

Consolidated Financial Results

Kikkoman Corporation Flash Report 2017 (Japanese GAAP) (Consolidated)

Year ended March 31, 2017

Listed company name: **Kikkoman Corporation**
Shares listed: Tokyo (1st Section)
Code No.: 2801
URL: <https://www.kikkoman.com>
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Scheduled Date of Ordinary General Meeting of Shareholders: June 27, 2017
Scheduled Date of Dividend Payment Commencement: June 28, 2017
Scheduled Date for Release of Annual Securities Report: June 27, 2017
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, 2017 (April 1, 2016 to March 31, 2017)

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, 2016 –Mar. 31, 2017	402,174	(1.5)	32,842	0.7	32,037	3.2	23,810	19.3
Apr. 1, 2015 –Mar. 31, 2016	408,372	10.0	32,598	28.5	31,029	27.4	19,964	29.8

(Note) Comprehensive Income

April 1, 2016 to March 31, 2017: ¥ 25,728 million (248.8 %)

April 1, 2015 to March 31, 2016: ¥ 7,377 million ((82.1) %)

	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, 2016 –Mar. 31, 2017	123.28	—	10.3	8.8	8.2
Apr. 1, 2015 –Mar. 31, 2016	102.67	—	8.7	8.3	8.0

(Reference) Equity-method investment gain

April 1, 2016 to March 31, 2017: ¥ 4 million

April 1, 2015 to March 31, 2016: ¥ 984 million

2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (yen)
Mar. 31, 2017	361,248	244,437	66.4%	1,242.71
Mar. 31, 2016	365,671	225,675	61.2%	1,160.05

(Reference) Total shareholders' equity

March 31, 2017: ¥ 240,009 million

March 31, 2016: ¥ 223,684 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, 2016 –Mar. 31, 2017	26,136	13,235	(30,359)	44,205
Apr. 1, 2015 –Mar. 31, 2016	37,661	(15,855)	(17,801)	35,150

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, 2015 -Mar. 31, 2016	—	0.00	—	32.00	32.00	6,182	31.2%	2.7%
Apr. 1, 2016 -Mar. 31, 2017	—	16.00	—	18.00	34.00	6,568	27.6%	2.8%
Apr. 1, 2017 -Mar. 31, 2018 (Estimated)	—	17.00	—	17.00	34.00		30.5%	

3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (yen)
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	
Apr.1, 2017-Sep.30, 2017	204,000	3.7	17,700	4.5	16,700	1.6	10,900	(31.9)	56.44
Apr.1, 2017-Mar.31, 2018	413,800	2.9	34,500	5.0	33,000	3.0	21,500	(9.7)	111.32

*Notes

- 1) Changes in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): Yes

Newly consolidated companies: PRESIDENT KIKKOMAN ZHENJI FOODS CO. LTD.

Newly unconsolidated companies: None

- 2) 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: None
 ③ Changes in accounting estimates: None
 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, 2017 — 210,383,202 shares March 31, 2016 — 210,383,202 shares
 ② Treasury stock at end of period
 March 31, 2017 — 17,249,765 shares March 31, 2016 — 17,560,687 shares
 ③ Shares outstanding during the period (cumulative for period, consolidated)
 March 31, 2017 — 193,143,926 shares March 31, 2016 — 194,462,463 shares

(Reference) Overview of Non-consolidated Results

1. Business Performance (unconsolidated) for the Year Ended March 31, 2017
(April 1, 2016 to March 31, 2017)

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, 2016 –Mar. 31, 2017	20,241	8.5	5,919	12.1	6,109	30.2	2,049	(52.7)
Apr. 1, 2015 –Mar. 31, 2016	18,648	1.3	5,278	(12.6)	4,692	(18.9)	4,336	(41.8)

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)
Apr. 1, 2016 –Mar. 31, 2017	10.61	—
Apr. 1, 2015 –Mar. 31, 2016	22.26	—

2) Financial Position (unconsolidated)

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (yen)
Mar. 31, 2017	236,084	93,404	39.6 %	483.48
Mar. 31, 2016	251,929	98,375	39.0 %	509.16

(Note) Total shareholders' equity

March 31, 2017: ¥ 93,404 million

March 31, 2016: ¥ 98,375 million

* The flash report is outside the audit scope.

* 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 2016 Actual		Fiscal 2017 Actual		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2015 – 3.31.2016		4.1.2016 – 3.31.2017		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	408,372	100.0	402,174	100.0	(6,198)	98.5	—	(23,222)	17,024	104.2
Operating Income	32,598	8.0	32,842	8.2	244	100.7	0.2	(2,614)	2,859	108.8
Ordinary Income	31,029	7.6	32,037	8.0	1,007	103.2	0.4	(2,372)	3,379	110.9
Net income attributable to owners of parent	19,964	4.9	23,810	5.9	3,845	119.3	1.0	(1,751)	5,597	128.0
Exchange Rate (¥/US\$)	120.16		109.03		(11.13)					
(¥/EUR)	132.36		119.37		(12.99)					

<Reporting segments>

(Millions of yen, %)

		Fiscal 2016 Actual		Fiscal 2017 Actual		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2015 – 3.31.2016		4.1.2016 – 3.31.2017		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Domestic Foods- Manufacturing and Sales	Net Sales	167,699	100.0	167,337	100.0	(361)	99.8	—	—	(361)	99.8
	Operating Income	6,536	3.9	8,306	5.0	1,769	127.1	1.1	—	1,769	127.1
Domestic Others	Net Sales	20,650	100.0	21,035	100.0	384	101.9	—	—	384	101.9
	Operating Income	1,515	7.3	1,443	6.9	(71)	95.3	(0.4)	—	(71)	95.3
Overseas Foods- Manufacturing and Sales	Net Sales	84,861	100.0	81,783	100.0	(3,077)	96.4	—	(8,280)	5,202	106.1
	Operating Income	16,443	19.4	16,251	19.9	(191)	98.8	0.5	(1,675)	1,483	109.0
Overseas Foods- Wholesale	Net Sales	159,754	100.0	156,868	100.0	(2,885)	98.2	—	(15,933)	13,047	108.2
	Operating Income	7,675	4.8	7,648	4.9	(26)	99.7	0.1	(726)	699	109.1
Adjustments	Net Sales	(24,594)	100.0	(24,851)	100.0	(257)	—	—	990	(1,248)	—
	Operating Income	427	—	(806)	—	(1,234)	—	—	(212)	(1,022)	—
Amount recorded in consolidated financial statements	Net Sales	408,372	100.0	402,174	100.0	(6,198)	98.5	—	(23,222)	17,024	104.2
	Operating Income	32,598	8.0	32,842	8.2	244	100.7	0.2	(2,614)	2,859	108.8
Exchange Rate (¥/US\$)	120.16		109.03		(11.13)						
(¥/EUR)	132.36		119.37		(12.99)						

2. Consolidated Business Forecasts

Consolidated business forecasts for the year ending March 31, 2018 are as follows:

(Millions of yen)

	Net Sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share (yen)
Apr. 1, 2017 –Mar. 31, 2018	413,800	34,500	33,000	21,500	111.32
Apr. 1, 2016 –Mar. 31, 2017	402,174	32,842	32,037	23,810	123.28
Changes (YoY)	11,625 (102.9%)	1,657 (105.0%)	962 (103.0%)	(2,310) (90.3%)	(11.96) (-)

- * Kikkoman is assuming an average foreign exchange rate of US\$1=¥105.00 for the year ending March 31, 2018. (¥109.03 for the year ended March 31, 2017)
- * 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

Kikkoman is considering adopting the International Financial Reporting Standards (IFRS) to increase the international comparability of financial information in capital markets.

4. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	36,260	45,297
Notes and accounts receivable-trade	52,010	54,930
Short-term investment securities	269	1,184
Merchandise and finished goods	31,986	34,120
Work in process	11,562	10,855
Raw materials and supplies	4,909	4,640
Deferred tax assets	3,746	4,534
Other	6,034	11,877
Allowance for doubtful accounts	(485)	(483)
Total current assets	146,294	166,958
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	43,072	42,449
Machinery, equipment and vehicles, net	33,645	33,987
Land	22,312	22,273
Lease assets, net	57	234
Construction in progress	2,046	3,592
Other, net	3,817	3,807
Total property, plant and equipment	104,951	106,344
Intangible assets		
Goodwill	11,275	5,826
Other	5,289	5,769
Total intangible assets	16,564	11,595
Investments and other assets		
Investment securities	86,109	63,180
Long-term loans receivable	920	919
Net defined benefit assets	4,629	6,523
Deferred tax assets	760	2,442
Other	6,206	4,045
Allowance for doubtful accounts	(765)	(762)
Total investments and other assets	97,860	76,350
Total noncurrent assets	219,376	194,290
Total assets	365,671	361,248

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,279	21,196
Short-term loans payable	6,871	2,820
Lease obligations	51	44
Accounts payable-other	18,048	16,771
Income taxes payable	2,975	1,888
Provision for bonuses	2,312	2,383
Provision for directors' bonuses	105	101
Other	6,922	6,668
Total current liabilities	57,567	51,875
Noncurrent liabilities		
Bonds payable	50,000	30,000
Long-term loans payable	9,300	13,300
Lease obligations	58	54
Deferred tax liabilities	9,728	9,048
Provision for directors' retirement benefits	796	786
Provision for environmental measures	457	349
Net defined benefit liabilities	5,236	4,521
Other	6,849	6,877
Total noncurrent liabilities	82,427	64,936
Total liabilities	139,995	116,811
Net assets		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	13,912	13,914
Retained earnings	208,035	222,614
Treasury stock	(30,833)	(30,600)
Total shareholders' equity	202,713	217,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,728	20,306
Deferred gains or losses on hedges	(14)	(3)
Foreign currency translation adjustment	5,203	2,652
Remeasurements of defined benefit plans	(2,947)	(473)
Total Accumulated other comprehensive income	20,970	22,481
Non-controlling interests	1,991	4,427
Total net assets	225,675	244,437
Total liabilities and net assets	365,671	361,248

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

(Consolidated Statements of Income)

	(Millions of yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
Net sales	408,372	402,174
Cost of sales	248,215	242,343
Gross profit	160,156	159,830
Selling, general and administrative expenses		
Selling expenses	97,926	96,482
General and administrative expenses	29,631	30,505
Total selling, general and administrative expenses	127,558	126,988
Operating income	32,598	32,842
Non-operating income		
Interest income	119	148
Dividends income	761	1,369
Equity in earnings of affiliates	984	4
Rent income	682	712
Foreign exchange gains	3,427	560
Other	1,296	1,662
Total non-operating income	7,272	4,458
Non-operating expenses		
Interest expenses	1,067	762
Sales discounts	765	719
Other	7,008	3,781
Total non-operating expenses	8,841	5,264
Ordinary income	31,029	32,037
Extraordinary income		
Gain on sales of property, plant and equipment	21	46
Gain on sales of investment securities	—	166
Total extraordinary income	21	213
Extraordinary loss		
Impairment loss	553	443
Loss on retirement of noncurrent assets	148	—
Amortization of goodwill	—	3,813
Loss on valuation of investment securities	28	—
Loss on valuation of subsidiary securities	—	103
Loss on sales of shares of subsidiaries and associates	—	377
Loss on valuation of golf club membership	5	—
Loss on bond retirement	—	432
Special extra retirement payments	61	—
Total extraordinary loss	797	5,170
Income before income taxes	30,253	27,079
Income taxes-current	10,195	8,379
Income taxes-deferred	(108)	(5,162)
Total income taxes	10,087	3,216
Net income	20,166	23,863
Net income attributable to non-controlling interests	201	53
Net income attributable to owners of parent	19,964	23,810

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Net income	20,166	23,863
Other comprehensive income		
Valuation difference on available-for-sale securities	324	2,413
Deferred gains or losses on hedges	(49)	18
Foreign currency translation adjustment	(8,185)	(1,736)
Remeasurements of defined benefit plans, net of tax	(3,205)	2,419
Share of other comprehensive income of associates accounted for using equity method	(1,672)	(1,250)
Total other comprehensive income	(12,789)	1,865
Comprehensive income	7,377	25,728
(Breakdown)		
Owners of parent	7,191	25,468
Non-controlling interests	185	259

3) Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
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	21,405	13,912
Cumulative effects of the change in accounting policy	(7,472)	—
Balance at the beginning of the period after the retroactive application	13,932	13,932
Changes of items during the period		
Disposal of treasury stock	4	2
Changes in equity interest of the parent pertaining to transactions with non-controlling interests	(25)	—
Total changes of items during the period	(20)	2
Balance at end of the period	13,912	13,914
Retained earnings		
Balance at beginning of the period	190,440	208,035
Cumulative effects of the change in accounting policy	2,327	—
Balance at the beginning of the period after the retroactive application	192,767	208,035
Changes of items during the period		
Dividends from surplus	(4,697)	(9,273)
Net income attributable to owners of parent	19,964	23,810
Change of scope of consolidation	—	231
Change of scope of equity method	—	(188)
Total changes of items during the period	15,267	14,579
Balance at end of the period	208,035	222,614
Treasury stock		
Balance at beginning of the period	(20,680)	(30,833)
Changes of items during the period		
Purchase of treasury stock	(10,154)	(75)
Disposal of treasury stock	3	2
Change in treasury shares arising from change in equity in entities accounted for using equity method	(1)	—
Change of scope of equity method	—	305
Total changes of items during the period	(10,152)	232
Balance at end of the period	(30,833)	(30,600)

	(Millions of yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
Total shareholders' equity		
Balance at beginning of the period	202,765	202,713
Cumulative effects of the change in accounting policy	(5,145)	—
Balance at the beginning of the period after the retroactive application	197,619	202,713
Changes of items during the period		
Dividends from surplus	(4,697)	(9,273)
Net income attributable to owners of parent	19,964	23,810
Change of scope of consolidation	—	231
Purchase of treasury stock	(10,154)	(75)
Disposal of treasury stock	8	4
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)	—
Change of scope of equity method	—	116
Total changes of items during the period	5,094	14,814
Balance at end of the period	202,713	217,528

	(Millions of yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of the period	19,103	18,728
Changes of items during the period		
Net changes of items other than shareholders' equity	(375)	1,577
Total changes of items during the period	(375)	1,577
Balance at end of the period	18,728	20,306
Deferred gains or losses on hedges		
Balance at beginning of the period	14	(14)
Changes of items during the period		
Net changes of items other than shareholders' equity	(29)	11
Total changes of items during the period	(29)	11
Balance at end of the period	(14)	(3)
Foreign currency translation adjustment		
Balance at beginning of the period	13,903	5,203
Changes of items during the period		
Net changes of items other than shareholders' equity	(8,700)	(2,550)
Total changes of items during the period	(8,700)	(2,550)
Balance at end of the period	5,203	2,652
Remeasurements of defined benefit plans		
Balance at beginning of the period	721	(2,947)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,668)	2,473
Total changes of items during the period	(3,668)	2,473
Balance at end of the period	(2,947)	(473)
Total accumulated other comprehensive income		
Balance at beginning of the period	33,743	20,970
Changes of items during the period		
Net changes of items other than shareholders' equity	(12,773)	1,511
Total changes of items during the period	(12,773)	1,511
Balance at end of the period	20,970	22,481

	(Millions of yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
Non-controlling interests		
Balance at beginning of the period	1,922	1,991
Changes of items during the period		
Net changes of items other than shareholders' equity	69	2,435
Total changes of items during the period	69	2,435
Balance at end of the period	1,991	4,427
Total net assets		
Balance at beginning of the period	238,431	225,675
Cumulative effects of the change in accounting policy	(5,145)	—
Balance at the beginning of the period after the retroactive application	233,285	225,675
Changes of items during the period		
Dividends from surplus	(4,697)	(9,273)
Net income attributable to owners of parent	19,964	23,810
Change of scope of consolidation	—	231
Purchase of treasury stock	(10,154)	(75)
Disposal of treasury stock	8	4
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)	—
Change of scope of equity method	—	116
Net changes of items other than shareholders' equity	(12,704)	3,947
Total changes of items during the period	(7,609)	18,761
Balance at end of the period	225,675	244,437

4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
Cash flows from operating activities		
Income before income taxes	30,253	27,079
Depreciation and amortization	11,936	12,339
Impairment loss	553	443
Increase (decrease) in provision for directors' retirement benefits	(50)	(10)
Increase (decrease) in net defined benefit liabilities	215	418
Interest and dividends income	(880)	(1,517)
Interest expenses	1,067	762
Equity in (earnings) losses of affiliates	(984)	(4)
Loss (gain) on sales of property, plant and equipment	(52)	(51)
Loss (gain) on sales of investment securities	(1)	210
Loss on retirement of property, plant and equipment	511	303
Loss (gain) on valuation of investment securities	28	—
Decrease (increase) in notes and accounts receivable-trade	(3,183)	(2,845)
Decrease (increase) in inventories	(933)	(886)
Increase (decrease) in notes and accounts payable-trade	590	741
Other, net	6,386	3,297
Subtotal	45,455	40,279
Interest and dividends received	1,376	1,332
Interest expenses paid	(1,022)	(965)
Income taxes paid	(8,147)	(14,511)
Net cash provided by (used in) operating activities	37,661	26,136
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,011)	(10,972)
Proceeds from sales of property, plant and equipment	89	93
Purchase of intangible assets	(605)	(721)
Purchase of investment securities	(744)	(1,291)
Proceeds from sales of investment securities	2	24,560
Payments for transfer of business	(1,876)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(71)	—
Payments of loans receivable	(582)	(426)
Collection of loans receivable	429	516
Other, net	516	1,475
Net cash provided by (used in) investing activities	(15,855)	13,235
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(558)	(2,036)
Proceeds from long-term loans payable	—	13,000
Repayment of long-term loans payable	(2,000)	(11,000)
Redemption of bonds	—	(20,432)
Purchase of treasury stock	(10,262)	(101)
Cash dividends paid	(4,697)	(9,273)
Cash dividends paid to non-controlling shareholders	(119)	(103)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(25)	—
Other, net	(138)	(411)
Net cash provided by (used in) financing activities	(17,801)	(30,359)

	(Millions of yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
Effect of exchange rate change on cash and cash equivalents	(1,080)	(12)
Net increase (decrease) in cash and cash equivalents	2,923	8,999
Cash and cash equivalents at beginning of the period	32,398	35,150
Increase in cash and cash equivalents from newly consolidated subsidiary	—	56
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(172)	—
Cash and cash equivalents at end of the period	35,150	44,205

(Reference) Changes in cash flow-related indices

	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017
Shareholders' equity ratio (%)	55.2	59.9	62.4	61.2	66.4
Shareholders' equity ratio (%) using fair value	98.2	111.6	196.7	195.1	177.8
Ratio of cash flow to interest-bearing debt (years)	3.9	3.1	2.3	1.9	1.9
Interest coverage ratio (times)	14.7	14.5	33.4	36.8	27.1

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.

(Additional Information)

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 of March 28th 2016) is applied from the consolidated fiscal year ended March 31, 2017.

(Segment Information)

Year ended March 31, 2017 (April 1, 2016 –March 31, 2017)

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 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.

Fiscal 2017 Actual (Apr. 1, 2016 –Mar. 31, 2017)

(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	165,964	7,754	71,926	156,529	402,174	—	402,174
Intra group sales or transfers	1,373	13,281	9,857	338	24,851	(24,851)	—
Total sales	167,337	21,035	81,783	156,868	427,025	(24,851)	402,174
Operating income	8,306	1,443	16,251	7,648	33,649	(806)	32,842
Total assets	114,779	22,326	136,940	64,109	338,155	23,092	361,248
Other items							
Depreciation and amortization	6,078	1,166	3,027	959	11,232	960	12,192
Amortization of goodwill(Note 3)	4,826	—	135	—	4,961	—	4,961
Changes in the amount of tangible fixed assets and intangible fixed assets	5,853	977	3,464	1,165	11,461	704	12,165

(Notes) 1. Adjustment amounts are as follows.

- 1) Adjustments of ¥(806) million in segment operating income include a ¥(751) million difference in the allocation of corporate expenses.
- 2) Adjustments of ¥23,092 million in segment assets include ¥143,223 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 ¥960 million in depreciation and amortization expenses have primarily to do with corporate assets.
- 4) Adjustments of ¥704 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.

3. Amortization of goodwill includes "Amortization of goodwill" for extraordinary losses.

(Per Share Information)

	Year ended March 31, 2016	Year ended March 31, 2017
Net assets per share	¥1,160.05	¥1,242.71
Net income per share	¥102.67	¥123.28

Note : 1. Diluted net income per share is not stated because there are no dilutive securities.

2. The basis for the calculation of net income per share is as follows.

	Year ended March 31, 2016	Year ended March 31, 2017
Net income (¥ million)	19,964	23,810
Amount not attributable to common shareholders (¥ million)	—	—
Net income related to common stock (¥ million)	19,964	23,810
Average number of shares of common stock outstanding during the fiscal year (thousands of shares)	194,462	193,143

(Material Subsequent Events)

No applicable items.

5. Supplementary Schedules

1) Consolidated Forecasts for FY2018 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements

Net sales (Millions of yen)

		Fiscal 2018 Forecast	Fiscal 2017 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods-Manufacturing and sales	170,600	167,337	3,262	101.9	3,262	101.9
	Others	21,200	21,035	164	100.8	164	100.8
	Eliminations	(12,100)	(11,965)	(134)	—	(134)	—
	Total	179,700	176,407	3,292	101.9	3,292	101.9
Overseas	Foods-Manufacturing and sales	85,600	81,783	3,816	104.7	6,346	107.8
	Foods-Wholesale	161,600	156,868	4,731	103.0	8,949	105.7
	Eliminations	(10,400)	(10,187)	(212)	—	(526)	—
	Total	236,800	228,464	8,335	103.6	14,769	106.5
Kikkoman(Holding Company)		17,500	16,044	1,455	109.1	1,455	109.1
Eliminations		(20,200)	(18,742)	(1,457)	—	(1,457)	—
Consolidated Total		413,800	402,174	11,625	102.9	18,060	104.5

Operating Income (Millions of yen)

		Fiscal 2018 Forecast	Fiscal 2017 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods-Manufacturing and sales	9,350	8,306	1,043	112.6	1,043	112.6
	Others	1,450	1,443	6	100.5	6	100.5
	Total	10,800	9,781	1,018	110.4	1,018	110.4
Overseas	Foods-Manufacturing and sales	16,780	16,251	528	103.2	1,038	106.4
	Foods-Wholesale	8,070	7,648	421	105.5	609	108.0
	Total	24,700	23,765	934	103.9	1,627	106.8
Kikkoman(Holding Company)		6,000	5,165	834	116.2	834	116.2
Eliminations		(7,000)	(5,869)	(1,130)	—	(1,071)	—
Consolidated Total		34,500	32,842	1,657	105.0	2,409	107.3

Exchange Rate (¥/US\$)	105.00	109.03	(4.03)
(¥/EUR)	115.00	119.37	(4.37)