

## Consolidated Financial Results

# Kikkoman Corporation Flash Report for First Six months of Fiscal 2017

Six-month period ended September 30, 2016

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 11, 2016  
Scheduled date for cash dividend payments: December 6, 2016  
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, 2016 (April 1, 2016 to September 30, 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, 2016 -Sep. 30, 2016	196,783	(3.0)	16,944	0.0	16,435	3.0	16,013	52.7
Apr. 1, 2015 -Sep. 30, 2015	202,774	13.4	16,939	37.8	15,957	35.9	10,485	34.7

(Note) Comprehensive Income

April 1, 2016 to September 30, 2016: ¥ (471) million (— %)

April 1, 2015 to September 30, 2015: ¥ 9,608 million ((39.5) %)

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)
Apr. 1, 2016 -Sep. 30, 2016	82.91	—
Apr. 1, 2015 -Sep. 30, 2015	53.68	—

### 2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
Sep. 30, 2016	332,946	219,112	65.2%
Mar. 31, 2016	365,671	225,675	61.2%

(Note) Total shareholders' equity

Year ended September 30, 2016: ¥217,179 million

Year ended March 31, 2016: ¥223,684 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, 2015 -Mar. 31, 2016	—	0.00	—	32.00	32.00
Apr. 1, 2016 -Mar. 31, 2017	—	16.00	/	/	/
Apr. 1, 2016 -Mar. 31, 2017 (Estimated)	/	/	—	16.00	32.00

(Note) Revisions to dividend forecasts this quarter: None

### 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 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, 2016- Mar.31, 2017	393,000	(3.8)	31,500	(3.4)	30,000	(3.3)	24,000	20.2	124.26

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

**[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: None
- ③ Changes in accounting estimates: None
- ④ Restatement of revisions: None

4) Issued and outstanding shares (common stock)

- ① Shares issued and outstanding at end of period (including treasury stock)  
September 30, 2016 — 210,383,202 shares      March 31, 2016 — 210,383,202 shares
- ② Treasury stock at end of period  
September 30, 2016 — 17,238,726 shares      March 31, 2016 — 17,560,687 shares
- ③ Shares outstanding during the period (cumulative for period, consolidated)  
September 30, 2016 — 193,148,585 shares      September 30, 2015 — 195,322,205 shares

\* Status of implementation 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.

(How to obtain business performance presentation materials)

- (1) Kikkoman will publish supplementary schedules to the first half results 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. Qualitative Information and Consolidated Financial Statements, etc.

### 1) Explanation of business performance

During the first half of the fiscal year ending March 2017, global economic growth as a whole was somewhat stagnant due to the slowdown in the Chinese economy and other emerging economies, despite the ongoing recovery of the U.S. and European economies. The Japanese economy, too, enjoyed a limited recovery.

In this environment, the Kikkoman Group recorded a decline in sales compared to the same period of the previous fiscal year in the Domestic Foods-Manufacturing and Sales segment, with lower year-on-year sales in the Food Products and Liquor and Wine Divisions offsetting good sales in the Soy Sauce Division and higher sales compared to a year ago in the Beverages Division. Overseas, sales in local currency terms increased year on year given the good performance of the Overseas Foods-Manufacturing and Sales and Overseas Foods-Wholesale business, although the Group suffered an impact of foreign exchange rates due to the higher yen.

As a result, consolidated operating results for the first half of fiscal 2017 were as follows.

### <Consolidated Financial Statements>

(Millions of yen, %)

	FY2016 1st half		FY2017 1st half		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2015 – 9.30.2015		4.1.2016 – 9.30.2016		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%				Amount		
Net Sales	202,774	100.0	196,783	100.0	(5,990)	97.0	—	(14,636)	8,645	104.3
Operating Income	16,939	8.4	16,944	8.6	5	100.0	0.2	(1,494)	1,499	108.9
Ordinary Income	15,957	7.9	16,435	8.4	478	103.0	0.5	(1,331)	1,810	111.3
Net income attributable to owners of parent	10,485	5.2	16,013	8.1	5,528	152.7	2.9	(899)	6,427	161.3
Exchange Rate (¥/US\$)	121.50		106.43		(15.07)					
(¥/EUR)	134.60		119.12		(15.48)					

## &lt;Reporting Segments&gt;

(Millions of yen, %)

		FY2016 1st half		FY2017 1st half		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2015 – 9.30.2015		4.1.2016 – 9.30.2016		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Domestic Foods-Manufacturing and Sales	Net Sales	84,628	100.0	84,180	100.0	(447)	99.5	—	—	(447)	99.5
	Operating Income	3,529	4.2	4,652	5.5	1,122	131.8	1.3	—	1,122	131.8
Domestic Others	Net Sales	10,413	100.0	10,756	100.0	342	103.3	—	—	342	103.3
	Operating Income	851	8.2	682	6.3	(169)	80.1	(1.9)	—	(169)	80.1
Overseas Foods-Manufacturing and Sales	Net Sales	42,478	100.0	39,639	100.0	(2,839)	93.3	—	(4,914)	2,075	104.9
	Operating Income	8,370	19.7	8,275	20.9	(94)	98.9	1.2	(997)	903	110.8
Overseas Foods-Wholesale	Net Sales	77,746	100.0	74,558	100.0	(3,187)	95.9	—	(10,384)	7,196	109.3
	Operating Income	3,884	5.0	3,710	5.0	(173)	95.5	(0.0)	(399)	226	105.8
Adjustments	Net Sales	(12,493)	100.0	(12,351)	100.0	141	—	—	662	(520)	—
	Operating Income	303	—	(375)	—	(679)	—	—	(96)	(583)	—
Consolidated Total	Net Sales	202,774	100.0	196,783	100.0	(5,990)	97.0	—	(14,636)	8,645	104.3
	Operating Income	16,939	8.4	16,944	8.6	5	100.0	0.2	(1,494)	1,499	108.9
Exchange Rate	(¥/US\$)	121.50		106.43		(15.07)					
	(¥/EUR)	134.60		119.12		(15.48)					

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* (soy sauce soup base), *tare* (dipping and marinade sauces), and Del Monte seasonings, as well as the Beverages Division, which includes soy milk beverages and Del Monte beverages, and the Liquor and Wine Division, which includes *mirin* and wines. Sales for each division were as follows.

## ■ Soy Sauce Division

Sales of the *Itsudemo Shinsen* (always fresh) series in the home-use sector of the Soy Sauce Division continued to be good, thanks to the market penetration of its value-added “great taste of fresh *nama shoyu* (raw soy sauce),” “maintaining freshness,” and “ease of use.” Product lines were also enhanced, sales promotions in stores were stepped-up, and TV advertising increased. The Soy Sauce Division as a whole enjoyed an increase from a year earlier in terms of both quantity and value.

## ■Food Products Division

In the home-use sector, high value-added products such as *Dashishikkari Gen-en Tsuyu* (rich stock flavored, low-salt *tsuyu*) contributed to sales; however, a decrease in sales due to changes in the price system associated with the renewal of the mainstay product, *Hon Tsuyu*, caused overall sales of *tsuyu* to fall year on year. In *tare*, sales of the mainstay *Wagaya wa Yakinikuyasan* series were strong as a result of added products such as *Jiwatto Karai Umakara Dare*, which contributed to the overall sales growth of *tare* products from a year earlier. Sales of the *Uchi No Gohan* series (handy Japanese-style seasoning mixes) were on par with the level a year ago, attributable to active promotion using new products such as the *Wa No Gochisou Ni* series, TV advertising, and storefront promotion activities. Sales of Del Monte seasonings increased year on year, driven by higher sales of the mainstay tomato ketchup centering on high value-added products such as lycopene-rich. As a result, aggregate sales in the Food Products Division decreased from the same period of the previous fiscal year.

## ■Beverages Division

In soy milk, sales of products designated as Food for Specified Health Use increased, against the backdrop of rising health awareness. The company has been conducting sales promotion activities aimed at expanding the market, including promoting the appeal of soy milk not only as a beverage, but also as a cooking ingredient, by introducing recipe books in conjunction with media outlets such as television and magazines. This resulted in an increase in sales from a year earlier.

Looking at the Del Monte beverages, although sales of gifts and fruit drinks grew as a result of promotions such as sales campaigns and sales of the mainstay tomato juice are recovering, sales of vegetable juices fell year on year, resulting in a year-on-year decline in the aggregate sales of Del Monte beverages. Consequently, the overall sales of the Beverages Division increased year on year.

## ■Liquor and Wine Division

Sales of *Hon Mirin* were driven by the continuously good sales of *Komekoji Kodawari-jikomi Hon Mirin*, and the sales of cooking sake were led by good sales of *Kokusanmai Kodawari-jikomi Ryouryō No Seishu*.

Meanwhile, sales of products for gifts and industrial- and foodservice-use remained weak, resulting in a year-on-year decrease in overall sales of *Hon Mirin*. Sales of domestic wines rose year on year, thanks to the continued strength of sales of Japanese wines, particularly *Koshu Kobo No Awa*, which was selected as the Japanese wines to be provided with meals served at the G7 2016 Ise-Shima Summit, and the Solaris series. As a result, the overall sales in the Liquor and Wine Division decreased year on year.

As a result of the above, the Domestic Foods-Manufacturing and Sales segment recorded lower sales and higher income, with net sales falling 0.5% year on year, to ¥84,180 million, and operating income increasing 31.8% year on year, to ¥4,652 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.

The aggregate division sales rose year on year, reflecting year-on-year increases in sales of clinical diagnostic reagents and pharmaceutical raw materials

As a result of the above, the Domestic Others segment recorded higher sales and lower income, with net sales increasing 3.3% year on year, to ¥10,756 million, and operating income falling 19.9% year on year, to ¥682 million.

## 【Overseas】

Sales overseas were as follows.

### Overseas Foods—Manufacturing and Sales

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



### ■ Soy Sauce Division

In the North American market, the division harnessed Kikkoman's brand power to expand its business by continuing to enhance the lineup of mainstay soy sauce products, soy sauce-based seasonings, and other products for the home-use sector. In the industrial- and foodservice-use sectors, the division worked attentively to meet consumer needs, and both sectors exhibited good performance. As a result, sales in local currency increased from the same period of the previous fiscal year.

In the European market, sales in local currency terms increased year on year, thanks to the strong sales in key markets such as Germany, France, and the Netherlands.

In the Asia and Oceania market, local-currency-based sales grew year on year in Malaysia and other countries. As a result, the division recorded higher sales year on year in terms of local currencies, despite a year-on-year decline in yen due to the impact of foreign exchange rates.

### ■ Del Monte Division

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

Sales of the division were down from the same period of the previous fiscal year due to the negative impact of the significant short supply of canned fruits from the Philippines after the drought caused by abnormal weather, which affected the overall market, including Hong Kong and China.

### ■ Other Foods Division

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

The division sales increased year on year as a result of continued excellent sales through general retailers and medical doctors.

As a result of the above, the Overseas Foods-Manufacturing and Sales segment recorded lower sales and lower income, with net sales falling 6.7% year on year, to ¥39,639 million, and operating income falling 1.1% year on year, to ¥8,275 million.

## Overseas Foods—Wholesale

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

Sales in terms of local currencies grew in North America as a result of efforts to penetrate not only Asian markets but also local markets in general. Moreover, markets continued to grow in Europe and Oceania, leading to good growth in sales in each region. As a consequence, aggregate division sales in terms of local currencies rose year on year.

As a result of the above, the Overseas Foods-Wholesale segment recorded lower sales and lower income, with net sales falling 4.1% year on year, to ¥74,558 million, and operating income falling 4.5% year on year, to ¥3,710 million.

As a result of the aforementioned segment results, the Company reported consolidated net sales for the first six months of fiscal 2017 of ¥196,783 million (down 3.0% year on year), operating income of ¥16,944 million (up 0.0%), ordinary income of ¥16,435 million (up 3.0%), and net income attributable to owners of parent of ¥16,013 million (up 52.7%).

## 2) Explanation of financial position

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

#### (Assets)

Current assets as of September 30, 2016 were ¥147,132 million, an increase of ¥837 million from March 31, 2016. This was primarily due to an increase in other current assets, despite decreases in work in process and cash and deposits. Noncurrent assets decreased by ¥33,562 million to ¥185,814 million, primarily because of a decrease in investment securities.

As a result, total assets decreased by ¥32,724 million from March 31, 2016 to ¥332,946 million.

#### (Liabilities)

Current liabilities were ¥64,975 million, an increase of ¥7,407 million from March 31, 2016. This was mainly attributable to an increase in short-term loans payable. Noncurrent liabilities decreased by ¥33,568 million to ¥48,859 million, mainly because of decreases in bonds, long-term loans payable and deferred tax liabilities.

As a result, total liabilities decreased by ¥26,161 million from March 31, 2016 to ¥113,834 million.

#### (Net Assets)

Net assets stood at ¥219,112 million, down ¥6,563 million from March 31, 2016. This was mainly due to a decrease in foreign currency translation adjustment while retained earnings increased.

As a result, the equity ratio was 65.2%, compared with 61.2% on March 31, 2016.

### 2. Cash Flows

Cash and cash equivalents as of September 30, 2016 were ¥33,824 million. This reflected a decrease in cash and cash equivalents of ¥1,383 million from March 31, 2016.

Cash flows for each activity and reasons are as follows.

#### (Cash Flows from Operating Activities)

During the six months ended September 30, 2016, operating activities provided net cash of ¥9,889 million, a decrease of ¥6,244 million from a year earlier. The main contributing factor was an increase in the payment of corporate income taxes while cash was provided by an increase in notes and accounts payable-trade.

#### (Cash Flows from Investing Activities)

Investing activities provided net cash of ¥17,947 million, mainly due to proceeds from sales of investment securities.

#### (Cash Flows from Financing Activities)

Financing activities used net cash of ¥27,147 million. This was due primarily to the redemption of bonds and 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, the Company has revised net sales and ordinary income, which are considered to primarily be the result of changes in foreign exchange rates from the initial assumption and the progress of business performance until the second quarter of the current fiscal year. For business risks, etc. that influence results, etc., there are no important changes from that which was disclosed in the latest security report (submitted on June 23, 2016).

Differences from the full-year forecasts announced in “Notice regarding correction of performance forecast” for the fiscal year ending March 31, 2017 on June 1, 2016 are as shown below.

(Full year)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share (yen)
Previously Issued Forecast (A)	403,500	31,500	29,000	24,000	124.26
Current Revised Forecast (B)	393,000	31,500	30,000	24,000	124.26
Difference (B-A)	(10,500)	—	1,000	—	—
Percent Change (%)	(2.6)	—	3.4	—	—
Results from Previous Fiscal Year	408,372	32,598	31,029	19,964	102.67

Note: Assumed foreign currency exchange rates:

Previously announced forecast: US\$ = ¥110.0 EUR = ¥125.0

Forecast as of this announcement: US\$ = ¥103.5 EUR = ¥115.8

## 2. Summary Information (Notes)

### 1) Changes in Important Subsidiaries during the First Six Months

No applicable items

Changes in subsidiaries outside of specific subsidiaries

Consolidation (new) JFC (S) PTE. LTD. (Changes to a consolidated subsidiary from non-consolidated subsidiary based on the viewpoint of significance)  
PT. KIKKOMAN AKUFOOD INDONESIA (Newly established)

Consolidation(exclusion) Kikkoman Daily Company (Merger with Kikkoman Beverage Company)

Change of equity method affiliate

Equity method (exclusion) Riken Vitamin Co., Ltd., other 15 companies (Stock sales)

### 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 for the consolidated fiscal year, including the first six months under review, is reasonably estimated, and the tax expenses are calculated by multiplying this estimated effective tax rate by income before income taxes.

### 3) 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 first three months under review.

## 3. Consolidated Quarterly Financial Statements

## 1) Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	36,260	35,156
Notes and accounts receivable-trade	52,010	50,989
Short-term investment securities	269	240
Merchandise and finished goods	31,986	31,379
Work in process	11,562	10,340
Raw materials and supplies	4,909	4,527
Deferred tax assets	3,746	5,633
Other	6,034	9,309
Allowance for doubtful accounts	(485)	(444)
Total current assets	146,294	147,132
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	43,072	40,426
Machinery, equipment and vehicles, net	33,645	31,558
Land	22,312	21,769
Lease assets, net	57	87
Construction in progress	2,046	2,352
Other, net	3,817	3,687
Total property, plant and equipment	104,951	99,880
Intangible assets		
Goodwill	11,275	10,498
Other	5,289	4,942
Total intangible assets	16,564	15,441
Investments and other assets		
Investment securities	86,109	59,331
Long-term loans receivable	920	816
Net defined benefit asset	4,629	4,946
Deferred tax assets	760	591
Other	6,206	5,560
Allowance for doubtful accounts	(765)	(753)
Total investments and other assets	97,860	70,492
Total noncurrent assets	219,376	185,814
<b>Total assets</b>	<b>365,671</b>	<b>332,946</b>

	(Millions of yen)	
	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	20,279	19,358
Short-term loans payable	6,871	15,474
Lease obligations	51	42
Accounts payable-other	18,048	14,538
Income taxes payable	2,975	2,362
Provision for bonuses	2,312	2,693
Provision for directors' bonuses	105	51
Other	6,922	10,453
<b>Total current liabilities</b>	<b>57,567</b>	<b>64,975</b>
Noncurrent liabilities		
Bonds payable	50,000	30,000
Long-term loans payable	9,300	300
Lease obligations	58	64
Deferred tax liabilities	9,728	6,010
Provision for directors' retirement benefits	796	773
Provision for environmental measures	457	412
Net defined benefit liability	5,236	4,582
Other	6,849	6,715
<b>Total noncurrent liabilities</b>	<b>82,427</b>	<b>48,859</b>
<b>Total liabilities</b>	<b>139,995</b>	<b>113,834</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	13,912	13,914
Retained earnings	208,035	217,909
Treasury stock	(30,833)	(30,561)
<b>Total shareholders' equity</b>	<b>202,713</b>	<b>212,861</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,728	17,993
Deferred gains or losses on hedges	(14)	(35)
Foreign currency translation adjustment	5,203	(11,159)
Remeasurements of defined benefit plans	(2,947)	(2,479)
<b>Total Accumulated other comprehensive income</b>	<b>20,970</b>	<b>4,318</b>
Non-controlling interests	1,991	1,932
<b>Total net assets</b>	<b>225,675</b>	<b>219,112</b>
<b>Total liabilities and net assets</b>	<b>365,671</b>	<b>332,946</b>

## 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 2017)

	(Millions of yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	202,774	196,783
Cost of sales	121,712	117,594
Gross profit	81,062	79,189
Selling, general and administrative expenses	64,122	62,244
Operating income	16,939	16,944
Non-operating income		
Interest income	58	62
Dividends income	462	1,003
Equity in earnings of affiliates	523	64
Rent income	319	352
Foreign exchange gains	235	5,398
Other	711	739
Total non-operating income	2,311	7,620
Non-operating expenses		
Interest expenses	539	518
Loss on valuation of derivatives	3	4,937
Other	2,751	2,673
Total non-operating expenses	3,294	8,129
Ordinary income	15,957	16,435
Extraordinary income		
Gain on sales of property, plant and equipment	13	—
Gain on sales of investment securities	—	146
Total extraordinary income	13	146
Extraordinary loss		
Loss on retirement of noncurrent assets	158	—
Loss on sales of shares of subsidiaries and associates	—	377
Loss on valuation of golf club membership	—	15
Loss on bond retirement	—	432
Special extra retirement payments	13	—
Total extraordinary loss	172	825
Income before income taxes	15,797	15,756
Income taxes	5,158	(379)
Net income	10,639	16,135
Net income attributable to non-controlling interests	154	121
Net income attributable to owners of parent	10,485	16,013

(Consolidated Quarterly Statements of Comprehensive Income)  
 (During the first six months of fiscal 2017)

	(Millions of yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2016
Net income	10,639	16,135
Other comprehensive income		
Valuation difference on available-for-sale securities	213	318
Deferred gains or losses on hedges	(27)	(13)
Foreign currency translation adjustment	(487)	(15,836)
Remeasurements of defined benefit plans, net of tax	138	458
Share of other comprehensive income of associates accounted for using equity method	(868)	(1,533)
Total other comprehensive income	(1,030)	(16,606)
Comprehensive income	9,608	(471)
Total comprehensive income attributable to:		
Owners of parent	9,432	(491)
Non-controlling interests	175	19

## 3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>Cash flows from operating activities</b>		
Income before income taxes	15,797	15,756
Depreciation and amortization	5,871	5,952
Increase (decrease) in provision for directors' retirement benefits	(60)	(23)
Increase (decrease) in net defined benefit liability	(412)	(253)
Interest and dividends income	(521)	(1,065)
Interest expenses	539	518
Equity in (earnings) losses of affiliates	(523)	(64)
Loss (gain) on sales of property, plant and equipment	(27)	(5)
Loss (gain) on sales of investment securities	—	230
Loss on retirement of property, plant and equipment	250	73
Decrease (increase) in notes and accounts receivable-trade	(1,482)	(1,661)
Decrease (increase) in inventories	(2,712)	(957)
Increase (decrease) in notes and accounts payable-trade	(979)	1,050
Other, net	3,994	2
Subtotal	19,735	19,552
Interest and dividends received	804	851
Interest expenses paid	(489)	(682)
Income taxes paid	(3,916)	(9,831)
Net cash provided by (used in) operating activities	16,134	9,889
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,967)	(5,200)
Proceeds from sales of property, plant and equipment	31	15
Purchase of intangible assets	(496)	(305)
Purchase of investment securities	(619)	(320)
Proceeds from sales of investment securities	—	23,347
Payments for transfer of business	(1,872)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(75)	—
Payments of loans receivable	(363)	(145)
Collection of loans receivable	196	95
Other, net	(331)	461
Net cash provided by (used in) investing activities	(10,499)	17,947
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(24)	(317)
Redemption of bonds	—	(20,432)
Purchase of treasury stock	(125)	(54)
Cash dividends paid	(4,697)	(6,182)
Dividends paid to non-controlling interests	(7)	(105)
Other, net	(73)	(54)
Net cash provided by (used in) financing activities	(4,927)	(27,147)
Effect of exchange rate change on cash and cash equivalents	(154)	(2,072)
Net increase (decrease) in cash and cash equivalents	552	(1,383)
Cash and cash equivalents at beginning of the period	32,398	35,150
Increase in cash and cash equivalents from newly consolidated subsidiary	—	57
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(172)	—
Cash and cash equivalents at end of period	32,779	33,824



#### 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 2016 (April 1, 2015 to September 30, 2015)

##### 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	84,001	3,834	37,379	77,558	202,774	–	202,774
Intragroup sales or transfers	626	6,578	5,098	188	12,493	(12,493)	–
Total sales	84,628	10,413	42,478	77,746	215,267	(12,493)	202,774
Operating income	3,529	851	8,370	3,884	16,635	303	16,939

(Notes)

1. Adjustments of ¥303 million in segment operating income consist mainly of difference in the allocation of corporate expenses.
2. Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.

##### II. First six months of fiscal 2017 (April 1, 2016 to September 30, 2016)

##### 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	83,491	4,118	34,778	74,395	196,783	–	196,783
Intragroup sales or transfers	689	6,637	4,861	163	12,351	(12,351)	–
Total sales	84,180	10,756	39,639	74,558	209,135	(12,351)	196,783
Operating income	4,652	682	8,275	3,710	17,320	(375)	16,944

(Notes)

1. Adjustments of ¥(375) million in segment operating income consist mainly of difference in the allocation of corporate expenses.
2. Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.