

Consolidated Financial Results

Kikkoman Corporation Flash Report 2016 (Japanese GAAP) (Consolidated)

Year ended March 31, 2016

Listed company name: **Kikkoman Corporation**
Shares listed: Tokyo (1st Section)
Code No.: 2801
URL: <http://www.kikkoman.com>
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Scheduled Date of Ordinary General Meeting of Shareholders: June 23, 2016
Scheduled Date of Dividend Payment Commencement: June 24, 2016
Scheduled Date for Release of Annual Securities Report: June 23, 2016
Business Performance Presentation to Be Held: 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 Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1) Business Performance

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)
Apr. 1, 2015 –Mar. 31, 2016	408,372	10.0	32,598	28.5	31,029	27.4	19,964	29.8
Apr. 1, 2014 –Mar. 31, 2015	371,339	8.2	25,370	6.4	24,364	7.4	15,382	22.5

(Note) Comprehensive income

Year ended March 31, 2016: ¥ 7,377 million ((82.1) %)

Year ended March 31, 2015: ¥ 41,265 million (51.9 %)

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)	ROE	Ordinary income to total assets	Operating income ratio to net sales
Apr. 1, 2015 –Mar. 31, 2016	102.67	—	8.7	8.3	8.0
Apr. 1, 2014 –Mar. 31, 2015	78.20	78.19	6.9	6.7	6.8

(Reference) Equity-method investment gain

Year ended March 31, 2016: ¥ 984 million

Year ended March 31, 2015: ¥ 1,075 million

2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (yen)
Mar. 31, 2016	365,671	225,675	61.2%	1,160.05
Mar. 31, 2015	378,766	238,431	62.4%	1,210.77

(Reference) Total shareholders' equity

Year ended March 31, 2016: ¥ 223,684 million

Year ended March 31, 2015: ¥ 236,508 million

3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Apr. 1, 2015 –Mar. 31, 2016	37,661	(15,855)	(17,801)	35,150
Apr. 1, 2014 –Mar. 31, 2015	31,658	(5,041)	(21,566)	32,398

2. Cash Dividends

	Cash dividends per share (yen)					Cash dividends total (full year) (millions of yen)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	Three-month period ended	Six-month period ended	Nine-month period ended	Full year ended	Total			
Apr. 1, 2014 -Mar. 31, 2015	—	0.00	—	24.00	24.00	4,697	30.7%	2.1%
Apr. 1, 2015 -Mar. 31, 2016	—	0.00	—	32.00	32.00	6,182	31.2%	2.7%
Apr. 1, 2016 -Mar. 31, 2017 (Estimated)	—	16.00	—	16.00	32.00		30.9%	

3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent		Net income per share (yen)
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	
Apr.1, 2016- Sep.30, 2016	198,500	(2.1)	16,200	(4.4)	15,100	(5.4)	10,000	(4.6)	51.86
Apr.1, 2016- Mar.31, 2017	403,500	(1.2)	31,500	(3.4)	30,000	(3.3)	20,000	0.2	103.72

*Notes

- 1) Changes in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): No
- 2) Changes in accounting policy, changes in accounting estimates and restatement of revisions
 - ① Changes in accounting policy associated with accounting standard revisions: Yes
 - ② Changes in accounting policy other than those in ① above: Yes
 - ③ Changes in accounting estimates: Yes
 - ④ Restatement of revisions: None
- 3) Issued and outstanding shares (common stock)
 - ① Shares issued and outstanding at end of period (including treasury stock):
March. 31, 2016 — 210,383,202 shares March. 31, 2015 — 210,383,202 shares
 - ② Treasury stock at end of period
March. 31, 2016 — 17,560,687 shares March. 31, 2015 — 15,046,330 shares
 - ③ Average number of shares during the period
March. 31, 2016 — 194,462,463 shares March. 31, 2015 — 196,707,119 shares

(Reference) Overview of Non-consolidated Results

 1. Business Performance (unconsolidated) for the Year Ended March 31, 2016
 (April 1, 2015 to March 31, 2016)

1) Business Performance (unconsolidated)

(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, 2015 –Mar. 31, 2016	18,648	1.3	5,278	(12.6)	4,692	(18.9)	4,336	(41.8)
Apr. 1, 2014 –Mar. 31, 2015	18,412	3.0	6,040	1.6	5,784	(5.7)	7,456	13.3

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)
Apr. 1, 2015 –Mar. 31, 2016	22.26	—
Apr. 1, 2014 –Mar. 31, 2015	37.83	37.83

2) Financial Position (unconsolidated)

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (yen)
Mar. 31, 2016	251,929	98,375	39.0 %	509.16
Mar. 31, 2015	246,478	108,524	44.0 %	554.48

(Note) Total shareholders' equity

Mar. 31, 2016: ¥ 98,375 million

Mar. 31, 2015: ¥ 108,524 million

* Statement on the applicability of audit procedures

These financial results are not subject to audit procedures as provided in the Financial Instruments and Exchange Law. The audit procedures for consolidated financial statements and non-consolidated financial statements as provided in the Financial Instruments and Exchange Law had yet to be completed as of the disclosure date of this report.

* 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 materially from forecasts. For details of business performance forecasts and guidelines for assumptions, please refer to the attachments to this report, Page 6, 2.Consolidated Business Forecasts.

(How to obtain business performance presentation materials)

(1) Kikkoman will publish supplementary schedules on TD-net for viewing in Japan, and on its Website.

(2) Kikkoman plans to publish business performance presentation materials on its Website.

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1. Consolidated Operating Results

<Consolidated Financial Statements>

(Millions of yen, %)

	Fiscal 2015 Actual		Fiscal 2016 Actual		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2014 – 3.31.2015		4.1.2015 – 3.31.2016		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	371,339	100.0	408,372	100.0	37,033	110.0	—	13,393	23,639	106.4
Operating Income	25,370	6.8	32,598	8.0	7,228	128.5	1.2	1,634	5,594	122.0
Ordinary Income	24,364	6.6	31,029	7.6	6,664	127.4	1.0	1,465	5,199	121.3
Net income attributable to owners of parent	15,382	4.1	19,964	4.9	4,582	129.8	0.8	895	3,687	124.0
Exchange Rate (¥/US\$)	110.03		120.16		10.13					
(¥/EUR)	138.68		132.36		(6.32)					

<Reporting segments>

(Millions of yen, %)

		Fiscal 2015 Actual		Fiscal 2016 Actual		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2014 – 3.31.2015		4.1.2015 – 3.31.2016		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Domestic Foods- Manufacturing and Sales	Net Sales	161,261	100.0	167,699	100.0	6,437	104.0	—	—	6,437	104.0
	Operating Income	2,715	1.7	6,536	3.9	3,821	240.7	2.2	—	3,821	240.7
Domestic Others	Net Sales	20,152	100.0	20,650	100.0	498	102.5	—	—	498	102.5
	Operating Income	1,035	5.1	1,515	7.3	479	146.3	2.2	—	479	146.3
Overseas Foods- Manufacturing and Sales	Net Sales	74,727	100.0	84,861	100.0	10,134	113.6	—	5,447	4,687	106.3
	Operating Income	14,225	19.0	16,443	19.4	2,217	115.6	0.3	1,042	1,175	108.3
Overseas Foods- Wholesale	Net Sales	138,406	100.0	159,754	100.0	21,347	115.4	—	8,508	12,838	109.3
	Operating Income	6,476	4.7	7,675	4.8	1,198	118.5	0.0	467	730	111.3
Adjustments	Net Sales	(23,208)	100.0	(24,594)	100.0	(1,385)	—	—	(562)	(823)	—
	Operating Income	916	—	427	—	(489)	—	—	123	(612)	—
Amount recorded in consolidated financial statements	Net Sales	371,339	100.0	408,372	100.0	37,033	110.0	—	13,393	23,639	106.4
	Operating Income	25,370	6.8	32,598	8.0	7,228	128.5	1.2	1,634	5,594	122.0
Exchange Rate (¥/US\$)	110.03		120.16		10.13						
(¥/EUR)	138.68		132.36		(6.32)						

2. Consolidated Business Forecasts

Consolidated business forecasts for the year ending March 31, 2017 are as follows:

(Millions of yen)

	Net Sales	Operating income	Ordinary income	Net income attributable to the parent	Net income per share (yen)
Apr. 1, 2016 –Mar. 31, 2017	403,500	31,500	30,000	20,000	103.72
Apr. 1, 2015 –Mar. 31, 2016	408,372	32,598	31,029	19,964	102.67
Changes (YoY)	(4,872) (98.8%)	(1,098) (96.6%)	(1,029) (96.7%)	35 (100.2%)	1.05 (-)

- * Kikkoman is assuming an average foreign exchange rate of US\$1=¥110.00 for the year ending March 31, 2017. (¥120.16 for the year ended March 31, 2016)
- * The above forecasts are prepared assuming economic conditions prevailing at the time of preparation. Actual results may differ from these business forecasts due to various unforeseen factors.

3. Basic policy for selecting accounting standards

To secure comparability between companies and between fiscal years, the Group prepares its consolidated financial statements under the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Finance Ministry Ordinance No. 28 of 1976), excluding Chapter 7 and Chapter 8.

The Group will appropriately apply international accounting standards in consideration of conditions in Japan and overseas.

4. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	34,565	36,260
Notes and accounts receivable-trade	50,219	52,010
Short-term investment securities	273	269
Merchandise and finished goods	31,442	31,986
Work in process	12,479	11,562
Raw materials and supplies	5,088	4,909
Deferred tax assets	4,178	3,746
Other	12,001	6,034
Allowance for doubtful accounts	(500)	(485)
Total current assets	149,749	146,294
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	43,772	43,072
Machinery, equipment and vehicles, net	34,078	33,645
Land	21,093	22,312
Lease assets, net	170	57
Construction in progress	2,061	2,046
Other, net	3,518	3,817
Total property, plant and equipment	104,695	104,951
Intangible assets		
Goodwill	17,139	11,275
Other	5,265	5,289
Total intangible assets	22,404	16,564
Investments and other assets		
Investment securities	86,483	86,109
Long-term loans receivable	770	920
Net defined benefit assets	8,863	4,629
Deferred tax assets	726	760
Other	5,831	6,206
Allowance for doubtful accounts	(759)	(765)
Total investments and other assets	101,916	97,860
Total noncurrent assets	229,016	219,376
Total assets	378,766	365,671

	(Millions of yen)	
	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,766	20,279
Short-term loans payable	7,473	6,871
Lease obligations	70	51
Accounts payable-other	16,481	18,048
Income taxes payable	1,078	2,975
Provision for bonuses	2,238	2,312
Provision for directors' bonuses	90	105
Other	5,380	6,922
Total current liabilities	53,579	57,567
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	11,300	9,300
Lease obligations	82	58
Deferred tax liabilities	12,365	9,728
Provision for directors' retirement benefits	847	796
Provision for environmental measures	480	457
Net defined benefit liabilities	4,530	5,236
Other	7,150	6,849
Total noncurrent liabilities	86,755	82,427
Total liabilities	140,335	139,995
Net assets		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	21,405	13,912
Retained earnings	190,440	208,035
Treasury stock	(20,680)	(30,833)
Total shareholders' equity	202,765	202,713
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,103	18,728
Deferred gains or losses on hedges	14	(14)
Foreign currency translation adjustment	13,903	5,203
Remeasurements of defined benefit plans	721	(2,947)
Total Accumulated other comprehensive income	33,743	20,970
Non-controlling interests	1,922	1,991
Total net assets	238,431	225,675
Total liabilities and net assets	378,766	365,671

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

(Consolidated Statements of Income)

	(Millions of yen)	
	Year ended March 31, 2015	Year ended March 31, 2016
Net sales	371,339	408,372
Cost of sales	225,378	248,215
Gross profit	145,960	160,156
Selling, general and administrative expenses		
Selling expenses	92,866	97,926
General and administrative expenses	27,723	29,631
Total selling, general and administrative expenses	120,590	127,558
Operating income	25,370	32,598
Non-operating income		
Interest income	114	119
Dividends income	784	761
Equity in earnings of affiliates	1,075	984
Rent income	634	682
Foreign exchange gains	150	3,427
Other	6,272	1,296
Total non-operating income	9,032	7,272
Non-operating expenses		
Interest expenses	1,137	1,067
Loss on valuation of derivatives	0	2,787
System migration expenses	267	920
Other	8,632	4,064
Total non-operating expenses	10,037	8,841
Ordinary income	24,364	31,029
Extraordinary income		
Gain on sales of property, plant and equipment	140	21
Gain on sales of investment securities	3,275	—
Gain on sales of subsidiaries and affiliates' stocks	11	—
Total extraordinary income	3,427	21
Extraordinary loss		
Impairment loss	3,269	553
Loss on retirement of noncurrent assets	297	148
Loss on valuation of investment securities	—	28
Loss on liquidation of subsidiaries and affiliates	111	—
Loss on valuation of subsidiary securities	152	—
Loss on valuation of golf club membership	14	5
Special extra retirement payments	123	61
Total extraordinary loss	3,969	797
Income before income taxes	23,823	30,253
Income taxes-current	8,066	10,195
Income taxes-deferred	264	(108)
Total income taxes	8,330	10,087
Net income	15,492	20,166
Net income attributable to non-controlling interests	110	201
Net income attributable to owners of parent	15,382	19,964

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Net income	15,492	20,166
Other comprehensive income		
Valuation difference on available-for-sale securities	8,111	324
Deferred gains or losses on hedges	30	(49)
Foreign currency translation adjustment	13,830	(8,185)
Remeasurements of defined benefit plans, net of tax	1,813	(3,205)
Share of other comprehensive income of associates accounted for using equity method	1,987	(1,672)
Total other comprehensive income	25,772	(12,789)
Comprehensive income	41,265	7,377
(Breakdown)		
Owners of the Company	41,085	7,191
Non-controlling interests	180	185

3) Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	Year ended March 31, 2015	Year ended March 31, 2016
Shareholders' equity		
Capital stock		
Balance at beginning of the period	11,599	11,599
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of the period	11,599	11,599
Capital surplus		
Balance at beginning of the period	21,377	21,405
Cumulative effects of the change in accounting policy	—	(7,472)
Balance at the beginning of the period after the retroactive application	21,377	13,932
Changes of items during the period		
Disposal of treasury stock	28	4
Changes in equity interest of the parent pertaining to transactions with non-controlling interests	—	(25)
Total changes of items during the period	28	(20)
Balance at end of the period	21,405	13,912
Retained earnings		
Balance at beginning of the period	178,260	190,440
Cumulative effects of the change in accounting policy	806	2,327
Balance at the beginning of the period after the retroactive application	179,066	192,767
Changes of items during the period		
Dividends from surplus	(4,008)	(4,697)
Net income attributable to owners of parent	15,382	19,964
Total changes of items during the period	11,373	15,267
Balance at end of the period	190,440	208,035
Treasury stock		
Balance at beginning of the period	(10,121)	(20,680)
Changes of items during the period		
Purchase of treasury stock	(10,659)	(10,154)
Disposal of treasury stock	100	3
Change in treasury shares arising from change in equity in entities accounted for using equity method	—	(1)
Total changes of items during the period	(10,558)	(10,152)
Balance at end of the period	(20,680)	(30,833)
Deposit for subscriptions to treasury stock		
Balance at beginning of the period	10	—
Changes of items during the period		
Disposal of treasury stock	(10)	—
Total changes of items during the period	(10)	—
Balance at end of the period	—	—

	(Millions of yen)	
	Year ended March 31, 2015	Year ended March 31, 2016
Total shareholders' equity		
Balance at beginning of the period	201,126	202,765
Cumulative effects of the change in accounting policy	806	(5,145)
Balance at the beginning of the period after the retroactive application	201,932	197,619
Changes of items during the period		
Dividends from surplus	(4,008)	(4,697)
Net income attributable to owners of parent	15,382	19,964
Purchase of treasury stock	(10,659)	(10,154)
Disposal of treasury stock	118	8
Change in treasury shares arising from change in equity in entities accounted for using equity method	—	(1)
Changes in equity interest of the parent pertaining to transactions with non-controlling interests	—	(25)
Total changes of items during the period	832	5,094
Balance at end of the period	202,765	202,713

	(Millions of yen)	
	Year ended March 31, 2015	Year ended March 31, 2016
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of the period	9,623	19,103
Changes of items during the period		
Net changes of items other than shareholders' equity	9,480	(375)
Total changes of items during the period	9,480	(375)
Balance at end of the period	19,103	18,728
Deferred gains or losses on hedges		
Balance at beginning of the period	3	14
Changes of items during the period		
Net changes of items other than shareholders' equity	11	(29)
Total changes of items during the period	11	(29)
Balance at end of the period	14	(14)
Foreign currency translation adjustment		
Balance at beginning of the period	(285)	13,903
Changes of items during the period		
Net changes of items other than shareholders' equity	14,189	(8,700)
Total changes of items during the period	14,189	(8,700)
Balance at end of the period	13,903	5,203
Remeasurements of defined benefit plans		
Balance at beginning of the period	(1,300)	721
Changes of items during the period		
Net changes of items other than shareholders' equity	2,021	(3,668)
Total changes of items during the period	2,021	(3,668)
Balance at end of the period	721	(2,947)
Total accumulated other comprehensive income		
Balance at beginning of the period	8,040	33,743
Changes of items during the period		
Net changes of items other than shareholders' equity	25,702	(12,773)
Total changes of items during the period	25,702	(12,773)
Balance at end of the period	33,743	20,970

	(Millions of yen)	
	Year ended March 31, 2015	Year ended March 31, 2016
Subscription rights to shares		
Balance at beginning of the period	36	—
Changes of items during the period		
Net changes of items other than shareholders' equity	(36)	—
Total changes of items during the period	(36)	—
Balance at end of the period	—	—
Non-controlling interests		
Balance at beginning of the period	1,203	1,922
Changes of items during the period		
Net changes of items other than shareholders' equity	719	69
Total changes of items during the period	719	69
Balance at end of the period	1,922	1,991
Total net assets		
Balance at beginning of the period	210,407	238,431
Cumulative effects of the change in accounting policy	806	(5,145)
Balance at the beginning of the period after the retroactive application	211,213	233,285
Changes of items during the period		
Dividends from surplus	(4,008)	(4,697)
Net income attributable to owners of parent	15,382	19,964
Purchase of treasury stock	(10,659)	(10,154)
Disposal of treasury stock	118	8
Change in treasury shares arising from change in equity in entities accounted for using equity method	—	(1)
Changes in equity interest of the parent pertaining to transactions with non-controlling interests	—	(25)
Net changes of items other than shareholders' equity	26,385	(12,704)
Total changes of items during the period	27,217	(7,609)
Balance at end of the period	238,431	225,675

4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended March 31, 2015	Year ended March 31, 2016
Cash flows from operating activities		
Income before income taxes	23,823	30,253
Depreciation and amortization	12,901	11,936
Impairment loss	3,269	553
Increase (decrease) in provision for directors' retirement benefits	(50)	(50)
Increase (decrease) in net defined benefit liabilities	1,456	215
Interest and dividends income	(898)	(880)
Interest expenses	1,137	1,067
Equity in (earnings) losses of affiliates	(1,075)	(984)
Loss (gain) on sales of property, plant and equipment	(151)	(52)
Loss (gain) on sales of investment securities	(3,275)	(1)
Loss on retirement of property, plant and equipment	554	511
Loss (gain) on valuation of investment securities	—	28
Decrease (increase) in notes and accounts receivable-trade	(109)	(3,183)
Decrease (increase) in inventories	(3,201)	(933)
Increase (decrease) in notes and accounts payable-trade	538	590
Other, net	6,946	6,386
Subtotal	41,864	45,455
Interest and dividends received	1,443	1,376
Interest expenses paid	(947)	(1,022)
Income taxes paid	(10,700)	(8,147)
Net cash provided by (used in) operating activities	31,658	37,661
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,379)	(13,011)
Proceeds from sales of property, plant and equipment	277	89
Purchase of intangible assets	(1,405)	(605)
Purchase of investment securities	(881)	(744)
Proceeds from sales of investment securities	6,527	2
Payments for transfer of business	—	(1,876)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(71)
Payments of loans receivable	(502)	(582)
Collection of loans receivable	952	429
Other, net	1,369	516
Net cash provided by (used in) investing activities	(5,041)	(15,855)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,975)	(558)
Proceeds from long-term loans payable	300	—
Repayment of long-term loans payable	(2,600)	(2,000)
Proceeds from exercise of stock option	92	—
Purchase of treasury stock	(10,134)	(10,262)
Cash dividends paid	(4,008)	(4,697)
Cash dividends paid to non-controlling shareholders	(97)	(119)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(25)
Other, net	(143)	(138)
Net cash provided by (used in) financing activities	(21,566)	(17,801)

	(Millions of yen)	
	Year ended March 31, 2015	Year ended March 31, 2016
Effect of exchange rate change on cash and cash equivalents	1,927	(1,080)
Net increase (decrease) in cash and cash equivalents	6,978	2,923
Cash and cash equivalents at beginning of the period	25,420	32,398
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(172)
Cash and cash equivalents at end of the period	32,398	35,150

(Reference) Changes in cash flow-related indices

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Shareholders' equity ratio (%)	50.0	55.2	59.9	62.4	61.2
Shareholders' equity ratio (%) using fair value	59.2	98.2	111.6	196.7	195.1
Ratio of cash flow to interest-bearing debt (years)	7.3	3.9	3.1	2.3	1.9
Interest coverage ratio (times)	11.8	14.7	14.5	33.4	36.8

Notes:

Shareholders' equity ratio

Shareholders' equity / Total assets

Shareholders' equity ratio using fair value

Market capitalization / Total assets

Ratio of cash flow to interest-bearing debt

Interest-bearing debt / Cash flows

Interest coverage ratio

Cash flows / Interest payments

* Each index is calculated using consolidated figures.

* Market capitalization is calculated by multiplying the closing share price at the fiscal year-end by the number of shares issued and outstanding at the fiscal year-end (excluding treasury stock).

* Cash flows refer to operating cash flow.

* Interest-bearing debt refers to all liabilities on the consolidated balance sheets on which interest is paid.

* Interest payments represent interest paid as shown on the consolidated statements of cash flows.

5) Notes on consolidated financial statements

(Notes Regarding Going Concern)

No applicable items.

(Basis of Presentation of the Consolidated Financial Statements)

1. Scope of consolidation and application of equity-method accounting

Number of consolidated subsidiaries: 51

(Main companies:

Kikkoman Food Products Company, Kikkoman Beverage Company, Nippon Del Monte Corporation, Manns Wine Co., Ltd., JFC Japan Co., Ltd., Kikkoman Soyfoods Company, Kikkoman Foods, Inc., Kikkoman Sales USA, Inc., JFC International Inc. and 42 other companies)

Number of unconsolidated companies: 28

Number of affiliated companies: 35

(including 19 equity-method affiliates: Higeta Shoyu Co., Ltd., Riken Vitamin Co., Ltd., and 17 other companies)

2. Changes in the scope of consolidation and application of equity-method accounting

Consolidation (New) NUTRI GOLD SW LIMITED (stock acquisition)
 KTA-GLOBO CO., LTD. (newly established)
 KTA (THAILAND) CO., LTD. (newly established)

Consolidation(Exclusion) JFC BRASIL IMPORTADORA E COMERCIO DE PRODUTOS ALIMENTICIOS LTDA.

(Changes to a non-consolidated subsidiary based on the viewpoint of significance)

3. Accounting standard

Changes in accounting policy

(Application of Accounting Standard for Business Combination and other standards)

The Accounting Standard for Business Combination (ASBJ Statement No. 21 of September 13th 2013; hereinafter referred to as “the Accounting Standard for Business Combination”), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13th 2013; hereinafter referred to as “the Accounting Standard for Consolidated Financial Statements”), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13th 2013; hereinafter referred to as “the Accounting Standard for Business Divestitures”), and others have been applied from the consolidated fiscal year under review. Differences caused by changes in the company’s holdings in subsidiaries that continue to be in its control are recorded as capital surplus, and expenses related to acquisition are now recorded as expenses for the consolidated fiscal year in which the expenses occurred. In addition, regarding the business combination conducted after the beginning of the consolidated fiscal year under review, revisions to the purchase price allocation following determination of provisional accounting methods are now reflected in the quarterly financial statements for the consolidated fiscal term in which the business combination occurred. Also, the net income and other statements have been changed accordingly, and minority interest has been changed to non-controlling interest. To reflect these changes, the company has revised the financial statements for the previous consolidated fiscal year.

The application of the Accounting Standard for Business Combination and other standards follow the transitional treatment stated in paragraph 58-2 (3) of the Accounting Standard for Business Combination, paragraph 44-5 (3) of the Accounting Standard for Consolidated Financial Statements, and paragraph 57-4 (3) of the Accounting Standard for Business Divestitures. Capital surplus and retained earnings have been adjusted by retrospectively applying the new accounting policy to all past terms and reflecting the accumulated impact to the beginning of the consolidated fiscal year under review.

As a result, at the beginning of the consolidated fiscal year under review, goodwill and capital surplus decreased 5,145 million yen and 7,472 million yen respectively, and retained earnings increased 2,327 million yen. Operating income, ordinary income and income before income taxes for the consolidated fiscal year under review all increased 388 million yen.

The effect of this change on Per Share Information is noted in the corresponding section.

Changes in accounting policy that are difficult to distinguish from changes in accounting estimates
(Change in depreciation method of property, plant and equipment)

The company and certain consolidated domestic subsidiaries previously used the declining balance method for depreciation of property, plant and equipment (except for buildings (excluding additional facilities) acquired on or after April 1, 1998, which were depreciated using the straight line method). From the consolidated fiscal year under review, this has been replaced with the straight line method.

The company and its consolidated domestic subsidiaries have overhauled its production system and completed a round of capital investment, and therefore expect future investments to develop more steadily. Manufacturing of soy sauce, the company's flagship product, has also stabilized thanks to recent measures, which implies steady operation of facilities in the future. Furthermore, these factors of capital investment and forecast of demand form the basis of the new medium-term management plan, which began in the fiscal year under review, and, taking this opportunity to review the depreciation method for property, plant and equipment, the company has concluded that the straight line method is more appropriate.

As a result of this change, depreciation for the consolidated fiscal year under review decreased 1,155 million yen compared to calculations based on the previous method, while operating income increased 965 million yen. Both ordinary income and income before income taxes increased 980 million yen.

(Segment Information, etc)

Year ended March 31, 2016 (April 1, 2015 –March 31, 2016)

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, liquor 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. Calculation Method for the Amount of Sales, Operating Incomes (Losses), Assets (Liabilities) and Other Items by Reporting Segment

Incomes for the reporting segments are operating income amounts and adjustments for intra group income and transfers are based on prevailing market prices.

3. Information on the Amount of Sales, Operating Incomes (Losses), Assets (Liabilities) and Other Items by Reporting Segment

Fiscal 2015 Actual (Apr. 1, 2014 –Mar. 31, 2015)

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	160,018	7,478	65,759	138,082	371,339	–	371,339
Intra group sales or transfers	1,243	12,673	8,967	323	23,208	(23,208)	–
Total sales	161,261	20,152	74,727	138,406	394,547	(23,208)	371,339
Operating income	2,715	1,035	14,225	6,476	24,453	916	25,370
Total assets	115,371	22,131	122,004	56,661	316,169	62,596	378,766
Other items							
Depreciation and amortization	7,290	1,051	2,816	784	11,943	884	12,827
Amortization of goodwill	1,401	–	112	–	1,513	–	1,513
Changes in the amount of tangible fixed assets and intangible fixed assets	6,936	1,476	2,842	683	11,938	1,148	13,087

(Notes) 1. Adjustment amounts are as follows.

- 1) Adjustments of ¥916 million in segment operating income include a ¥997 million difference in the allocation of corporate expenses.
- 2) Adjustments of ¥62,596 million in segment assets include ¥149,670 million in corporate assets, which consist primarily of Kikkoman's cash and deposits and investment securities, in addition to the elimination of transactions between segments.
- 3) Adjustments of ¥884 million in depreciation and amortization expenses have primarily to do with corporate assets.
- 4) Adjustments of ¥1,148 million for the increase in tangible fixed assets and intangible fixed assets are corporate asset adjustments.

2. Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.

Fiscal 2016 Actual (Apr. 1, 2015 –Mar. 31, 2016)

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	166,399	7,708	74,852	159,411	408,372	—	408,372
Intra group sales or transfers	1,300	12,942	10,009	342	24,594	(24,594)	—
Total sales	167,699	20,650	84,861	159,754	432,966	(24,594)	408,372
Operating income	6,536	1,515	16,443	7,675	32,170	427	32,598
Total assets	113,403	22,222	124,464	59,967	320,058	45,612	365,671
Other items							
Depreciation and amortization	5,837	1,034	3,136	890	10,899	926	11,826
Amortization of goodwill	1,013	—	181	—	1,194	—	1,194
Changes in the amount of tangible fixed assets and intangible fixed assets	6,194	618	4,005	3,631	14,450	345	14,795

(Notes) 1. Adjustment amounts are as follows.

- 1) Adjustments of ¥427 million in segment operating income include a ¥495 million difference in the allocation of corporate expenses.
- 2) Adjustments of ¥45,612 million in segment assets include ¥151,831 million in corporate assets, which consist primarily of Kikkoman's cash and deposits and investment securities, in addition to the elimination of transactions between segments.
- 3) Adjustments of ¥926 million in depreciation and amortization expenses have primarily to do with corporate assets.
- 4) Adjustments of ¥345 million for the increase in tangible fixed assets and intangible fixed assets are corporate asset adjustments.

2. Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.

(Application of Accounting Standard for Business Combination and other standards)

As described in 4. Consolidated Financial Statements, 5) Notes on consolidated financial statements, (Basis of Presentation of the Consolidated Financial Statements), the Accounting Standard for Business Combination and other standards have been applied from the consolidated fiscal year under review. Differences caused by changes in the company's holdings in subsidiaries that continue to be in its control are recorded as capital surplus, and expenses related to acquisition are now recorded as expenses for the consolidated fiscal year in which the expenses occurred. In addition, regarding the business combination conducted after the beginning of the consolidated fiscal year under review, revisions to the purchase price allocation following determination of provisional accounting methods are now reflected in the quarterly financial statements for the consolidated fiscal term in which the business combination occurred.

The application of the Accounting Standard for Business Combination and other standards follow the transitional treatment stated in paragraph 58-2 (3) of the Accounting Standard for Business Combination, paragraph 44-5 (3) of the Accounting Standard for Consolidated Financial Statements, and paragraph 57-4 (3) of the Accounting Standard for Business Divestitures. Capital surplus and retained earnings have been adjusted by retrospectively applying the new accounting policy to all past terms and reflecting the accumulated impact to the beginning of the consolidated fiscal year under review.

As a result, for Domestic Foods-Manufacturing and Sales, segment operating income for the consolidated fiscal year under review increased 388 million yen.

(Change in depreciation method of property, plant and equipment)

As described in 4. Consolidated Financial Statements, 5) Notes on consolidated financial statements, (Basis of Presentation of the Consolidated Financial Statements), the company and certain consolidated domestic subsidiaries previously used the declining balance method for depreciation of property, plant and equipment (except for buildings (excluding additional facilities) acquired on or after April 1, 1998, which were depreciated using the straight line method). From the consolidated fiscal year under review, this has been replaced with the straight line method.

As a result, segment operating income for the consolidated fiscal year under review increased 828 million yen in Domestic Foods-Manufacturing and Sales, 43 million yen in Domestic Others, and 93 million yen in Adjustments respectively.

(Per Share Information)

	Year ended March 31, 2015	Year ended March 31, 2016
Net assets per share	¥1,210.77	¥1,160.05
Net income per share	¥78.20	¥102.67
Diluted net income per share	¥78.19	—

Note: 1. Diluted net income per share has been omitted for the previous consolidated fiscal year because no potentially dilutive shares were outstanding.

2. The basis for calculating net income per share and diluted net income per share is as follows:

	Year ended March 31, 2015	Year ended March 31, 2016
Net income per share		
Net income (¥ million)	15,382	19,964
Amount not attributable to common shareholders (¥ million)	—	—
Net income related to common stock (¥ million)	15,382	19,964
Average number of shares of common stock outstanding during the fiscal year (thousands of shares)	196,707	194,462
Diluted net income per share		
Net income adjustment (¥ million)	—	—
Increase in number of common shares (thousands of shares)	15	—
(Subscription rights to shares (thousands of shares))	(15)	(—)

3. As described in 4. Consolidated Financial Statements, 5) Notes on consolidated financial statements, (Basis of Presentation of the Consolidated Financial Statements), the application of the Accounting Standard for Business Combination and other standards follow the transitional treatment stated in paragraph 58-2 (3) of the Accounting Standard for Business Combination, paragraph 44-5 (3) of the Accounting Standard for Consolidated Financial Statements, and paragraph 57-4 (3) of the Accounting Standard for Business Divestitures. Capital surplus and retained earnings have been adjusted by retrospectively applying the new accounting policy to all past terms and reflecting the accumulated impact to the beginning of the consolidated fiscal year under review.

As a result, net assets per share decreased 24.67 yen and net income per share increased 2.00 yen.

(Material Subsequent Events)

At the Board of Directors held on April 27, 2016, Kikkoman Corporation (“Kikkoman” or the “Company”) has decided to tender in a portion of its common shares in Riken Vitamin Co., Ltd. (“Riken”), an affiliated company accounted for by the equity-method of Kikkoman, in the tender offer (the “Tender Offer”) by Riken which was resolved at Riken’s Board of Directors held on April 27, 2016, and that the Company has entered into an agreement to tender shares in the Tender Offer with Riken (the “Tender Agreement”).

The Company expects that Riken will not be qualified as an affiliated company accounted for by the equity-method after the completion of the Tender Offer.

1. Reasons for tendering Riken shares

On June 18, 2008, Kikkoman and Riken entered into a capital and business alliance agreement (the “Capital and Business Alliance Agreement”) which has created synergies in areas such as raw material and packaging procurement, product development, sale and marketing in the past years. During this time, the Company had discussions with Riken regarding the possibility of Riken buying back its common shares from Kikkoman, to respect Riken’s goals of maintaining management independence and allowing flexibility in making decisions regarding capital policies and other matters. In view of these circumstances, the Company decided to tender shares in the Tender Offer.

The Capital and Business Alliance Agreement will remain in effect after the Tender Offer and both companies will continue to cooperate based on the terms of the Agreement.

2. Number of Shares Held Before and After the Tender in the Tender Offer

- (1) Number of shares held before the Tender Offer: 7,593,400 shares (32.10%) (Note 1)
- (2) Number of shares to be tendered: 6,600,000 shares (27.90%) (Note 2)
- (3) Number of shares held after the Tender Offer: 993,400 shares (4.20%) (Note 3)

(Notes) 1. Percentages indicate Kikkoman’s ownership against total outstanding shares of Riken as of April 27, 2016 of 23,652,550 shares (rounded off to the third decimal place)

2. Kikkoman will tender 6,600,000 Riken shares for this round of Tender Offer.

3. The number of shares owned after the Tender Offer assumes all 6,600,000 Riken common shares offered by Kikkoman will be tendered. The maximum number of shares to be tendered is set by Riken is 7,600,000 shares. The total amount may not be tendered depending on the number of shares tendered by other shareholders.

3. Schedule of the Tender Offer

- (1) Board Resolution: April 27, 2016
- (2) Signing of the Tender Agreement: April 27, 2016
- (3) Public notice of the commencement date of the Tender Offer: April 28, 2016
- (4) Tender Offer period: From April 28, 2016 to May 31, 2016
- (5) Commencement date of the settlement of the Tender Offer: June 22, 2016

5. Supplementary Schedules

1) Consolidated Forecasts for FY2017 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements

Net sales (Millions of yen)

		Fiscal 2017 Forecast	Fiscal 2016 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods-Manufacturing and sales	170,000	167,699	2,300	101.4	2,300	101.4
	Others	21,000	20,650	349	101.7	349	101.7
	Eliminations	(12,000)	(11,798)	(201)	—	(201)	—
	Total	179,000	176,552	2,447	101.4	2,447	101.4
Overseas	Foods-Manufacturing and sales	82,100	84,861	(2,761)	96.7	4,148	104.9
	Foods-Wholesale	156,000	159,754	(3,754)	97.7	9,320	105.8
	Eliminations	(10,600)	(10,342)	(257)	—	(1,076)	—
	Total	227,500	234,273	(6,773)	97.1	12,391	105.3
Kikkoman(Holding Company)		14,400	14,307	92	100.6	92	100.6
Eliminations		(17,400)	(16,760)	(639)	—	(639)	—
Consolidated Total		403,500	408,372	(4,872)	98.8	14,292	103.5

Operating Income (Millions of yen)

		Fiscal 2017 Forecast	Fiscal 2016 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods-Manufacturing and sales	7,100	6,536	563	108.6	563	108.6
	Others	1,500	1,515	(15)	99.0	(15)	99.0
	Total	8,600	8,083	516	106.4	516	106.4
Overseas	Foods-Manufacturing and sales	16,000	16,443	(443)	97.3	859	105.2
	Foods-Wholesale	7,800	7,675	124	101.6	727	109.5
	Total	23,650	23,966	(316)	98.7	1,575	106.6
Kikkoman(Holding Company)		3,450	4,409	(959)	78.2	(959)	78.2
Eliminations		(4,200)	(3,861)	(338)	—	(169)	—
Consolidated Total		31,500	32,598	(1,098)	96.6	962	103.0

Exchange Rate (¥/US\$)	110.00	120.16	(10.16)
(¥/EUR)	125.00	132.36	(7.36)