

Consolidated Financial Results

Kikkoman Corporation Flash Report for First Six months of Fiscal 2014

Six-month period ended September 30, 2013

Listed company name: **Kikkoman Corporation**
Shares listed: Tokyo (1st Section)
Code No.: 2801
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Scheduled submission date of quarterly accounting report: November 13, 2013
Scheduled date for cash dividend payments: —
Supplementary Schedules for quarter: Yes
Results briefing for quarter: / Yes

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, 2013 (April 1, 2013 to September 30, 2013)

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, 2013 -Sep. 30, 2013	168,403	14.5	12,662	22.7	11,286	23.1	7,156	49.7
Apr. 1, 2012 -Sep. 30, 2012	147,125	—	10,316	—	9,167	—	4,780	—

(Note) Comprehensive Income (loss)

April 1, 2013 to September 30, 2013: ¥ 17,888 million(—%)

April 1, 2012 to September 30, 2012: ¥ 768 million (—%)

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)
Apr. 1, 2013 -Sep. 30, 2013	35.80	35.78
Apr. 1, 2012 -Sep. 30, 2012	23.72	—

(Note) Due to retroactive application associated with a change in accounting policy, year-on-year changes for the figures for the fiscal year ended March 31, 2013 are omitted.

2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
Sep. 30, 2013	355,570	201,515	56.3%
Mar. 31, 2013	337,051	187,459	55.2%

(Note) Total shareholders' equity

Sep. 30, 2013: ¥200,206 million

Mar. 31, 2013: ¥186,168 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, 2012 -Mar. 31, 2013	—	0.00	—	20.00	20.00
Apr. 1, 2013 -Mar. 31, 2014	—	0.00			
Apr. 1, 2013 -Mar. 31, 2014 (Estimated)			—	18.00	18.00

(Note) Revisions to dividend forecasts this quarter: None

3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(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, 2013- Mar.31, 2014	337,000	12.2	23,200	17.1	21,000	12.3	12,500	13.6	62.53

(Note) Revisions to recently announced forecasts of business performance: Yes

Due to retroactive application associated with a change in accounting policy, year-on-year changes are comparisons with figures after retroactive application.

[Notes]

1) Changes in important subsidiaries during the first six months (Changes in certain specific subsidiaries resulting in a revised scope of consolidation): No

2) Application of special accounting methods in preparation for the consolidated quarterly financial statements: Yes

(Note) For details, please refer to the attachments to this report, Page 10, 2.Summary Information (Notes),

2) Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements.

3) Changes in accounting policy, changes in accounting estimates and restatement of revisions

① Changes in accounting policy associated with accounting standard revisions: None

② Changes in accounting policy other than those in ① above: Yes

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(Note) For details, please refer to the attachments to this report, Page 10, 2.Summary Information (Notes), 3) Changes in Accounting Policy, Changes in Accounting Estimates and Restatement of Revisions.

4) Issued and outstanding shares (common stock)

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

September 30, 2013 — 210,383,202 shares Mar. 31, 2013 — 210,383,202 shares

② Treasury stock at end of period

September 30, 2013 — 10,452,641 shares Mar. 31, 2013 — 10,651,103 shares

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

September 30, 2013 — 199,879,404 shares September 30, 2012 — 201,545,443 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

(Caution Regarding Forward-looking Statements)

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 the attachments to this report, Page 10, 1. Qualitative Information and Consolidated Financial Statements, etc., 3) Explanation of forward-looking statements, including forecasts of consolidated business performance.

(Method for Obtaining Supplementary Schedules for Quarterly Results)

Kikkoman will publish supplementary schedules to the first half results on TD-net for viewing in Japan, and on its Website.

The company plans to hold a convening briefing of quarterly results for institutional investors and analysts on Thursday, October 31, 2013. The explanation voice data will be posted on website along with the materials used at the presentation immediately after the briefing.

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1. Qualitative Information and Consolidated Financial Statements, etc.

1) Explanation of business performance

During the first half of fiscal 2014 (April 1–September 30, 2013), the global economy continued to stage a weak recovery overall, but showed underlying strength, with a moderate improvement in the United States, and the European economy ceased to decline. The Japanese economy recovered modestly, reflecting signs of a pickup in capital investment.

In this environment, the Kikkoman Group recorded higher sales in the Domestic Foods-Manufacturing and Sales segment than in the same period of the previous fiscal year, attributable to an increase in the sales of Soy Sauce, Food Products, Beverages and *Sake* and Wine. Overseas, sales increased from the previous year, as sales of Soy Sauce rose steadily in North America and Europe, while sales remained strong in the Overseas Foods-Wholesale business.

As a result, consolidated operating results for the first half of fiscal 2014 were as follows.

<Consolidated Financial Statements>

(Millions of yen, %)

	FY2013 1st half		FY2014 1st half		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2012 – 9.30.2012		4.1.2013 – 9.30.2013		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	147,125	100.0	168,403	100.0	21,278	114.5	—	14,937	6,340	104.3
Operating Income	10,316	7.0	12,662	7.5	2,346	122.7	0.5	1,660	685	106.6
Ordinary Income	9,167	6.2	11,286	6.7	2,118	123.1	0.5	1,431	687	107.5
Net Income	4,780	3.2	7,156	4.2	2,375	149.7	1.0	1,086	1,289	127.0
Exchange Rate (¥/US\$)	79.43		97.99		18.56					
(¥/EUR)	101.12		128.79		27.67					

<Reporting segments>

(Millions of yen, %)

		FY2013 1st half		FY2014 1st half		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2012 – 9.30.2012		4.1.2013 – 9.30.2013		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%				Amount		
Domestic Foods-Manufacturing and Sales	Net Sales	78,669	100.0	80,661	100.0	1,992	102.5	–	–	1,992	102.5
	Operating Income	3,291	4.2	2,564	3.2	(727)	77.9	(1.0)	–	(727)	77.9
Domestic Others	Net Sales	10,213	100.0	10,233	100.0	20	100.2	–	–	20	100.2
	Operating Income	757	7.4	597	5.8	(160)	78.9	(1.6)	–	(160)	78.9
Overseas Foods-Manufacturing and Sales	Net Sales	24,347	100.0	31,088	100.0	6,740	127.7	–	5,598	1,141	104.7
	Operating Income	4,589	18.9	6,239	20.1	1,649	135.9	1.2	1,128	521	111.4
Overseas Foods-Wholesale	Net Sales	43,730	100.0	56,934	100.0	13,204	130.2	–	10,037	3,167	107.2
	Operating Income	1,916	4.4	2,752	4.8	835	143.6	0.5	394	440	123.0
Adjustments	Net Sales	(9,834)	100.0	(10,513)	100.0	(679)	–	–	(697)	18	–
	Operating Income	(238)	–	509	–	748	–	–	137	611	–
Consolidated Total	Net Sales	147,125	100.0	168,403	100.0	21,278	114.5	–	14,937	6,340	104.3
	Operating Income	10,316	7.0	12,662	7.5	2,346	122.7	0.5	1,660	685	106.6
Exchange Rate	(¥/US\$)	79.43		97.99		18.56					
	(¥/EUR)	101.12		128.79		27.67					

(Note) As described in 2. Summary Information (Notes), 3) Changes in Accounting Policy, Changes in Accounting Estimates and Restatement of Revisions, certain domestic consolidated subsidiaries have changed their revenue recognition standard since the first three months of the fiscal year under review onwards.

The new revenue recognition standard is applied retroactively to the figures for the same quarter of the previous fiscal year.

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

The Company focused on the added value--the good taste of fresh, raw soy sauce, the preservation of freshness, and the user-friendliness--of the *Yawaraka Mippu 450 mL bottle* (airtight soft plastic bottles), which was launched in the previous fiscal year in response to consumer demand, in the *Itsudemo Shinsen* (always fresh) series. Sales in this new soy sauce category steadily expanded. Sales also increased in the industrial-use sector, and aggregate sales in the Soy Sauce Division rose from the same period in the previous fiscal year.

■ Food Products Division

For *tsuyu* (soy sauce soup base), in the home-use sector, sales increased from the same period in the previous fiscal year due to strong sales of the flagship product *Hon Tsuyu* and *Straight Tsuyu*. Sales in the industrial- and food service-use sector also rose, and as a result, aggregate sales of *tsuyu* rose from a year ago. For *tare* (dipping and marinade sauces), sales of the mainstay *Wagaya-wa-Yakinikuyasan* series were strong, partly due to the contribution of *Shoyukoji-no-Tsukekomidare*, a new product. Sales of *Steak Shoyu* (soy steak sauce) also rose steadily. Meanwhile, sales declined from a year earlier in the industrial- and food service-use sector. As a result, aggregate sales of *tare* were on par with the year-ago level. The *Uchi-no-Gohan* series (handy Japanese-style seasoning mixes) drove the expansion of the market through aggressive product development, TV advertising, and storefront promotional activities, and year on year sales for the series rose sharply. Aggregate sales of Del Monte seasonings increased year on year, partly due to the contribution of new products, including *Ketchup Half*. As a result, aggregate sales for the Food Products Division increased from the same period in the previous fiscal year.

■ Beverages Division

Sales of soy milk beverages rose from the same period in the previous fiscal year, thanks to sales promotion activities aimed at expanding the market and strong sales of new products, including *Tonyu Inryo Mango*. In light of increasing consumer health awareness, these promotional activities, in conjunction with media such as television and magazines, were designed to promote the appeal of soy milk for use in cooking as well as a beverage, among other selling points. Despite strong sales of fruit juice, mainly as gifts, sales of new products, including *Asa Tomato* and *Asa Sarada*, and sales promotion, including a Del Monte 50th anniversary campaign, aggregate sales of Del Monte beverages declined from the same period in the previous fiscal year, partly because of the underperformance of tomato juice, which had increased sharply in the previous fiscal year. As a result, overall sales for the Beverages Division increased year on year.

■ Sake and Wine Division

Overall sales of *Hon Mirin* rose from the same period in the previous fiscal year, reflecting strong sales of major items, particularly 1 L bottles in the home-use sector. Sales of domestic wines increased in the industrial- and food service-use sector. Sales of imported wines also rose as a result of measures to cultivate the market. Consequently, overall sales in the Sake and Wine Division increased from the same period in the previous fiscal year.

As a result of the above, net sales for the Domestic Foods-Manufacturing and Sales increased 2.5% year on year, to ¥80,661 million. Operating income declined 22.1% year on year, to ¥2,564 million.

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.

Aggregate division sales rose year on year, as sales of clinical diagnostic reagents such as enzymes for diabetes testing increased from the previous year.

As a result, Domestic Others saw net sales increase 0.2% year on year, to ¥10,233 million, and operating income decline 21.1% year on year, to ¥597 million.

【Overseas】

Sales overseas were as follows.

Overseas Foods—Manufacturing and Sales

This business comprises the manufacturing and sales and the sale for overseas export 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 division leveraged Kikkoman's brand power to expand its business by continuing to enhance its lineup of mainstay soy sauce products, soy sauce-based seasonings and other products for the home-use sector. In the industrial- and food service-use sectors, the division diligently worked to meet consumer demand. The result of these initiatives was that aggregate sales in the North American market increased from the same period of the previous fiscal year.

In the European market, sales continued to rise at a double-digit rate year on year, thanks to the steady growth of sales in Russia, where demand for soy sauce is strongest, and in the core markets of Germany and the United Kingdom.

In the market for Asia and Oceania, the sales volume increased year on year in Thailand, and sales increased significantly in Indonesia. Overall, sales in the Asia and Oceania market rose from the same period of the previous fiscal year.

The division recorded a sharp rise from a year earlier, reflecting the above as well as currency effects.

■ Del Monte Division

This division conducts sales of canned fruits, canned corn, tomato ketchup and other products in the Asia and Oceania region.

Sales in the South Korean and Chinese markets, which had declined in the first quarter, recovered, and aggregate division sales increased year on year.

■ Other Foods Division

This division manufactures and sells health foods, mainly in the North American market.

Overall division sales increased year on year, mainly due to consistently strong sales through medical doctors.

As a result of the above, net sales for Overseas Foods-Manufacturing and Sales segment increased 27.7% year on year, to ¥31,088 million. Operating income rose 35.9% year on year, to ¥6,239 million.

Overseas Foods—Wholesale

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

Sales grew in North America as a result of efforts to penetrate not only Asian markets but also local markets in general. Markets continued to expand in Europe and Oceania, leading to steady sales growth in each region.

As a result, aggregate sales for the division rose year on year

As a result, Overseas Foods-Wholesale saw net sales increase 30.2% year on year to ¥56,934 million and operating income climbed 43.6% year on year to ¥2,752 million.

As a result of the aforementioned segment results, the Company reported consolidated net sales for the first six months of fiscal 2014 of ¥168,403 million (up 14.5% year on year), operating income of ¥12,662 million (up 22.7%), ordinary income of ¥11,286 million (up 23.1%), and net income of ¥7,156 million (up 49.7%).

2) Explanation of financial position

1. Total Assets, Total Liabilities and Net Assets

(Assets)

Current assets as of September 30, 2013, were ¥129,697 million, an increase of ¥3,687 million from March 31, 2013. This was primarily due to an increase in merchandise and finished goods and other current assets. Noncurrent assets were up ¥14,831 million to ¥225,872 million, primarily because of an increase in investment securities and property, plant and equipment.

As a result, total assets increased by ¥18,519 million from March 31, 2013 to ¥355,570 million.

(Liabilities)

Current liabilities were ¥46,961 million, an increase of ¥799 million from March 31, 2013. This was mainly attributable to an increase in notes and accounts payable-trade. Noncurrent liabilities increased by ¥3,664 million to ¥107,093 million, mainly because of an increase in deferred tax liabilities.

As a result, total liabilities increased by ¥4,463 million to ¥154,055 million from March 31, 2013.

(Net Assets)

Net assets stood at ¥201,515 million, up ¥14,055 million from March 31, 2013. This was mainly due to increases in Retained earnings, valuation difference on available-for-sale securities, and foreign currency translation adjustments.

As a result, the equity ratio rose 1.1 percentage points from 55.2% to 56.3%.

2. Cash Flows

Cash and cash equivalents as of September 30, 2013 were ¥27,763 million. This reflected an increase in cash and cash equivalents of ¥8 million from March 31, 2013.

Cash flows for each activity and reasons are as follows.

(Cash Flows from Operating Activities)

During the six months ended September 30, 2013, operating activities provided net cash of ¥12,407 million. The main contributing factors were cash provided by operating activities comprising the sum of income before income taxes and minority interests, and non-cash items such as depreciation and amortization, which outweighed cash used and other decreases in operating funds as a consequence of income taxes paid, an increase in inventories, and net changes in the balance of notes and accounts receivable-trade and notes and accounts payable-trade.

(Cash Flows from Investing Activities)

Investing activities used net cash of ¥10,530 million, mainly for the purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

Financing activities used net cash of ¥2,906 million. This was due primarily to the payment of cash dividends.

3) Explanation of forward-looking statements, including forecasts of consolidated business performance

With respect to the consolidated results for the full fiscal year, net sales, operating income and ordinary income have increased, considering that foreign exchanges rates showed a depreciation of the yen versus the initial assumptions. As for the extraordinary loss, the Company forecast that a loss on retirement of fixed assets will occur and, therefore, has not revised net income. For business risk, etc. which influences results, etc., there are no important changes from what was disclosed in the latest security report (submitted on June 25, 2013).

Differences from the full-year forecasts announced in the Flash Report 2013 on April 26, 2013 are as shown below.

(Full year)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previously Issued Forecast (A)	327,000	22,500	20,500	12,500	62.53
Current Revised Forecast (B)	337,000	23,200	21,000	12,500	62.53
Difference (B-A)	10,000	700	500	-	—
Percent Change (%)	3.1	3.1	2.4	-	—
Results from Previous Fiscal Year	300,245	19,808	18,700	11,006	54.84

Note: Assumed foreign currency exchange rates:

Previously announced forecast: US\$ = ¥90.0, EUR = ¥120.0

Forecast as of this announcement: US\$ = ¥96.6, EUR = ¥127.0

2. Summary Information (Notes)

1) Changes in Important Subsidiaries during the First Six Months

No applicable items

Changes in subsidiaries outside of specific subsidiaries

Consolidations (New) Kikkoman Daily Company (newly established)

2) Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements

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 half 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.

3) Changes in Accounting Policy, Changes in Accounting Estimates and Restatement of Revisions

Changes in accounting policy

(Change in revenue recognition standard)

The Company's domestic consolidated subsidiaries recognized revenue primarily on a shipping basis. Starting the first quarter of the fiscal year under review, however, certain domestic consolidated subsidiaries are recognizing revenue on delivery dates under the terms and conditions of contracts. Those consolidated subsidiaries have changed the revenue recognition standard to more adequately reflect actual sales. They have agreed with their customers to record billing amounts on delivery dates to reflect actual transactions with the customers more accurately and have completed a system to deal with the change.

The change in accounting policy is retroactively applied to the quarterly consolidated financial statements and full-year consolidated financial statements for the previous consolidated fiscal year.

The retroactive application has declined net sales for the first half of the previous fiscal year 32 million yen. Operating income, ordinary income, and income before income taxes and minority interests each have decreased 40 million yen. The net assets at the beginning of the previous fiscal year have reflected the cumulative effects of the change in accounting policy, and retained earnings at the beginning of the previous fiscal year decreased 390 million yen.

3. Consolidated Quarterly Financial Statements

1) Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	30,598	30,962
Notes and accounts receivable-trade	44,053	44,264
Short-term investment securities	131	131
Merchandise and finished goods	23,984	25,903
Work in process	10,405	11,109
Raw materials and supplies	3,861	4,248
Deferred tax assets	5,610	4,705
Other	7,570	8,703
Allowance for doubtful accounts	(205)	(330)
Total current assets	126,010	129,697
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	42,529	45,454
Machinery, equipment and vehicles, net	32,542	35,219
Land	20,039	21,571
Lease assets, net	181	199
Construction in progress	5,351	2,769
Other, net	3,048	3,588
Total property, plant and equipment	103,693	108,802
Intangible assets		
Goodwill	21,792	20,980
Other	3,675	3,971
Total intangible assets	25,468	24,952
Investments and other assets		
Investment securities	70,858	81,044
Long-term loans receivable	691	686
Deferred tax assets	1,112	1,053
Other	9,948	10,060
Allowance for doubtful accounts	(732)	(727)
Total investments and other assets	81,879	92,118
Total noncurrent assets	211,041	225,872
Total assets	337,051	355,570

	(Millions of yen)	
	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,005	17,354
Short-term loans payable	7,338	8,337
Lease obligations	57	65
Accounts payable-other	13,412	12,821
Income taxes payable	2,095	1,689
Provision for bonuses	2,172	2,552
Provision for directors' bonuses	84	44
Other	4,995	4,097
Total current liabilities	46,162	46,961
Noncurrent liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	15,600	15,600
Lease obligations	94	111
Deferred tax liabilities	5,699	8,937
Provision for retirement benefits	4,271	4,253
Provision for directors' retirement benefits	967	884
Provision for environmental measures	321	509
Other	6,475	6,797
Total noncurrent liabilities	103,429	107,093
Total liabilities	149,591	154,055
Net assets		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	21,227	21,321
Retained earnings	169,702	172,857
Treasury stock	(10,352)	(10,194)
Deposit for subscriptions to treasury stock	78	14
Total shareholders' equity	192,254	195,597
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,867	11,970
Deferred gains or losses on hedges	19	3
Foreign currency translation adjustment	(10,918)	(6,290)
Unfunded retirement benefit obligation of overseas subsidiaries	(1,054)	(1,075)
Total accumulated other comprehensive income	(6,085)	4,608
Subscription rights to shares	115	78
Minority interests	1,174	1,230
Total net assets	187,459	201,515
Total liabilities and net assets	337,051	355,570

2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

(Consolidated Quarterly Statements of Income) (During the first six months of fiscal 2014)

	(Millions of yen)	
	Six months ended September 30, 2012	Six months ended September 30, 2013
Net sales	147,125	168,403
Cost of sales	85,494	99,752
Gross profit	61,630	68,651
Selling, general and administrative expenses	51,314	55,989
Operating income	10,316	12,662
Non-operating income		
Interest income	56	63
Dividends income	392	507
Equity in earnings of affiliates	190	481
Rent income	234	268
Gain on valuation of derivatives	55	918
Other	1,219	484
Total non-operating income	2,148	2,724
Non-operating expenses		
Interest expenses	803	761
Foreign exchange losses	92	870
Other	2,400	2,468
Total non-operating expenses	3,296	4,100
Ordinary income	9,167	11,286
Extraordinary income		
Gain on sales of property, plant and equipment	26	1,059
Gain on sales of investment securities	—	94
Subsidy income	854	—
Compensation income	635	—
Total extraordinary income	1,517	1,154
Extraordinary loss		
Loss on retirement of noncurrent assets	304	507
Loss on reduction of noncurrent assets	854	—
Loss on valuation of investment securities	1,429	—
Loss on valuation of golf club membership	10	2
Compensation for termination of business relations	—	671
Other	68	—
Total extraordinary loss	2,668	1,180
Income before income taxes and minority interests	8,016	11,259
Income taxes	3,172	4,067
Income before minority interests	4,843	7,191
Minority interests in income	63	34
Net income	4,780	7,156

(Consolidated Quarterly Statements of Comprehensive Income)
(During the first six months of fiscal 2014)

	(Millions of yen)	
	Six months ended September 30, 2012	Six months ended September 30, 2013
Income before minority interests	4,843	7,191
Other comprehensive income		
Valuation difference on available-for-sale securities	(234)	5,709
Deferred gains or losses on hedges	(2)	(5)
Foreign currency translation adjustment	(3,879)	4,155
Unfunded retirement benefit obligation of overseas subsidiaries	70	(20)
Share of other comprehensive income of associates accounted for using equity method	(29)	858
Total other comprehensive income (loss)	(4,075)	10,696
Comprehensive income (loss)	768	17,888
Total comprehensive income (loss) attributable to:		
Owners of the Company	711	17,851
Minority interests	56	36

3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Cash flows from operating activities		
Income before income taxes and minority interests	8,016	11,259
Depreciation and amortization	5,805	6,223
Increase (decrease) in provision for retirement benefits	207	(102)
Increase (decrease) in provision for directors' retirement benefits	(165)	(82)
Increase (decrease) in provision for lost on disaster	(50)	-
Interest and dividends income	(448)	(570)
Interest expenses	803	761
Equity in (earnings) losses of affiliates	(190)	(481)
Loss (gain) on sales of property, plant and equipment	(35)	(1,066)
Loss (gain) on sales of investment securities	-	(94)
Compensation income	(635)	-
Loss on retirement of property, plant and equipment	379	613
Loss (gain) on valuation of investment securities	1,429	3
Decrease (increase) in notes and accounts receivable-trade	(2,344)	530
Decrease (increase) in inventories	(1,605)	(2,102)
Increase (decrease) in notes and accounts payable-trade	1,266	885
Other, net	(34)	1,375
Subtotal	12,399	17,151
Interest and dividends received	659	826
Interest expenses paid	(864)	(1,007)
Proceeds from compensation	635	-
Income taxes paid	(1,823)	(4,562)
Net cash provided by (used in) operating activities	11,006	12,407
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,087)	(10,351)
Proceeds from sales of property, plant and equipment	92	1,261
Purchase of intangible assets	(523)	(793)
Purchase of investment securities	(541)	(508)
Proceeds from sales of investment securities	-	401
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(343)	-
Payments of loans receivable	(444)	(406)
Collection of loans receivable	113	49
Other, net	(253)	(183)
Net cash provided by (used in) investing activities	(7,985)	(10,530)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,001	980
Repayment of long-term loans payable	(100)	-
Redemption of bonds	(20,000)	-
Purchase of treasury stock	(5,017)	(78)
Proceeds from exercise of stock option	-	229
Cash dividends paid	(3,081)	(4,002)
Cash dividends paid to minority shareholders	(8)	(7)
Other, net	(40)	(28)
Net cash provided by (used in) financing activities	(27,245)	(2,906)

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Effect of exchange rate change on cash and cash equivalents	(879)	1,038
Net increase (decrease) in cash and cash equivalents	(25,104)	8
Cash and cash equivalents at beginning of the period	45,867	27,754
Increase(decrease) from the changes of accounting year-end date in certain consolidated subsidiaries	69	-
Cash and cash equivalents at end of period	20,832	27,763

4) Notes on quarterly consolidated financial statements (Notes Regarding Going Concern)

No applicable items.

(Notes Regarding Significant Changes in Shareholders' Equity)

No applicable items.

(Segment Information, etc)

I. First six months of fiscal 2013 (April 1, 2012 to September 30, 2012) Sales, Income, and Losses by Reporting Segment

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Consoli- dated Total (Note 2)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	78,115	4,044	21,327	43,638	147,125	—	147,125
Intragroup sales or transfers	554	6,168	3,019	92	9,834	(9,834)	—
Total sales	78,669	10,213	24,347	43,730	156,960	(9,834)	147,125
Operating income	3,291	757	4,589	1,916	10,555	(238)	10,316

(Notes)

- Adjustments of ¥(238) million in segment operating income consist mainly of difference in the allocation of corporate expenses.
- Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.

II. First six months of fiscal 2014 (April 1, 2013 to September 30, 2013) 1. Sales, Income, and Losses by Reporting Segment

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Consoli- dated Total (Note 2)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	80,111	4,210	27,314	56,767	168,403	—	168,403
Intragroup sales or transfers	550	6,023	3,773	166	10,513	(10,513)	—
Total sales	80,661	10,233	31,088	56,934	178,917	(10,513)	168,403
Operating income	2,564	597	6,239	2,752	12,152	509	12,662

(Notes)

- Adjustments of ¥ 509 million in segment operating income consist mainly of difference in the allocation of corporate expenses.
- Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.

2. Changes relating to reporting segments

(Change in revenue recognition standard)

As described in 2. Summary Information (Notes), 3) Changes in Accounting Policy, Changes in Accounting Estimates and Restatement of Revisions, certain domestic consolidated subsidiaries have changed their revenue recognition standard since the first three months of the fiscal year under review onwards.

The change in accounting policy is retroactively applied to the segment information for the first half of the previous fiscal year. For Domestic Foods-Manufacturing and Sales, net sales decreased 32 million yen, and operating income decreased 40 million yen.