

Consolidated Financial Results

Kikkoman Corporation Flash Report for First Six Months of Fiscal 2011

Six-month period ended September 30, 2010

Listed company name: **Kikkoman Corporation**
Shares listed: Tokyo (1st Section), Osaka (1st Section)
Code No.: 2801
URL: <http://www.kikkoman.com>
Representative: Mitsuo Someya, President and Chief Operating Officer
Contact: Takaharu Nakamura, Corporate Officer
Corporate Communication Department
E-mail: ir@mail.kikkoman.co.jp

Scheduled submission date of quarterly accounting report: November 12, 2010
Supplementary Schedules for quarter: Yes
Results briefing for quarter: Yes
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 Six-month Period Ended September 30, 2010 (April 1, 2010 to September 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 -Sep. 30, 2010	143,609	(0.1)	10,290	(15.1)	9,067	(16.9)	4,539	(22.9)
Apr. 1, 2009 -Sep. 30, 2009	143,781	(29.8)	12,121	25.3	10,908	19.3	5,891	16.9

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)
Apr. 1, 2010 -Sep. 30, 2010	22.00	—
Apr. 1, 2009 -Sep. 30, 2009	28.52	—

2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (yen)
Sep. 30, 2010	304,692	160,971	52.2%	771.12
Mar. 31, 2010	311,175	167,086	53.1%	800.79

(Note) Total shareholders' equity
 Sep. 30, 2010: ¥ 159,139 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	—	0.00			
Apr. 1, 2010 -Mar. 31, 2011 (Estimated)			—	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- Mar.31, 2011	282,000	(1.3)	20,000	(5.1)	17,800	(7.0)	9,500	10.4	46.03

(Note) Revisions to forecasts of business performance this quarter: Yes

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)

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

② Treasury stock at end of period

Sep. 30, 2010 — 4,007,125 shares Mar. 31, 2010 — 3,989,448 shares

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

Sep. 30, 2010 — 206,383,667 shares Sep. 30, 2010 — 206,621,809 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.

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1. Qualitative Information and Consolidated Financial Statements, etc.

1) Consolidated Operating Results

The global economy recovered moderately during the second quarter of fiscal 2011, but there is a growing sense of uncertainty about the future in the United States and Europe. The Japanese economy also continues to recover, but severe employment conditions and deflation have persisted, and the recovery has not yet become autonomous.

In this climate, the Group's sales in Japan declined year on year with lower sales in Del Monte's other beverages and cessation of sales of some wines. Soy sauce, soy milk beverages, and Del Monte vegetable and fruit drinks performed strongly however. Overseas, sales suffered from currency translation effects as the yen appreciated sharply, but operations are returning to a growth track in all regions of North America, Europe, Asia and Oceania.

Income declined in Japan, partly due to a change in inventory valuation methods from the same period of the previous year. Profits also declined overseas as procurement costs rose due to the currency translation effects and the strong yen, and higher expenses from aggressive sales promotion activities.

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 1st half		FY2011 1st half		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2009 – 9.30.2009		4.1.2010 – 9.30.2010		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	143,812	100.0	143,609	100.0	(203)	99.9	—	(3,948)	3,745	102.6
Operating Income	12,152	8.5	10,290	7.2	(1,861)	84.7	(1.3)	(464)	(1,397)	88.5
Ordinary Income	10,908	7.6	9,067	6.3	(1,840)	83.1	(1.3)	(405)	(1,435)	86.8
Net Income	5,891	4.1	4,539	3.2	(1,352)	77.1	(0.9)	(270)	(1,081)	81.6
Exchange Rate (¥/US\$)	95.27		88.85		(6.42)					
(¥/EUR)	132.73		114.82		(17.91)					

<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, %)

		FY2010 1st half		FY2011 1st half		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2009 – 9.30.2009		4.1.2010 – 9.30.2010		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%				Amount		
Domestic Foods-Manufacturing and Sales	Net Sales	77,648	100.0	76,815	100.0	(832)	98.9	—	—	(832)	98.9
	Operating Income	5,173	6.7	3,500	4.6	(1,673)	67.7	(2.1)	—	(1,673)	67.7
Domestic Others	Net Sales	9,287	100.0	9,930	100.0	642	106.9	—	—	642	106.9
	Operating Income	508	5.5	665	6.7	157	130.9	1.2	—	157	130.9
Overseas Foods-Manufacturing and Sales	Net Sales	24,476	100.0	23,909	100.0	(566)	97.7	—	(1,630)	1,063	104.3
	Operating Income	4,585	18.7	4,155	17.4	(430)	90.6	(1.3)	(321)	(109)	97.6
Overseas Foods-Wholesale	Net Sales	41,867	100.0	42,273	100.0	405	101.0	—	(2,537)	2,942	107.0
	Operating Income	2,098	5.0	1,991	4.7	(106)	94.9	(0.3)	(91)	(15)	99.3
Adjustments	Net Sales	(9,467)	100.0	(9,320)	100.0	147	—	—	218	(71)	—
	Operating Income	(213)	—	(21)	—	192	—	—	(51)	243	—
Consolidated operating income (loss)	Net Sales	143,812	100.0	143,609	100.0	(203)	99.9	—	(3,948)	3,745	102.6
	Operating Income	12,152	8.5	10,290	7.2	(1,861)	84.7	(1.3)	(464)	(1,397)	88.5
Exchange Rate	(¥/US\$)	95.27		88.85		(6.42)					
	(¥/EUR)	132.73		114.82		(17.91)					

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 on a par with the corresponding period of the previous 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 industrial-use sector, lifting overall sales higher year on year.

■ Food Products Division

Overall sales of tsuyu (soy sauce soup base) rose year on year. In the home-use sector the flagship product Hon Tsuyu performed well amid very hot summer weather, and in the industrial-use and foodservice-use sectors sales were also up due to the adoption of new products. In tare (dipping and marinade sauces), home-use sector sales of mainstay product Wagaya-wa-Yakinikuyasan performed solidly thanks to the contribution of Komi Yasai Tappuri Shiodare, and rose year on year, but the industrial-use and foodservice-use sectors struggled with an adverse market environment, and overall sales of tare were virtually flat year on year. Sales of the Uchi-no-Gohan series (a handy Japanese-style seasoning mix) were much higher year on year, reflecting steady expansion of the user base resulting from aggressive product development and storefront promotion activities. Del Monte processed seasonings performed well on strong sales of tomato ketchup, and the contribution of the Yo Gohan Tsukuro series of Western-style seasonings, but other seasonings saw sales decline year on year. As a result overall sales in the Food Products Division decreased year on year.

■ 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 and Oishi Muchousei Tonyu (tasty unmodified soy milk). The Del Monte beverages segment performed strongly, aided by recovering sales of both tomato juice and vegetable juices and the effect of hot summer weather. Healthy vegetable juice drinks grew significantly 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. As a result, overall sales in the Beverages Division increased year on year.

■ Sake and Wine Division

In the home-use sector, sales of one-liter containers, including of the mainstay product Manjo Houjun Hon Mirin, struggled, pushing sector sales down slightly compared to a year earlier. However, the foodservice-use sector performed favorably because of the growth in new customers, and overall Hon Mirin sales rose year on year. Overall sales of domestic wine were down year on year, partly due to the termination of sales of some casual wines, despite strong performance by Shinsei Manns Wine products, mainly Shiki Shunka, and wines for cooking. Imported wines performed steadily, supported by introduction of new brands and vigorous sales promotion activities, and sales were higher year on year. As a result, overall sales in the Sake and Wine Division decreased year on year.

As a result of the above, segment sales amounted to ¥76,815 million, down 1.1% from the previous year. Segment operating income declined 32.3% to ¥3,500 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 enzymes for food processing were down, clinical diagnostic reagents and hygiene inspection agents performed well and sales rose year on year. Hyaluronic acid performed steadily, as demand increased for pharmaceutical and cosmetic applications overseas and for food applications in Japan. Overall sales of chemical products grew year on year. Sales also grew steadily in the logistics business.

As a result, segment sales were ¥9,930 million, up 6.9% on the same period of the previous fiscal year. Operating income was ¥665 million, up 30.9%.

【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 worked carefully to meet customer needs. As a result, although the impact of the economic downturn persisted, sales were higher year on year on a local currency basis due to strong performance 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 year on year, buoyed by growth in the home-use and foodservice-use sectors.

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. Overall sales in the division were higher year on year due to a recovery trend in Hong Kong and South Korea and continued strong performance in Indonesia and China.

■ 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 ¥23,909 million, down 2.3%, while segment operating income also declined, falling 9.4% to ¥4,155 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.

The situation in this segment remained challenging in all areas due to the higher cost of importing Japanese products as a result of the appreciation of the yen. In the North American market, sales grew steadily, rising year on year. 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 were up year on year.

As a result segment net sales were ¥42,273 million (up 1.0% year on year), and operating income was ¥1,991 million (down 5.1%).

As a result of the aforementioned segment results, the Company reported consolidated net sales for the first six months of fiscal 2011 of ¥143,609 million (down 0.1% year on year), operating income of ¥10,290 million (down 15.3%), ordinary income of ¥9,067 million (down 16.9%) and net income of ¥4,539 million (down 22.9% year on year).

2) Financial Position

1. Total Assets, Total Liabilities and Net Assets

Total assets as of September 30, 2010 were ¥304,692 million, a decrease of ¥6,483 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 September 30, 2010 were down ¥368 million from March 31, 2010 to ¥143,720 million.

This was due primarily to a decrease in short-term loans payable, despite an increase in notes and accounts payable-trade, provision for bonuses and provision for retirement benefits.

Total net assets as of September 30, 2010 were down ¥6,114 million from March 31, 2010 to ¥160,971 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 September 30, 2010 were ¥24,760 million. this reflected a decrease in cash and cash equivalent of ¥283 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 ¥12,167 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 ¥5,762 million. This was mainly for the purchase of property, plant and equipment.

Cash Flows From Financing Activities

Financing activities used net cash of ¥5,213 million. This was due primarily to outgoings for payment of dividends and repayment of short-term loans payable.

3) Forecasts of Business Performance

We have revised our full-year forecasts for consolidated business performance. Net sales, operating income, ordinary income and net income forecasts have all been revised downward, primarily because of the impact of currency translation effects caused by the strong yen. This revision has been made because the yen has appreciated more than expected, and the strong tone for the yen seems likely to continue in the second half of the fiscal year. 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.

The differences between the revised forecasts for consolidated business performance and those given in the earnings report of April 26, 2010 are as follows.

(Full year)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previously Issued Forecast (A)	292,000	21,200	19,200	10,000	48.45
Current Revised Forecast (B)	282,000	20,000	17,800	9,500	46.03
Difference (B - A)	(10,000)	(1,200)	(1,400)	(500)	—
Percent Change (%)	(3.4)	(5.7)	(7.3)	(5.0)	—
Results from Previous Fiscal Year	285,690	21,085	19,136	8,602	41.65

Note: Assumed foreign currency exchange rates:

Previously announced forecast: US\$ = ¥90, EUR = ¥125

Forecast as of this announcement: US\$ = ¥85, EUR = ¥110

2. Other Matters

1) Changes to Important Subsidiaries during the First Six Months

No applicable items

Changes at subsidiaries other than special subsidiaries

Consolidation (exclusion) SHANGHAI KIKKOMAN TRADING, CO., LTD. (Liquidation)
COUNTRY LIFE SINGAPORE PTE.LTD. (Liquidation)

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 six 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 September 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	25,087	26,667
Notes and accounts receivable-trade	40,053	41,596
Short-term investment securities	1,131	131
Merchandise and finished goods	19,930	19,777
Work in process	8,735	9,267
Raw materials and supplies	3,529	3,187
Deferred tax assets	4,281	4,266
Other	9,573	10,387
Allowance for doubtful accounts	(320)	(689)
Total current assets	112,002	114,590
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	41,113	39,209
Machinery, equipment and vehicles, net	34,416	32,288
Land	15,824	16,059
Lease assets, net	325	242
Construction in progress	3,339	7,695
Other, net	2,459	2,459
Total property, plant and equipment	97,480	97,955
Intangible assets		
Goodwill	26,559	27,414
Other	2,289	2,255
Total intangible assets	28,849	29,669
Investments and other assets		
Investment securities	51,794	54,542
Long-term loans receivable	2,520	2,891
Deferred tax assets	3,917	3,028
Other	11,518	11,243
Allowance for doubtful accounts	(3,390)	(2,746)
Total investments and other assets	66,360	68,959
Total noncurrent assets	192,689	196,584
Total assets	304,692	311,175

(Millions of yen)

	As of September 30, 2010	As of March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,879	14,507
Short-term loans payable	8,033	9,962
Lease obligations	110	148
Accounts payable-other	12,572	12,710
Income taxes payable	2,322	2,316
Provision for bonuses	2,502	2,190
Provision for directors' bonuses	40	77
Other	4,500	3,943
Total current liabilities	44,961	45,858
Noncurrent liabilities		
Bonds payable	60,000	60,000
Long-term loans payable	21,850	21,950
Lease obligations	147	143
Deferred tax liabilities	3,432	3,399
Provision for retirement benefits	4,318	4,017
Provision for directors' retirement benefits	1,082	1,142
Provision for environmental measures	329	319
Provision of allowance for investment loss	320	—
Other	7,277	7,257
Total noncurrent liabilities	98,758	98,230
Total liabilities	143,720	144,089
Net assets		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	21,211	21,212
Retained earnings	153,000	151,579
Treasury stock	(4,083)	(4,066)
Total shareholders' equity	181,727	180,324
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(762)	536
Deferred gains or losses on hedges	(2)	27
Foreign currency translation adjustment	(21,050)	(14,816)
Unfunded retirement benefit obligation of overseas subsidiaries	(772)	(793)
Total valuation and translation adjustments	(22,587)	(15,046)
Subscription rights to shares	179	185
Minority interests	1,652	1,623
Total net assets	160,971	167,086
Total liabilities and net assets	304,692	311,175

2) Consolidated Quarterly Statements of Income

(During the first six months of fiscal 2011)

(Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net sales	143,781	143,609
Cost of sales	82,878	84,179
Gross profit	60,903	59,429
Selling, general and administrative expenses	48,781	49,138
Operating income	12,121	10,290
Non-operating income		
Interest income	69	106
Dividends income	279	323
Equity in earnings of affiliates	213	195
Rent income	315	288
Foreign exchange gains	—	801
Other	644	669
Total non-operating income	1,521	2,384
Non-operating expenses		
Interest expenses	791	733
Other	1,943	2,874
Total non-operating expenses	2,735	3,607
Ordinary income	10,908	9,067
Extraordinary income		
Gain on sales of property, plant and equipment	37	599
Gain on sales of investment securities	0	94
Dividends from liquidation of securities	4	—
Other	—	30
Total extraordinary income	42	724
Extraordinary loss		
Loss on retirement of noncurrent assets	382	314
Loss on valuation of investment securities	452	437
Loss on valuation of golf club membership	30	9
Provision of allowance for investment loss	—	320
Special extra retirement payments	—	377
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	128
Expenses for exhibition in Shanghai Expo	—	315
Expenses for change of the Company's name of subsidiaries and affiliates	63	—
Expenses for holding company system shifts	224	—
Other	—	192
Total extraordinary loss	1,152	2,094
Income before income taxes and minority interests	9,797	7,698
Income taxes	3,857	3,116
Income before minority interests	—	4,581
Minority interests in income	48	41
Net income	5,891	4,539

3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Cash flows from operating activities		
Income before income taxes and minority interests	9,797	7,698
Depreciation and amortization	6,005	5,748
Increase (decrease) in provision for retirement benefits	717	235
Increase (decrease) in provision for directors' retirement benefits	(215)	(60)
Interest and dividends income	(348)	(440)
Interest expenses	791	733
Equity in (earnings) losses of affiliates	(213)	(195)
Loss (gain) on sales of property, plant and equipment	(76)	(605)
Loss (gain) on sales of investment securities	(0)	(94)
Loss on retirement of property, plant and equipment	501	364
Loss (gain) on valuation of investment securities	452	437
Decrease (increase) in notes and accounts receivable-trade	(1,034)	(573)
Decrease (increase) in inventories	(3,111)	(1,403)
Increase (decrease) in notes and accounts payable-trade	1,129	1,213
Other, net	(586)	2,033
Subtotal	13,809	15,092
Interest and dividends received	552	647
Interest expenses paid	(785)	(710)
Income taxes paid	(7,408)	(2,861)
Net cash provided by (used in) operating activities	6,167	12,167
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,463)	(6,655)
Proceeds from sales of property, plant and equipment	86	637
Purchase of intangible assets	(430)	(284)
Purchase of investment securities	(547)	(99)
Proceeds from sales of investment securities	59	105
Payments of loans receivable	(153)	(67)
Collection of loans receivable	2,495	358
Other, net	160	243
Net cash provided by (used in) investing activities	(5,793)	(5,762)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,610)	(1,823)
Repayment of long-term loans payable	(191)	(159)
Purchase of treasury stock	(37)	(22)
Cash dividends paid	(3,105)	(3,101)
Cash dividends paid to minority shareholders	(8)	(9)
Other, net	(75)	(98)
Net cash provided by (used in) financing activities	(5,028)	(5,213)
Effect of exchange rate change on cash and cash equivalents	(626)	(1,473)
Net increase (decrease) in cash and cash equivalents	(5,280)	(283)
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	22,503	24,760

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 six months of fiscal 2011 (April 1, 2010 to September 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	76,282	4,223	20,994	42,109	143,609	—	143,609
Intragroup sales or transfers	533	5,706	2,915	164	9,320	(9,320)	—
Total sales	76,815	9,930	23,909	42,273	152,929	(9,320)	143,609
Operating income	3,500	665	4,155	1,991	10,312	(21)	10,290

(Notes) 1. Adjustments of negative ¥21 million in segment operating income are primarily for difference on allocations of corporate expenses.

2. Segment operating income is adjusted to the quarterly consolidated operating income.

(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.