
Exchange Rate (¥/US\$)	97.13		91.73		(5.40)					
(¥/EUR)	132.55		117.35		(15.20)					

<Reporting segments (adjusted as if the Company had shifted to a holding company structure during the same quarter of the previous year)>

(Millions of yen, %)

		FY2009 1Q		FY2010 1Q		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2009 – 6.30.2009		4.1.2010 – 6.30.2010		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Domestic Foods-Manufacturing and Sales	Net Sales	38,228	100.0	37,786	100.0	(442)	98.8	—	—	(442)	98.8
	Operating Income	2,772	7.3	1,890	5.0	(882)	68.2	(2.3)	—	(882)	68.2
Domestic Others	Net Sales	4,434	100.0	4,832	100.0	397	109.0	—	—	397	109.0
	Operating Income	258	5.8	286	5.9	28	110.9	0.1	—	28	110.9
Overseas Foods-Manufacturing and Sales	Net Sales	12,393	100.0	12,031	100.0	(361)	97.1	—	(651)	289	102.3
	Operating Income	2,360	19.0	2,073	17.2	(287)	87.8	(1.8)	(131)	(155)	93.4
Overseas Foods-Wholesale	Net Sales	20,899	100.0	21,006	100.0	106	100.5	—	(938)	1,044	105.0
	Operating Income	989	4.7	1,096	5.2	107	110.8	0.5	(34)	141	114.3
Adjustments	Net Sales	(4,724)	100.0	(4,768)	100.0	(44)	—	—	96	(140)	—
	Operating Income	(126)	—	7	—	134	—	—	(20)	155	—
Consolidated operating income (loss)	Net Sales	71,231	100.0	70,887	100.0	(344)	99.5	—	(1,493)	1,148	101.6
	Operating Income	6,254	8.8	5,354	7.6	(900)	85.6	(1.2)	(186)	(713)	88.6
Exchange Rate	(¥/US\$)	97.13		91.73		(5.40)					
	(¥/EUR)	132.55		117.35		(15.20)					

Note: On October 1, 2009, Kikkoman Corporation shifted to a holding company structure. Figures from the same quarter in the previous fiscal year are included in “1. Qualitative Information and Consolidated Financial Statements, etc. 1) Consolidated Operating Results” in the attached materials for purposes of comparison, and have been adjusted to fit the newly adopted reporting segments, as if the Company had shifted to a holding company structure on April 1, 2009. These figures therefore differ from the figures presented in “3. Consolidated Quarterly Financial Statements 2) Consolidated Quarterly Statements of Income”

Performance in each reporting segment is outlined as follows.

## 【Domestic】

Sales in Japan were as follows.

### Domestic Foods—Manufacturing and Sales

This business segment comprises manufacturing and sales in Japan of products from the Soy Sauce Division and the Food Products Division, which includes *tsuyu*, *tare* and Del Monte seasonings, as well as the Beverages Division, which includes soy milk beverages and Del Monte beverages, and the *Sake* and Wine Division, which includes *mirin* and wines. Sales for each division were as follows.

#### ■ Soy Sauce Division

In Japan, in the home-use market, sales were higher year on year. This performance partly reflected the steady penetration of 750 ml bottles of products such as *Tokusen Marudaizu Shoyu* and *Gen-en Shoyu* (low sodium soy sauce), which were launched in the previous fiscal year, as well as the effect of demand stimulated by TV commercials. In the industrial-use and foodservice-use sectors as well, sales grew steadily on the back of

newly developed business in the foodservice-use sector, lifting overall sales higher year on year.

### ■ Food Products Division

In *tsuyu* (soy sauce soup base), sales grew in the industrial-use and foodservice-use sectors due to the acquisition of new customers. In the home-use sector, sales of flagship product *Hon Tsuyu* and *Straight Tsuyu* fell short of the previous year due to a drop in demand caused by inclement weather, and overall sales of *tsuyu* consequently declined year on year. In *tare* (dipping and marinade sauces), mainstay product *Wagaya-wa-Yakinikuyasan* performed solidly thanks to the contribution of *Komi Yasai Tappuri Shiodare*, but as products such as *Steak Shoyu* struggled in a tough environment, overall *tare* sales were down slightly year on year. Sales of the *Uchi-no-Gohan* series (a handy Japanese-style seasoning mix) were sharply higher year on year, reflecting aggressive product development and storefront promotion activities. Sales of Del Monte processed seasonings grew year on year, on the back of strong sales of tomato ketchup and the contribution of the *You Gohan Tsukuro* series of Western-style seasonings.

### ■ Beverages Division

Sales of soy milk beverages were substantially higher year on year, due in part to continued buoyant sales of modified soy milk and the contribution of the soy milk beverages *Purin*. In the Del Monte beverages segment, tomato juice struggled but healthy vegetable juice drinks recorded a robust performance in response to vigorous sales promotion activities, including TV commercials. Consequently, overall sales of Del Monte beverages increased year on year. On the other hand, sales of other beverages decreased year on year.

### ■ Sake and Wine Division

In the home-use sector, sales of *Hon Mirin* in small containers were robust, but sales of one-liter containers of the mainstay *Manjo Houjun Hon Mirin* in struggled, pushing sales down slightly compared to a year earlier. However, the foodservice-use sector performed favorably because of the acquisition of new customers, and so overall *Hon Mirin* sales ended up on a par with the same period a year earlier. Overall sales of domestic wine were down year on year, partly due to the termination of sales of some casual wines, despite a robust performance by *Shinsei Manns Wine* products, mainly *Shiki Shunka*, and wines for cooking. Supported by changes in the product range and prices, as well as vigorous sales promotion activities, imported wines performed steadily, and sales were higher year on year.

As a result of the above, segment sales amounted to ¥37,786 million, down 1.2% from the previous year. Segment operating income declined 31.8% to ¥1,890 million, due in part to changes in inventory valuation methods from the previous year.

## Domestic Others

This segment includes production and sales of clinical diagnostic reagents, hygiene inspection agents, processing enzymes and chemical products such as hyaluronic acid, as well as real estate rental, logistics, back-office functions for the Kikkoman Group, and other businesses.

Although sales of clinical diagnostic reagents struggled, hygiene inspection agents and enzymes for food processing performed well and sales rose year on year. Hyaluronic acid performed steadily, as demand increased for pharmaceutical applications overseas and for food applications in Japan, while overall sales of chemical products grew year on year. Sales also grew steadily in the logistics business.

As a result, segment sales were ¥4,832 million, up 9.0% on the same period of the previous fiscal year. Operating income was ¥286 million, up 10.9%.

## 【Overseas】

Sales overseas were as follows.

### Overseas Foods—Manufacturing and Sales

This business comprises the manufacturing and sales and the sale for export overseas of products from the Soy Sauce Division, Del Monte Division, and the Other Foods Division, which sells health foods overseas. Sales for each division were as follows.

## ■ Soy Sauce Division

In the North American market, the Company leveraged its brand strength to expand operations. In the home-use sector, the Company expanded sales of its mainstay soy sauce products, as well as soy sauce-based seasonings. In the industrial-use and foodservice-use sectors too, the Company responded to customer needs with finely tailored. As a result, although the impact of the economic downturn persisted, sales were higher year on year on a local currency basis in the home-use sector and the industrial-use and foodservice-use sectors. In the European market, the economic downturn had an impact in some markets, but sales increased year on year on a local currency basis in the home-use sector and the industrial-use and foodservice-use sectors alike on the back of robust demand in major countries such as Germany and France. In the Asia and Oceania market, sales were higher mainly in the home-use sector, sales in this market rose year on year.

As a result, although overall division sales fell compared to the previous year due to currency translation effects, on a local currency basis sales were higher year on year.

## ■ Del Monte Division

This division conducts sales of canned fruits, canned corn, tomato ketchup and other products in the Asia and Oceania region. Sales grew in countries such as Indonesia and China, although they fell short of the previous year's levels due to the impact of price hikes in Hong Kong and South Korea. Nevertheless, overall sales in the division were higher year on year.

## ■ Other Foods Division

This division conducts sales of health foods products, primarily in the North American region.

Although the impact of the economic downturn persisted, the Company completed its response to standards for production management and quality control stipulated by the US Food and Drug Administration, and carried out sales activities aggressively. As a result, overall sales in the division increased year on year on a local currency basis.

As a result, segment sales amounted to ¥12,031 million, down 2.9%, while segment operating income also declined, falling 12.2% to ¥2,073 million. On a local currency basis, sales rose while income was down.

## Overseas Foods—Wholesale

This segment procures and sells oriental foods in Japan and overseas.

In the North American market, sales grew steadily. In the European market, sales also grew steadily on a local currency basis, as the popularity of Japanese food continued to spread. In the Asia and Oceania market, although we struggled partly because of intensified competition, sales remained flat year on year, partly reflecting the positive impact of foreign exchange movements.

As a result, segment net sales were ¥21,006 million, up 0.5%. Operating income was ¥1,096 million, up 10.8%.

As a result of the aforementioned segment results, the Company reported consolidated net sales for the first quarter of fiscal 2011 of ¥70,887 million (down 0.5% year on year), operating income of ¥5,354 million (down 14.4%), ordinary income of ¥5,326 million (down 8.2%) and net income of ¥2,523 million (down 23.9% year on year).

## 2) Financial Position

### 1. Total Assets, Total Liabilities and Net Assets

Total assets as of June 30, 2010 were ¥304,598 million, a decrease of ¥6,577 million from March 31, 2010. This was mainly due to declines in cash and deposits, notes and accounts receivable-trade, and investment securities.

Total liabilities as of June 30, 2010 were down ¥950 million from March 31, 2010 to ¥143,138 million, owing mainly to decreases in accounts payable-other and provision for bonuses, which negated growth in short-term loans payable.

Total net assets as of June 30, 2010 were down ¥5,626 million from March 31, 2010 to ¥161,459 million.



This was due principally to a decrease in the foreign currency translation adjustment and to the valuation difference on available-for-sale securities.

## 2. Cash Flows

Cash and cash equivalents as of June 30, 2010 were ¥22,580 million, this reflected a decrease in cash and cash equivalent of ¥2,462 million from March 31, 2010.

Cash flows for each activity and reasons are as follows.

### Cash Flows From Operating Activities

Operating activities provided net cash of ¥3,298 million, as income tax paid was offset by depreciation and income before income taxes and minority interests.

### Cash Flows From Investing Activities

Investing activities used net cash of ¥2,619 million. This was mainly for the purchase of property, plant and equipment.

### Cash Flows From Financing Activities

Financing activities used net cash of ¥2,100 million. This was mainly because proceeds from short-term borrowings were offset by dividend payments.

## 3) Forecasts of Business Performance

There has been no change to forecasts, as operating results largely tracked the forecasts issued on April 26, 2010. No substantive changes have been made with respect to business risks and other risks that may impact Kikkoman's operating results, which were disclosed in the Company's most recent securities report filing on June 24, 2010.

## 2. Other Matters

### 1) Changes to Important Subsidiaries During the First Three Months

No applicable items

### 2) Application of Simplified Accounting Methods and of Special Accounting Methods

#### 1. Simplified Accounting Methods

Method of calculating deferred tax assets and deferred tax liabilities

For deferred tax assets that are deemed recoverable, if there have been no appreciable changes in the operating environment, temporary variances in rates, and other factors since March 31, 2010, they are calculated based on business forecasts and tax planning used at the end of the previous fiscal year.

However, if there have been appreciable changes in the operating environment, temporary variances in rates, and other factors since March 31, 2010, they are calculated based on business forecasts and tax planning used at the end of the previous fiscal year, adjusted in light of the impact of the applicable changes.

#### 2. Special Accounting Methods

Calculation of tax expenses

The effective tax rate after application of deferred tax accounting to income before income taxes and minority interests for the consolidated fiscal year, including the first three months under review, is reasonably estimated, and the tax expenses are calculated by multiplying this estimated effective tax rate by income before income taxes and minority interests. The income tax adjustment is included in income taxes—current on the statement of income.

### 3) Changes in Accounting Principles, Procedures, Methods of Presentation, etc

#### 1. Accounting standards and application of guidance for asset retirement obligations

Pursuant to "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidelines on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008), the Company applied these standards starting in the first quarter. These changes depressed income before income taxes and minority interests by ¥128 million.

#### 2. Application of Accounting Standards for Equity-Method of Accounting for Investments Income Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Pursuant to "Accounting Standards for Equity Method of Accounting for Investments " (ASBJ Statement No. 16, disclosure portion of March 10, 2008) and " Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method " (Practical Issue Task Force No. 24, March 10, 2008), the Company has applied the necessary changes to consolidated accounts beginning in the first quarter.

These changes did not affect ordinary income or income before income taxes and minority interests.

### 3. Consolidated Quarterly Financial Statements

#### 1) Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of June 30, 2010	As of March 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	23,686	26,667
Notes and accounts receivable-trade	40,269	41,596
Short-term investment securities	131	131
Merchandise and finished goods	19,472	19,777
Work in process	9,336	9,267
Raw materials and supplies	3,182	3,187
Deferred tax assets	4,113	4,266
Other	10,895	10,387
Allowance for doubtful accounts	(645)	(689)
Total current assets	110,441	114,590
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	41,630	39,209
Machinery, equipment and vehicles, net	31,229	32,288
Land	15,928	16,059
Lease assets, net	233	242
Construction in progress	5,975	7,695
Other, net	2,354	2,459
Total property, plant and equipment	97,351	97,955
Intangible assets		
Goodwill	26,987	27,414
Other	2,214	2,255
Total intangible assets	29,202	29,669
Investments and other assets		
Investment securities	52,619	54,542
Long-term loans receivable	2,845	2,891
Deferred tax assets	3,576	3,028
Other	11,313	11,243
Allowance for doubtful accounts	(2,752)	(2,746)
Total investments and other assets	67,602	68,959
Total noncurrent assets	194,156	196,584
Total assets	304,598	311,175

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	14,643	14,507
Short-term loans payable	11,060	9,962
Lease obligations	139	148
Accounts payable-other	11,361	12,710
Income taxes payable	1,733	2,316
Provision for bonuses	974	2,190
Provision for directors' bonuses	18	77
Other	4,447	3,943
<b>Total current liabilities</b>	<b>44,379</b>	<b>45,858</b>
Noncurrent liabilities		
Bonds payable	60,000	60,000
Long-term loans payable	21,900	21,950
Lease obligations	129	143
Deferred tax liabilities	3,301	3,399
Provision for retirement benefits	4,300	4,017
Provision for directors' retirement benefits	1,079	1,142
Provision for environmental measures	329	319
Other	7,718	7,257
<b>Total noncurrent liabilities</b>	<b>98,759</b>	<b>98,230</b>
<b>Total liabilities</b>	<b>143,138</b>	<b>144,089</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	21,211	21,212
Retained earnings	151,000	151,579
Treasury stock	(4,077)	(4,066)
<b>Total shareholders' equity</b>	<b>179,734</b>	<b>180,324</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(582)	536
Deferred gains or losses on hedges	(0)	27
Foreign currency translation adjustment	(18,704)	(14,816)
Unfunded retirement benefit obligation of overseas subsidiaries	(791)	(793)
<b>Total valuation and translation adjustments</b>	<b>(20,079)</b>	<b>(15,046)</b>
Subscription rights to shares	185	185
Minority interests	1,619	1,623
<b>Total net assets</b>	<b>161,459</b>	<b>167,086</b>
<b>Total liabilities and net assets</b>	<b>304,598</b>	<b>311,175</b>

## 2) Consolidated Quarterly Statements of Income

(During the first three months of fiscal 2011)

(Millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net sales	71,210	70,887
Cost of sales	41,019	41,323
Gross profit	30,190	29,563
Selling, general and administrative expenses	23,956	24,209
Operating income	6,234	5,354
Non-operating income		
Interest income	38	65
Dividends income	261	300
Equity in earnings of affiliates	113	285
Rent income	167	150
Foreign exchange gains	—	289
Other	314	237
Total non-operating income	896	1,328
Non-operating expenses		
Interest expenses	402	368
Other	926	987
Total non-operating expenses	1,328	1,356
Ordinary income	5,801	5,326
Extraordinary income		
Gain on sales of property, plant and equipment	35	585
Dividends from liquidation of securities	4	—
Other	—	30
Total extraordinary income	39	615
Extraordinary loss		
Loss on retirement of noncurrent assets	277	222
Loss on valuation of investment securities	4	168
Loss on valuation of golf club membership	—	6
Special extra retirement payments	—	372
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	128
Expenses for exhibition in Shanghai Expo	—	222
Expenses for change of the Company's name of subsidiaries and affiliates	62	—
Other	—	93
Total extraordinary loss	343	1,213
Income before income taxes and minority interests	5,498	4,729
Income taxes	2,155	2,193
Income before minority interests	—	2,535
Minority interests in income	26	12
Net income	3,316	2,523

## 3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Cash flows from operating activities		
Income before income taxes and minority interests	5,498	4,729
Depreciation and amortization	3,024	2,794
Increase (decrease) in provision for retirement benefits	307	251
Increase (decrease) in provision for directors' retirement benefits	(225)	(63)
Interest and dividends income	(300)	(376)
Interest expenses	402	368
Equity in (earnings) losses of affiliates	(113)	(285)
Loss (gain) on sales of property, plant and equipment	(72)	(587)
Loss on retirement of property, plant and equipment	311	238
Loss (gain) on valuation of investment securities	4	168
Decrease (increase) in notes and accounts receivable-trade	(313)	392
Decrease (increase) in inventories	(1,948)	(694)
Increase (decrease) in notes and accounts payable-trade	1,241	707
Other, net	(2,977)	(2,243)
Subtotal	4,839	5,399
Interest and dividends received	442	508
Interest expenses paid	(546)	(487)
Income taxes paid	(5,924)	(2,122)
Net cash provided by (used in) operating activities	(1,189)	3,298
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,456)	(3,488)
Proceeds from sales of property, plant and equipment	83	609
Purchase of intangible assets	(108)	(119)
Purchase of investment securities	(515)	(96)
Proceeds from sales of investment securities	0	1
Payments of loans receivable	(159)	(25)
Collection of loans receivable	2,499	18
Other, net	(69)	481
Net cash provided by (used in) investing activities	(2,727)	(2,619)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,370	1,166
Repayment of long-term loans payable	(95)	(95)
Purchase of treasury stock	(18)	(12)
Cash dividends paid	(3,105)	(3,101)
Cash dividends paid to minority shareholders	(5)	(8)
Other, net	(38)	(47)
Net cash provided by (used in) financing activities	(1,892)	(2,100)
Effect of exchange rate change on cash and cash equivalents	264	(1,041)
Net increase (decrease) in cash and cash equivalents	(5,544)	(2,462)
Cash and cash equivalents at beginning of the period	27,783	25,008
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiary	—	35
Cash and cash equivalents at end of period	22,239	22,580

#### 4) Notes Regarding Going Concern

No applicable items.

#### 5) Segment Information

##### 1. Overview of Reporting Segments

For reporting segments, financial data is available broken down into separate business segments, and decisions for allocating business resources and performance assessments are subject to regular review by the Board of Directors.

Led by the holding company, Kikkoman formulates Group strategies and manages operating companies. Under this structure, companies in Japan are categorized into those that primarily engage in the manufacture and sale of foods and those that operate other businesses. Overseas, the holding company's overseas divisions are categorized as operating companies that engage in foods manufacturing and sales and those that engage in oriental food wholesaling under the holding company's overseas business divisions.

Consequently, Group operations are divided into segments broken down into domestic and overseas operations and into overlapping businesses. The four segments are: Domestic Foods— Manufacturing and Sales, Domestic Others, Overseas Foods—Manufacturing and Sales, and Overseas Foods—Wholesale.

Domestic Foods— Manufacturing and Sales engages in the manufacturing and sale of soy sauce, food products, beverages, *sake* and wine. The Domestic others engages in the manufacturing and sale of pharmaceuticals, chemical products, etc and in real estate rentals, logistics, back-office functions, and other businesses. Overseas Foods— Manufacturing and Sales engages in the manufacturing and sale of soy sauce, Del Monte products, health foods, etc overseas and in the export and sales of products for overseas sales. Overseas Foods—Wholesale purchases and sells oriental foods, etc.

##### 2. Sales, Income, and Losses by Reporting Segment

First three months of fiscal 2011 (April 1, 2010 to June 30, 2010)

(Millions of yen)

	Reporting Segment					Adjustments	Consolidated operating income (loss)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	37,509	2,016	10,453	20,907	70,887	—	70,887
Intragroup sales or transfers	276	2,815	1,577	98	4,768	(4,768)	—
Total sales	37,786	4,832	12,031	21,006	75,656	(4,768)	70,887
Operating income	1,890	286	2,073	1,096	5,346	7	5,354

(Additional information)

Pursuant to "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008), the Company applied these standards starting in the first quarter of fiscal 2011.

#### 6) Notes Regarding Significant Changes in Shareholders' Equity

No applicable items.