ANNUAL REPORT 2004

Year ended March 31, 2004

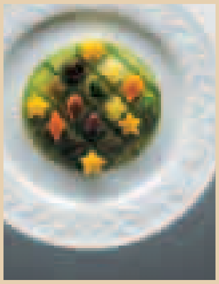
KIKKOMAN CORPORATION

Profile

KIKKOMAN CORPORATION takes pride in enriching the lives of consumers throughout the world with the distinctive qualities of its food seasonings. The No. 1 producer of soy sauce in the world, Kikkoman has grown from humble beginnings in the 17th century to become a company that provides a comprehensive range of foodstuffs, fine wines, superb dining, and effective biotechnology. We are constantly searching for new recipes to enhance the flavors of Western and Oriental cuisines, drawing on more than 350 years of natural brewing experience. Superseding these activities is a higher goal of contributing to the health and happiness of the communities in the almost 100 countries in which we operate.

On the Cover

Vegetable Black Jack



Ingredients : 1 serving

- Pureed spinach
  Boil spinach leaves in salt and puree in a blender
- Yellow zucchini (Star shape)
- Green zucchini (Crescent moon shape)
- Beet (Heart shape)
- Carrot (Diamond shape)
- Wax gourd (Clover shape)
- Purple potato (Oval shape)
- Yam (Drop shape)
- White turnip (Spade shape)
- Eggplant (Throwing-knife "*Shuri-ken*" shape)
  Use a mold to make shape, and boil with salted water
- Chives
- Kikkoman soy sauce
- Avocado oil
  A little

Method

1. On a plate, paint a circle with pureed beet using a brush.
2. Make grids with the chives.
3. Place the vegetables in the grids.
4. Make a sauce with one part Kikkoman soy sauce to three parts avocado oil. Put the sauce on the plate as a decoration.

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Financial Highlights

Kikkoman Corporation and Consolidated Subsidiaries

	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002	Three months ended March 31, 2001 (Note 5)	Year ended December 31, 2000	Year ended March 31, 2004
					Millions of yen	Thousands of U.S. dollars (Note 4)
For the year:						
Net sales	**¥334,656**	¥342,508	¥336,887	¥ 29,998	¥326,708	**$3,157,132**
Operating income	**17,059**	17,904	14,942	202	14,686	**160,934**
Net income (loss)	**9,287**	8,311	5,363	(406)	6,150	**87,613**
At year-end:						
Total assets	**¥278,602**	¥273,902	¥294,527	¥287,559	¥282,110	**$2,628,321**
Property, plant and equipment, net	**113,170**	116,585	124,042	124,968	125,441	**1,067,642**
Interest-bearing debt (Note 1)	**46,722**	51,870	59,505	58,945	59,194	**440,774**
Shareholders' equity, net	**141,849**	131,806	132,418	126,462	119,503	**1,338,198**
					Yen	U.S. dollars (Note 4)
Per share data:						
Net income (Note 2)	**¥47.15**	¥41.98	¥27.43	¥(2.08)	¥31.45	**$0.44**
Diluted net income	**–**	40.86	26.52	–	29.37	**–**
Cash dividends applicable to the year (Note 3)	**10.00**	8.00	7.00	1.75	7.00	**0.09**

Notes: 1. Interest-bearing debt refers to all liabilities on the consolidated balance sheets on which interest is paid.
2. Net income per share is computed based on the weighted average number of shares outstanding during the year.
3. The fiscal 2004 dividend includes a commemorative dividend of ¥2.00 per share.
4. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106=US$1.00.
5. The fiscal period ended March 31, 2001 is a transitional three-month period due to a change in the fiscal year-end.

Message from the CEO

The Fiscal Year in Review

The global economy in the year ended March 31, 2004 moved toward recovery, particularly in the U.S. and Asia excluding Japan, despite the initial impact of the war in Iraq, SARS and other negative factors. Japan also tended toward recovery, with economic upturns in the U.S. and Asia fueling higher levels of capital expenditure and exports. However, consumer spending, dampened by the cool summer in 2003 and other factors, failed to achieve a broad-based recovery despite growth in demand in the fiscal year's second half for digital home appliances and in other areas. Persistent weakness in both household incomes and the employment market continues to hold back consumer spending.

In the domestic food, beverage and liquor industries, greater demands were placed on companies with respect to their social responsibility for ensuring the safety and reliability of food as well as in respect of protecting the environment.

In this climate, our domestic operations also had to contend with the effects of a cool summer in 2003. Our overseas operations, while turning in sluggish sales growth in the first half of the fiscal year due to fallout from the Iraq war and SARS, saw an improvement in the fiscal year's second half. The appreciation of the yen against the U.S. dollar also had an impact on our results. Consolidated net sales decreased 2.3% year on year to ¥334.7 billion, and operating income fell 4.7% to ¥17.1 billion. Despite these figures, net income increased 11.7% to ¥9.3 billion, a record high for Kikkoman.

Summary of Business Policy

Business Principles

The activities of the Kikkoman Group are shaped by three core business principles:

- To pursue the fundamental principle "consumer-oriented"
- To provide high-quality products and services and to promote the international exchange of food culture
- To become a company whose existence is meaningful to the global society

The future performance and prosperity of a company are the direct result of customer satisfaction. Indeed, optimizing satisfaction is the key to future growth and earnings. Accordingly, the Kikkoman Group continues to develop products imbued with value that mirror the ever-changing needs of consumers and that provide opportunities for new culinary experiences. And as a manufacturer of food products, the Kikkoman Group's fundamental mission is to produce high-quality products and services, in a safe and hygienic manner, at lower costs. Kikkoman consistently upholds the highest standards of quality control. Our commitment to quality goes beyond the product quality itself to encompass all areas such as packing and packaging.

In order to earn recognition as a socially responsible company whose existence is meaningful to society, Kikkoman is committed to deepening its involvement in social activities while working to assure that its operations co-exist in harmony with the environment.

The Kikkoman Group is developing globally in the fields of food and health in the following three major areas:

1. Manufacture and sales of food products,
2. Biochemical business, and
3. Services related to food and health.

Business Strategy

Overseas we are making progress ramping up production capacity at our plants in Wisconsin, U.S.A., the Netherlands and in Singapore. Shipments are also increasing steadily from our plant in China. With these developments, we are creating a foundation to enable us to meet new demand for, and stimulate greater consumption of, soy sauce in markets around the world. We believe this will serve to maintain the high growth of our global business operations.

In Japan, we aim to expand sales of high-value-added products such as *Tokusen Marudaizu Shoyu* (premium soy sauce) and *Tokusen Yuki Shoyu* (organic soy sauce) in the home-use soy sauce market. In the foodservice- and industrial-use markets, our strategy is to capture a greater market share by improving our ability to develop products and by making our operations more cost competitive. With *tare* (dipping and marinade sauces) we aim to expand market share, while with *tsuyu* (soy sauce-based soup), we are working to expand sales. Last year we launched *Uchi-no-Gohan* (a handy Japanese-style seasoning mix) on a nationwide basis. Through these and other actions we aim to establish the Kikkoman brand as a leading name not just in soy sauce but also in the broader Japanese seasoning field.

In our Del Monte Operations, we are enhancing our lineup to breathe new life into this well-known brand in the Japanese market. In our sake and wine business, a key objective is to raise our market share for home-use *mirin* (sweet sake for cooking), while further developing high-value-added products in our wine business.

In other developments, we invested in Higeta Shoyu Co., Ltd. in March 2004, forming an alliance that we believe will be instrumental to driving growth in soy sauce and soy sauce-derivative products businesses. We also formed an equity-based alliance with the Kibun Foods Group. Supported by these moves, we intend to expand our business operations and improve our results, leveraging synergies to enhance our core strengths.

Management Organization and Corporate Governance

Responding accurately to changes in the operating environment and strengthening group management to raise corporate value, are fundamental to managing a company so as to meet shareholders' demands. At the same time, one of our most important priorities at Kikkoman is executing sound governance to fulfill our corporate responsibility to all stakeholders.

Greater management transparency, clearer responsibility, speedy decision-making and stronger oversight are all being addressed as imperatives of the company. And by separating decision-making and oversight from the execution of day-to-day business operations, we will conduct our activities with greater speed, strategic orientation and flexibility.

We are also determined to delineate clear management goals and policies, as well as communicate our progress toward achieving them and our business results as fast as practically possible, with a high level of transparency. The clarification of management responsibility will contribute to improved corporate governance.

In June 2002, we formed a Nominating Committee and Remuneration Committee under the Board of Directors. Furthermore, in March 2001 we reduced the size of the Board of Directors and introduced a corporate executive officer system to clearly demarcate roles—directors are responsible for decision-making and management oversight while corporate executive officers handle the day-to-day running of the company. These moves, inspired by our desire to speed up decision-making and clarify responsibility for business execution, handed executive officers the authority they required to make quick operational decisions.

At present, 2 of the Board of Directors' 10 members are outside directors. And 2 of our 4 corporate auditors are also from outside the company, as defined by the May 2002 enforcement regulations of the revised Commercial Code of Japan.

Kikkoman also has an Internal Auditing Department, which conducts internal audits of all business activities to ensure that it upholds the highest ethical and legal standards. The Internal Auditing Department provides specific advice and recommendations for improving business operations based on the findings of these audits.

Moreover, in August 2002, we formulated a Code of Conduct to ensure strict compliance and raise corporate ethical standards across the Kikkoman Group. At the same time, we established the Corporate Ethics Committee, two members of which are attorneys of law. These moves have been complemented by the establishment of an internal advisory system, whereby employees can freely consult on matters pertaining to the Code of Conduct and relevant laws. This will help to ensure that the Code of Conduct and all relevant laws are followed. Recognizing that the mission of any food product company is to produce high-quality products, we are conducting our operations with a strong sense of mission and commitment to upholding ethical values.

At the June 2004 annual general meeting of shareholders and the subsequent meeting of the Board of Directors, approval was given for the establishment of the posts of chairman of the board & CEO and president & COO. The CEO is the highest decision maker in the group, while the COO has the highest level of responsibility for making operational decisions and ensuring the execution of business operations as they pertain to Kikkoman Corporation, the parent company. We believe that this separation of roles will clarify governance and help expedite decision-making.

Basic Policy on the Distribution of Profits

The Kikkoman Group's basic policy is to reward shareholders with a stable distribution of profits, backed by strong financial performance, while using funds to strengthen both its corporate foundation and future businesses. Cash dividends applicable to the year were ¥10.00 per share, compared with ¥8.00 in the previous fiscal year. The ¥2.00 increase per share represents a commemorative dividend marking the 30th anniversary of Kikkoman Foods, Inc.

On a long-term basis, we will deploy internal reserves in ways that create robust corporate value. Our future plans include investments to expand our international operations, streamline production facilities for soy sauce and other products, conduct research and development targeting new businesses, and cultivate new demand.

Outlook for the Current Fiscal Year

We expect to see the U.S. and Asian economies outside of Japan remain robust. The Japanese economy is also expected to continue to grow, led by exports and capital expenditures. However, personal consumption is only expected to show modest growth due to a persistently difficult employment and income picture, as well as the likelihood of increases in tax and social insurance premiums.

Amid growing consumer interest in food safety sparked by BSE outbreaks, bird flu and other factors, the domestic food, beverage and liquor industries are being asked to disclose more information on their products and raise their commitment to socially responsible operations.

In response to these demands, the Kikkoman Group is committed to prioritizing the allocation of resources to raise its corporate value and further enhance its position as a major global player in the food and health fields. To this end, during the current fiscal year, we are concentrating on the following objectives:

- Enhancing customer satisfaction,
- Opening up and growing new international markets,
- Achieving sales targets for key products in Japan,
- Raising market share in the foodservice- and industrial-use markets,
- Launching competitive, new products,
- Pursuing results-based R&D,
- Taking on the challenge of new business opportunities in Japan and abroad, and
- Ensuring strict compliance.

These objectives strongly emphasize our ultimate goal of increasing both the value and stature of Kikkoman.

July 2004

Yuzaburo Mogi
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Management's Discussion and Analysis

OPERATING RESULTS

In international operations during the year under review, although sales were lackluster in the first half due to such factors as the Iraq war and SARS, a recovery emerged in the second half. Nevertheless, net sales in international operations declined 2.6% to ¥77.1 billion and operating income decreased 4.4% to ¥8.3 billion due to the effect of the stronger yen relative to the U.S. dollar. In domestic operations, net sales declined 2.3% to ¥268.3 billion and operating income fell 5.2% to ¥8.7 billion due to lower revenues in the Coca-Cola business, the result of a cool summer in 2003 dampening demand. This was despite higher sales at the parent company. After the elimination of interarea sales and transfers, consolidated net sales decreased 2.3% to ¥334.7 billion and operating income declined 4.7% to ¥17.1 billion.

Income before income taxes and minority interests declined 7.0% to ¥16.0 billion due to lower operating income and the absence of a special gain recorded in the previous fiscal year. After the deduction of current and deferred income taxes amounting to ¥5.5 billion and accounting for minority interests, net income was up 11.7% year on year, to ¥9.3 billion. Net income per share was ¥47.15 and the net income ratio was 2.8%.

SEGMENT INFORMATION

The company's results are broken down into four segments: Foods—manufacturing and sales, Foods—wholesale, Coca-Cola, and Others.

FOODS—MANUFACTURING AND SALES

This segment comprises the Soy Sauce Division, the Soy Sauce Derivative Products Division (*tsuyu, tare* and other processed seasonings), the Del Monte Divison (Del Monte processed tomato products, fruit juices and other products), and the Sake and Wine Division (*mirin, shochu*, wine and other alcoholic beverages). All products are manufactured and sold in Japan and overseas, except for soy sauce derivative products and alcoholic products, which relate only to Japan. Segment sales decreased 1.8% to ¥169.6 billion and operating income decreased 1.0% to ¥11.4 billion. The results for each division are as follows.

***Original Kikkoman Shoyu*:**
Healthy all-purpose seasoning sold and used in more than 100 countries worldwide.

***Marudaizu Jikomi Shoyu*:**
A mild, tasty standard soy sauce made from whole soybeans.

***Tokusen Marudaizu Shoyu*:**
Premium *marudaizu* soy sauce is widely accepted in Japan.

***Tokusen Yuki Shoyu*:**
Organic soy sauce certified by Japanese Agricultural Standards (JAS).

***Gen-en Shoyu*:**
"Light" soy sauce with 50% less sodium than regular Kikkoman soy sauce.

SOY SAUCE DIVISION

In Japan in the home-use sector, *Tokusen Marudaizu Shoyu* (premium soy sauce), *Gen-en Shoyu* (light soy sauce), *Tokusen Yuki Shoyu* (organic soy sauce) and other products generated strong sales. However, sales in the home-use sector were down year on year due to lower sales of 1-liter bottles of mainstay *Koikuchi Shoyu* (regular soy sauce). In the foodservice-use sector, 1.8-liter bottles of soy sauce struggled in a difficult market, but sales in the industrial-use sector rose year on year, despite second-half results that were affected by fallout from BSE scares and the bird flu outbreak. From June 2003, Kikkoman progressively switched to using non-genetically modified soybeans for its soy sauce in response to customer calls for safe and reliable products that are free of any concerns surrounding genetically modified ingredients.

Overseas, in the U.S. and Asia outside Japan, sales were sluggish in the first half of the year due to the Iraq war and fallout from SARS, but results improved in the second half on the back of a recovering economic picture. Sales continued to grow steadily in European soy sauce markets.

SOY SAUCE DERIVATIVE PRODUCTS DIVISION

In *tsuyu* (soy sauce-based soup), sales expanded in spite of the cool summer in 2003 on impressive growth from *Hon Tsuyu*. In *tare* (dipping and marinade sauce), sales were lackluster in the foodservice-use sector due to a sluggish restaurant industry and the impact of the BSE problem. On the other hand, home-use sector sales grew steadily due to aggressive efforts to expand sales of *Wagaya-wa-Yakinikuyasan*, which has now been on the market for more than two years, and a strong performance from *Oroshi Shoyu*. Furthermore, *Uchi-no-Gohan* (a handy Japanese-style seasoning mix), which was launched nationwide in February 2003, posted strong results.

Lite Soy Sauce (America):
Lite Soy Sauce, which has 50% less sodium, is America's leading brand of reduced-sodium soy sauce.

Teriyaki Marinade & Sauce (America):
Versatile marinade and recipe ingredient for meat, poulty, seafood and vegetables.

Soy Sauce (Europe):
The original soy sauce made in Europe.

Special Fragrance Soy Sauce (Singapore):
Developed especially for Asian taste buds, the mild sweetness brings a unique taste to any dish.

Soy Sauce Sweet Type (China):
This has a rich taste and aroma, and was specially brewed for Chinese consumers.

DEL MONTE DIVISION

In Japan, amid signs of a slight recovery in what had been a contracting market, *Tomato Ketchup* turned in a solid performance, mainly in the home-use sector, with sales rising year on year. In the drink sector, while *Tomato Juice* sales were slightly down, sales in the Vegetable Juice sector were higher year on year, supported by strong growth of mixed vegetable and fruit juice and the contribution of new products with no or minimal salt content. However, sales in other drinks fell sharply, dampened by the cool summer in 2003. Overseas in Asian markets, sales fell due to the effect of SARS and other factors.

SAKE AND WINE DIVISION

Mirin sales were up on healthy growth in both the home- and industrial-use sectors. *Shochu*, however, could not match last year's sales, with weak sales of *Triangle Shochu* and other high-value-added products negating sales gains by products sold in larger containers. Wine sales rose in respect of both Manns and imported wines on steady growth in low-priced products as well as labels in the medium-price category.

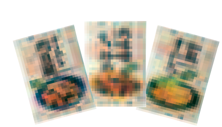
FOODS—WHOLESALE

This segment procures and sells oriental food products, including eastern foods, in Japan and overseas. In the U.S., sales continued to increase steadily amid an economic recovery in that market. Earnings, which decreased in the first half of the year due to stiff competition and higher purchasing costs arising from the weaker U.S. dollar, headed toward recovery in the second half of the year. In European markets, sales continued to grow on steady expansion in the market for Japanese foods. Although sales rose overall in this segment on a local currency basis, they slipped 0.3% to ¥48.5 billion on a yen basis. Operating income declined 8.3% to ¥1.7 billion.

Wagaya-wa-Yakinikuyasan :
A tangy sesame-flavored soy sauce-based steak dipping sauce enriched with vegetable ingredients to create a refreshing, light flavor.

Hon Tsuyu :
Natural bonito and seaweed *dashi* (broth), *marudaizu* soy sauce, and *hon mirin* are blended to create this *mentsuyu* (noodle soup).

Zarusoba Tsuyu :
A straight *soba tsuyu* that blends natural bonito *dashi*, *marudaizu* soy sauce, and *hon mirin*.



Uchi-no-Gohan :
A handy Japanese-style seasoning mix that contains soy sauce and vegetable-based stock.

Tomato Ketchup :
The mainstay item in the Del Monte product lineup (contains pineapple vinegar).

COCA-COLA

This segment carries out the production and sale of soft drinks, mainly Coca-Cola, in Chiba, Ibaraki and Tochigi prefectures in Japan. Operations are conducted principally by consolidated subsidiary Tone Coca-Cola Bottling Co., Ltd.

In sales activities during the year, various promotional campaigns were run and new products launched that were designed to respond to customer needs. This segment also actively introduced small PET bottles and bottle-can products (aluminum cans with a screw-top lid and shaped as a bottle) with the same aim.

On the production and distribution fronts, Coca-Cola National Beverages Co., Ltd. was established by Coca-Cola (Japan) Company, Limited and all Coca-Cola bottlers in Japan, with the view to realizing a nationwide supply chain management system for the Coca-Cola group. Operations related to the procurement, production and distribution of some products got underway in October 2003.

Despite the above developments, a cool summer during what is normally the highest-selling period of the year and severe competition pushed sales down 3.8% to ¥113.7 billion. Operating income dropped 21.9% to ¥3.2 billion.

OTHERS

This segment includes production and sales of medical reagents, clinical diagnostic reagents and other chemicals; real estate rental; and other businesses.

In the biochemical field during the year, overall sales grew sharply due to strong sales of medical reagents, reagents for hygiene testing and enzymes for processing. This was despite weak sales of clinical diagnostics reagents and enzymes due to falling prices accompanying revisions to drug prices in Japan and stiffer competition.

Segment sales, including rental income and other revenues, decreased 2.0% to ¥4.0 billion, while operating income jumped 66.8% to ¥0.8 billion.

Whole Peeled Tomatoes :

Delicious, high-quality tomatoes of consistent size suitable for use with any ingredient.

Tomato Juice and Vegetable Juice (left):

100% tomato juice and vegetable juice.

Yasai-Toranakya (right) :

This healthy drink contains 100% vegetable and fruit juice.

Houjun Hon Mirin :

A variety of rice ingredients, including glutinous rice, plain rice, and malted rice are used to create this unique *mirin* sake.

Triangle Shochu (left) :

This has an incisive taste that is appreciated by *shochu* connoisseurs. Sold in a distinctive black bottle.

Triangle Indigo Shochu (right) :

The stylish indigo-blue bottle reflects the refreshing, yet mellow taste of this clear Japanese spirit.

Manns Solaris :

A world-class, distinctive wine made from Japanese grapes.

FINANCIAL POSITION

ASSETS

Total assets as of March 31, 2004 were ¥278.6 billion, up ¥4.7 billion from a year ago. Current assets decreased ¥8.0 billion due to decreases in cash and time deposits and short-term investments. While property, plant and equipment also decreased, by ¥3.4 billion, due to the sale of facilities, investments and other assets increased ¥16.1 billion due to the acquisition of investments in securities and a rise in the market value of same. This resulted in a ¥12.7 billion increase in fixed assets.

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities decreased ¥3.8 billion, due mainly to the repayment of short-term bank loans, while long-term liabilities declined ¥2.5 billion due to a decrease in deposits received, which outweighed increases in long-term debt and deferred tax liabilities. As a result of the foregoing, there was a decrease of ¥6.3 billion in total liabilities. Shareholders' equity increased ¥10.0 billion to ¥141.8 billion, the result of rises in retained earnings and unrealized holding gain on securities, which exceeded an increase in translation adjustments. As a result, the shareholders' equity ratio increased 2.8 percentage points to 50.9%. Equity per share rose ¥53.13 to ¥726.57.

CASH FLOWS

Cash and cash equivalents declined ¥7.8 billion to ¥25.1 billion.

Operating activities provided net cash of ¥20.5 billion, ¥0.4 billion more than in the previous fiscal year. There were decreases in income before income taxes and minority interests and depreciation and amortization as well as an increase in inventories. But these were offset by an increase in notes and accounts payable and the absence of the non-cash item added back in the previous fiscal year relating to a gain on return of substitutional portion of national government welfare pension program funds.

Investing activities used net cash of ¥16.1 billion, ¥7.6 billion more than in the previous fiscal year. Cash was mainly provided by the sale of investments in securities, which increased ¥2.7 billion year on year. However, there was a ¥5.6 billion increase in outflows for the acquisition of investments in securities, and a ¥2.4 billion decrease in cash inflows from sales of property, plant and equipment from the previous fiscal year, when proceeds were recorded from the sale of facilities at Tone Coca-Cola Bottling's Ibaraki Plant. There was also a ¥2.0 billion decrease in the collection of loans receivable.

Financing activities used net cash of ¥11.0 billion, ¥2.3 billion more than in the previous fiscal year. This reflected a ¥2.5 billion net decrease in cash outflows for the repayment of short-term bank loans and long-term debt, which was outweighed by ¥4.8 billion for the repayment of deposits received.

RISK FACTORS

ECONOMIC CONDITIONS

The Kikkoman Group is developing business in various countries. A decline in demand for the products and services that the group provides due to worsening economic conditions in particular countries where the Kikkoman Group is doing business could result in lower sales and earnings and thus adversely affect the Kikkoman Group's business results and financial position.

JAPANESE MARKET

The Japanese market for soy sauce, the Kikkoman Group's mainstay business, has been contracting in recent years. In this operating environment, the Kikkoman Group has been endeavoring to drive growth by shifting resources to the growing market of soy sauce derivative products. However, the inability to achieve results in soy sauce derivative products as planned, could adversely affect the Kikkoman Group's business results and financial position.

OVERSEAS MARKETS

The Kikkoman Group is developing business around the world and thus manufactures products and conducts sales activities overseas. The occurrence of problems in these business activities caused by unexpected events such as changes in politics, the economy or society in countries where it is developing business could adversely affect the Kikkoman Group's business results and financial position.

EXCHANGE RATE FLUCTUATIONS

Kikkoman converts the financial statements of its overseas subsidiaries and other foreign domiciled entities into Japanese yen for the purpose of preparing its consolidated financial statements. The line items in the financial statements of these subsidiaries and other entities are thus subject to foreign currency exchange rate fluctuations when converted into Japanese yen. In particular, where there is an appreciation of the yen against other currencies, the converted amount in yen will be lower.

Furthermore, exchange rate fluctuations could affect the provision price of products and services denominated in foreign currencies and the procurement cost of raw materials and products purchased by the Kikkoman Group. The Kikkoman Group uses various techniques to mitigate and avoid foreign currency exchange risk, but changes in currency markets could adversely affect its business results and financial position.

FLUCTUATIONS IN RAW MATERIAL PRICES

The main raw materials used by the Kikkoman Group in its products are soybeans and soybean meal in the Soy Sauce Division. These raw materials are subject to the effects of conditions in international commodities markets. A rapid increase in market prices could lead to higher raw materials expenses and thus could adversely affect the Kikkoman Group's business results and financial position.

WEATHER

The Kikkoman Group is developing a Coca-Cola and other soft drinks businesses. Sales of the products and merchandise of these businesses are subject to the effects of weather. In particular, a cool summer could result in lower sales of the products and merchandise of these businesses and thus could adversely affect the Kikkoman Group's business results and financial position.

PRODUCT DEVELOPMENT

The Kikkoman Group strives to develop products that match consumers' tastes, guided by the fundamental principle of "consumer-oriented." However, if the Kikkoman Group is unable to sufficiently identify those needs and develop products of value for customers, its sales and earnings could fall and could thus adversely affect the Kikkoman Group's business results and financial position.

COMPETITION

The Kikkoman Group must promote sales in the markets where it is developing business to discriminate itself from the competition and remain competitive. However, an escalation in competition could result in the Kikkoman Group incurring higher sales promotion and advertising expenses to raise its profile, which could adversely affect its business results and financial position.

PRODUCT AND SERVICE QUALITY RISK

The Kikkoman Group ordinarily implements strict quality assurance based on the fundamental mission of producing and providing high-quality products in a safe and hygienic manner. Furthermore, in the event that a defect is found in a product or service it provides, the Kikkoman Group's policy is to quickly disclose information, placing priority on customer safety, and normalize and contain any damage. However, a major defect could result in the incurrence of substantial costs, and damage to the group's reputation could result in lower sales, both of which could adversely affect the Kikkoman Group's business results and financial position.

INTELLECTUAL PROPERTY

The Kikkoman Group is acquiring industrial property rights, including patent rights, utility model rights and trademarks, as necessary with respect to the technology it develops. These intellectual property rights have many advantages from an operational perspective and are thus regarded as an important management resource. However, if another company develops similar rights or technology that is superior to its own, the Kikkoman Group could lose its competitive advantage, which could adversely affect its business results and financial position.

ALLIANCES AND CORPORATE ACQUISITIONS

The Kikkoman Group has formed alliances with other companies in specific fields of business with the aim of raising its enterprise value. Furthermore, the Kikkoman Group plans to actively utilize resources from outside as necessary resources for its business, and thus may form strategic alliances, including equity-based alliances and corporate acquisitions. However, the inability of the Kikkoman Group to carry out its business plan as expected after forming an alliance or conducting an acquisition as a result, for example, of disagreement among the parties concerned about management, finances or other policies could adversely affect its business results and financial position.

LAWS AND REGULATIONS

The main laws and regulations to which the Kikkoman Group is subject in Japan are as follows:

Food Sanitation Law
The Product Liability Act
Liquor Tax Law
The Law Concerning the Promotion of Separate Collection and Recycling of Containers and Packages (Containers and Packaging Recycling Law)
The Antimonopoly Act
The Act Against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act)
Unfair Competition Prevention Law
Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors

The Kikkoman Group is also subject to the laws and regulations of each country in which it develops business. Changes to these and other laws and regulations in the future could restrict the Kikkoman Group's activities and thus adversely affect its business results and financial position.

FORCE MAJEURE

The Kikkoman Group gives sufficient consideration to countermeasures in the event of an earthquake or other force majeure and conducts regular inspections of its facilities, such as earthquake-resistance inspections. However, damage to production bases caused by a large-scale earthquake or other force majeure could result in a lower production capacity due to interruption to operations. This in turn could lead to lower sales and higher expenses to repair facilities, which could adversely affect the Kikkoman Group's business results and financial position.

Geographical Sales and Operating Income Information

Year ended March 31, 2004 — Millions of yen

Segment		Segment Total	% Share	Japan	% Share	Overseas	% Share
Foods—manufacturing and sales	Sales	¥169,645	50.7	¥137,708	51.3	¥34,950	45.3
	Operating income	34,059	70.1	21,946	65.0	12,115	81.5
	Operating income ratio (%)	20.1		15.9		34.7	
(Soy Sauce)	Sales	85,675	25.6	58,854	21.9	29,834	38.7
	Operating income	24,507	50.4	12,827	38.0	11,685	78.6
	Operating income ratio (%)	28.6		21.8		39.2	
(Soy Sauce Derivative Products)	Sales	19,472	5.8	19,472	7.3		
	Operating income	3,071	6.3	3,071	9.1		
	Operating income ratio (%)	15.8		15.8			
(Del Monte)	Sales	40,528	12.1	35,412	13.2	5,116	6.6
	Operating income	3,435	7.1	3,001	8.9	430	2.9
	Operating income ratio (%)	8.5		8.5		8.4	
(Sake and Wine)	Sales	24,752	7.4	24,752	9.2		
	Operating income	3,045	6.3	3,045	9.0		
	Operating income ratio (%)	12.3		12.3			
(Eliminations)	Sales	(783)	(0.2)	(783)	(0.3)		
	Operating income						
	Operating income ratio (%)						
Foods—wholesale	Sales	48,522	14.5	14,448	5.4	41,628	54.0
	Operating income	3,266	6.7	541	1.6	2,710	18.2
	Operating income ratio (%)	6.7		3.7		6.5	
Coca-Cola	Sales	113,655	34.0	113,655	42.4		
	Operating income	10,105	20.8	10,105	30.0		
	Operating income ratio (%)	8.9		8.9			
Others	Sales	3,992	1.2	3,359	1.2	633	0.8
	Operating income	1,187	2.4	1,150	3.4	37	0.3
	Operating income ratio (%)	29.7		34.2		5.9	
Eliminations	Sales	(1,160)	(0.4)	(895)	(0.3)	(86)	(0.1)
	Operating income	2	–				
	Operating income ratio (%)	(0.2)					
Total	Sales	¥334,656	100.0	¥268,277	100.0	¥77,126	100.0
	Operating income	48,621	100.0	33,743	100.0	14,863	100.0
	Operating income ratio (%)	14.5		12.6		19.3	
Advertising expenses		¥ 9,487		¥ 6,741		¥ 2,746	
(% of sales)		2.8		2.5		3.6	
Headquarter operating expenses		22,074		18,307		3,772	
(% of sales)		6.6		6.8		4.9	
Operating income		17,059		8,694		8,344	
(% of sales)		5.1		3.2		10.8	

Note: Operating income = Income before deducting advertising and headquarter operating expenses.

Consolidated Balance Sheets

Kikkoman Corporation and Consolidated Subsidiaries March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2004**	2003	**2004**
Current assets:			
Cash and time deposits (Note 4)	**¥ 25,679**	¥ 31,670	**$ 242,255**
Short-term investments	**–**	3,024	**–**
Trade notes and accounts receivable (Note 8)	**40,086**	40,593	**378,170**
Allowance for doubtful receivables	**(626)**	(675)	**(5,906)**
	39,459	39,918	**372,255**
Inventories (Notes 6 and 8)	**24,726**	25,239	**233,264**
Deferred tax assets (Note 10)	**3,731**	3,637	**35,198**
Other current assets	**6,169**	4,241	**58,198**
Total current assets	**99,766**	107,732	**941,189**
Property, plant and equipment, at cost (Note 8):			
Land	**32,286**	32,413	**304,585**
Buildings and structures	**91,012**	90,129	**858,604**
Machinery, equipment and vehicles	**135,466**	138,396	**1,277,981**
Other	**53,294**	54,342	**502,774**
Construction in progress	**2,065**	758	**19,481**
	314,125	316,041	**2,963,443**
Accumulated depreciation	**(200,954)**	(199,456)	**(1,895,792)**
Property, plant and equipment, net	**113,170**	116,585	**1,067,642**
Investments and other assets:			
Investments in securities (Note 5)	**34,291**	25,636	**323,500**
Investments in and advances to unconsolidated subsidiaries and affiliates	**16,487**	7,957	**155,538**
Intangible assets	**7,725**	7,533	**72,877**
Deferred tax assets (Note 10)	**3,827**	4,249	**36,104**
Other assets	**3,332**	4,208	**31,434**
Total investments and other assets	**65,664**	49,584	**619,472**
Total assets	**¥ 278,602**	¥ 273,902	**$ 2,628,321**

See accompanying notes to consolidated financial statements.

Liabilities and shareholders' equity	Millions of yen 2004	Millions of yen 2003	Thousands of U.S. dollars (Note 3) 2004
Current liabilities:			
Short-term bank loans (Notes 7 and 8)	**¥ 14,906**	¥ 19,615	**$ 140,623**
Current portion of long-term debt (Notes 7 and 8)	**1,438**	2,211	**13,566**
Trade notes and accounts payable	**12,590**	12,172	**118,774**
Other accounts payable	**14,239**	13,633	**134,330**
Accrued expenses	**2,030**	2,131	**19,151**
Accrued income taxes (Note 10)	**2,210**	2,262	**20,849**
Other current liabilities	**4,282**	3,450	**40,396**
Total current liabilities	**51,697**	55,477	**487,708**
Long-term liabilities:			
Long-term debt (Notes 7 and 8)	**24,723**	23,662	**233,236**
Accrued employees' pension and severance costs (Note 9)	**25,903**	27,018	**244,368**
Accrued officers' severance benefits	**1,451**	1,227	**13,689**
Deposits received	**6,702**	12,158	**63,226**
Deferred tax liabilities (Note 10)	**4,973**	2,033	**46,915**
Other long-term liabilities	**1,102**	1,243	**10,396**
Total long-term liabilities	**64,857**	67,344	**611,858**
Minority interests	**20,196**	19,273	**190,528**
Shareholders' equity:			
Common stock:			
Authorized: 300,000,000 shares			
Issued: 197,202,300 shares in 2004 and 2003	**11,599**	11,599	**109,425**
Additional paid-in capital (Note 11)	**5,770**	5,768	**54,434**
Retained earnings (Notes 11 and 18)	**120,176**	112,032	**1,133,736**
Unrealized holding gain on securities	**11,012**	4,597	**103,887**
Translation adjustments	**(5,665)**	(1,496)	**(53,443)**
	142,892	132,501	**1,348,038**
Treasury stock, at cost:			
2004—2,090,396 shares	**(1,042)**	–	**(9,830)**
2003—1,604,609 shares	**–**	(695)	**–**
Shareholders' equity, net	**141,849**	131,806	**1,338,198**
Contingent liabilities (Note 14)			
Total liabilities and shareholders' equity	**¥278,602**	¥273,902	**$2,628,321**

Consolidated Statements of Income

Kikkoman Corporation and Consolidated Subsidiaries Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Net sales	¥334,656	¥342,508	$3,157,132
Cost of sales	200,281	204,759	1,889,443
Gross profit	134,375	137,748	1,267,689
Selling, general and administrative expenses (Notes 9 and 12)	117,316	119,844	1,106,755
Operating income	17,059	17,904	160,934
Other income (expenses):			
Interest and dividend income	790	938	7,453
Equity in (losses) earnings of unconsolidated subsidiaries and affiliates	444	(127)	4,189
Interest expense	(635)	(942)	(5,991)
Gain on sales of securities	11	880	104
Gain on sales of investments in affiliates	573	–	5,406
Gain on return of substitutional portion of national government welfare pension program funds (Note 9)	–	2,986	–
Special additional severance benefits	–	(631)	–
Gain on sales of property, plant and equipment	93	635	877
Loss on disposal of property, plant and equipment	–	(1,605)	–
Loss on revaluation of investments in securities	(35)	(546)	(330)
Loss on revaluation of investments in affiliates	(71)	–	(670)
Loss on liquidation of affiliates	–	(115)	–
Other, net	(2,228)	(2,164)	(21,019)
	(1,059)	(693)	(9,991)
Income before income taxes and minority interests	15,999	17,211	150,934
Income taxes (Note 10):			
Current	6,435	6,318	60,708
Deferred	(964)	1,167	(9,094)
	5,470	7,485	51,604
Income before minority interests	10,529	9,725	99,330
Minority interests	(1,241)	(1,414)	(11,708)
Net income (Note 15)	¥ 9,287	¥ 8,311	$ 87,613

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Kikkoman Corporation and Consolidated Subsidiaries Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	**2004**
Common stock			
Balance at beginning and end of year (2004—197,202,300 shares; 2003—197,202,300 shares)	**¥ 11,599**	¥ 11,599	**$ 109,425**
Additional paid-in capital (Note 11)			
Balance at beginning and end of year	**¥ 5,770**	¥ 5,768	**$ 54,434**
Retained earnings (Notes 11 and 18)			
Balance at beginning of year	**¥112,032**	¥105,549	**$1,056,906**
Add:			
Net income	**9,287**	8,311	**87,613**
Other	**510**	–	**4,811**
Deduct:			
Cash dividends paid	**(1,571)**	(1,380)	**(14,821)**
Bonuses to directors and statutory auditors	**(82)**	(82)	**(774)**
Other	**–**	(367)	**–**
Balance at end of year	**¥120,176**	¥112,032	**$1,133,736**
Unrealized holding gain on securities			
Balance at beginning of year	**¥ 4,597**	¥ 8,022	**$ 43,368**
Net change during year	**6,414**	(3,424)	**60,509**
Balance at end of year	**¥ 11,012**	¥ 4,597	**$ 103,887**
Translation adjustments			
Balance at beginning of year	**¥ (1,496)**	¥ 1,618	**$ (14,113)**
Net change during year	**(4,169)**	(3,115)	**(39,330)**
Balance at end of year	**¥ (5,665)**	¥ (1,496)	**$ (53,443)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Kikkoman Corporation and Consolidated Subsidiaries Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	**2004**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 15,999**	¥ 17,211	**$ 150,934**
Depreciation and amortization	**13,847**	15,028	**130,632**
Accrued employees' pension and severance costs	**(1,099)**	(829)	**(10,368)**
Accrued officers' severance benefits	**223**	(120)	**2,104**
Interest and dividend income	**(790)**	(938)	**(7,453)**
Interest expense	**635**	942	**5,991**
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	**(444)**	127	**(4,189)**
Gain on return of substitutional portion of national government welfare pension program funds	**–**	(2,986)	**–**
Gain on sales of property, plant and equipment	**(93)**	(635)	**(877)**
Gain on sales of securities	**(11)**	(880)	**(104)**
Gain on sales of investments in affiliates	**(573)**	–	**(5,406)**
Loss on disposal of property, plant and equipment	**781**	2,010	**7,368**
Loss on revaluation of investments in securities	**35**	546	**330**
Loss on revaluation of investments in affiliates	**71**	–	**670**
Loss on liquidation of affiliates	**–**	115	**–**
Notes and accounts receivable	**(319)**	(284)	**(3,009)**
Inventories	**(327)**	2,494	**(3,085)**
Notes and accounts payable	**905**	(1,685)	**8,538**
Other	**(2,076)**	(3,016)	**(19,585)**
Subtotal	**26,764**	27,102	**252,491**
Interest and dividends received	**930**	967	**8,774**
Interest paid	**(629)**	(940)	**(5,934)**
Income taxes paid	**(6,613)**	(7,116)	**(62,387)**
Net cash provided by operating activities	**20,451**	20,012	**192,934**
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(12,014)**	(11,694)	**(113,340)**
Proceeds from sales of property, plant and equipment	**2,149**	4,580	**20,274**
Acquisition of intangible assets	**(1,670)**	(1,155)	**(15,755)**
Acquisition of investments in securities	**(9,346)**	(3,723)	**(88,170)**
Proceeds from sales of investments in securities	**3,596**	929	**33,925**
Addition to loans receivable	**(626)**	(646)	**(5,906)**
Collection of loans receivable	**477**	2,480	**4,500**
Other	**1,327**	677	**12,519**
Net cash used in investing activities	**(16,107)**	(8,551)	**(151,953)**
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	**(4,495)**	(5,760)	**(42,406)**
Proceeds from long-term debt	**2,275**	10,100	**21,462**
Repayment of long-term debt	**(1,691)**	(10,794)	**(15,953)**
Cash dividends paid	**(1,892)**	(1,581)	**(17,849)**
Purchases of treasury stock	**(541)**	(554)	**(5,104)**
Repayment of deposits received	**(4,760)**	–	**(44,906)**
Other	**108**	(92)	**1,019**
Net cash used in financing activities	**(10,997)**	(8,683)	**(103,745)**
Effect of exchange rate changes on cash and cash equivalents	**(1,162)**	(863)	**(10,962)**
Increase (decrease) in cash and cash equivalents	**(7,815)**	1,914	**(73,726)**
Cash and cash equivalents at beginning of year	**32,906**	30,858	**310,434**
Increase arising from inclusion of subsidiaries in consolidation	**10**	133	**94**
Cash and cash equivalents at end of year (Note 4)	**¥ 25,100**	¥ 32,906	**$ 236,792**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kikkoman Corporation and Consolidated Subsidiaries Years ended March 31, 2004 and 2003

1. BASIS OF PREPARATION

KIKKOMAN CORPORATION (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile. The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan and have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and all significant companies controlled directly or indirectly by the Company. In addition, companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis.

All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost.

Differences, not significant in amount, between the cost and the underlying net equity in investments in consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for by the equity method are charged or credited to income in the year of acquisition.

(b) Foreign currency translation

Revenue and expense accounts of the foreign consolidated subsidiaries are translated at the average exchange rates in effect during the year. Except for shareholders' equity, the balance sheet accounts are translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

Differences arising on translation are presented as minority interests and as a separate component of stockholders' equity.

(c) Cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(d) Securities

Securities except for investments in unconsolidated subsidiaries and affiliates are classified as trading securities, held-to-maturity securities or other securities. Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any unrealized gains and losses reported as a separate component of shareholders' equity, net of taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(e) Inventories

Inventories are stated principally at the lower of cost or market, cost being determined by the average method, except for finished products, work in process and soybean-related ingredients of the Company which are stated at the lower of cost or market, cost being determined by the last-in, first-out method.

(f) Depreciation and amortization

Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is determined primarily by the declining-balance method, except for buildings and for two of the Company's factories on which depreciation is computed by the straight-line method at rates based on the estimated useful lives of the respective assets. Depreciation of property, plant and equipment of the foreign consolidated subsidiaries is computed principally by the straight-line method.

The useful lives are as follows:

Buildings and structures	from 7 to 50 years
Machinery and vehicles	from 3 to 20 years

Intangible assets are amortized by the straight-line method over their estimated useful lives.

(g) Leases

Noncancelable leases of the Company and its domestic consolidated subsidiaries are accounted for as operating leases (whether such leases are classified as operating or finance leases) except that leases which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases. However, leases of the foreign consolidated subsidiaries are generally accounted for as either finance or operating leases according to their classification.

(h) Accrued pension and severance costs

To provide for employees' severance indemnities and pension payments, net periodic pension and severance costs are computed by the Company and its domestic consolidated subsidiaries based on the projected benefit obligation and the pension plan assets.

Prior service cost is amortized by the straight-line method over the period of 8 years which is shorter than the average remaining years of service of the active participants in the plans.

The effect of the adjustment made during this fiscal year arising from revisions to the actuarial assumptions (the "actuarial assumption adjustment") is amortized by the straight-line method beginning the following fiscal year over periods ranging from 10 to 14 years, which are shorter than the average remaining years of service of the active participants in the plans.

Certain foreign consolidated subsidiaries have defined contribution plans in addition to defined pension plans.

In addition, directors and statutory auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded retirement allowance plans. Provision for retirement allowances for these officers has been made at estimated amounts.

(i) Income taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(j) Research and development costs

Research and development costs are charged to income when incurred.

(k) Derivatives

Derivative positions are stated at fair value.

(l) Appropriation of retained earnings

Under the Commercial Code of Japan (the "Code"), the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations. See Note 18.

3. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation, at the rate of ¥106 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	**2004**	2003	**2004**
Cash and time deposits	**¥25,679**	¥31,670	**$242,255**
Short-term investments	**–**	3,024	**–**
Time deposits with maturities of more than three months	**(579)**	(1,764)	**(5,462)**
Short-term investments with maturities of more than three months	**–**	(24)	**–**
	¥25,100	¥32,906	**$236,792**

5. FAIR VALUE OF SECURITIES

At March 31, 2004 and 2003, the Company and its consolidated subsidiaries did not possess any securities classified as trading securities or held-to-maturity securities. Securities classified as other securities are included in "short-term investments" and "investments in securities" in the accompanying consolidated balance sheets.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2004 and 2003 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2004	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:						
Stocks	**¥ 7,177**	**¥25,932**	**¥18,754**	**$ 67,708**	**$244,642**	**$176,925**
Bonds:						
Corporate bonds	–	–	–	–	–	–
Other	**5,041**	**5,146**	**105**	**47,557**	**48,547**	**991**
	12,219	**31,079**	**18,860**	**115,274**	**293,198**	**177,925**
Unrealized loss:						
Stocks	**1,146**	**731**	**(415)**	**10,811**	**6,896**	**(3,915)**
Bonds:						
Other	–	–	–	–	–	–
Other	**87**	**81**	**(5)**	**821**	**764**	**(47)**
	1,234	**813**	**(420)**	**11,642**	**7,670**	**(3,962)**
Total	**¥13,453**	**¥31,892**	**¥18,439**	**$126,915**	**$300,868**	**$173,953**

	Millions of yen		
March 31, 2003	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥ 6,149	¥14,155	¥8,005
Bonds:			
Corporate bonds	3,000	3,027	27
Other	4,820	5,019	198
	13,970	22,203	8,232
Unrealized loss:			
Stocks	1,500	1,051	(448)
Bonds:			
Other	24	24	(0)
Other	827	729	(97)
	2,352	1,806	(546)
Total	¥16,323	¥24,009	¥7,686

Non-marketable securities classified as other securities at March 31, 2004 and 2003 amounted to ¥2,394 million ($22,585 thousand) and ¥4,647 million, respectively.

Proceeds from sales of securities classified as other securities amounted to ¥3,012 million ($28,415 thousand) and ¥929 million with an aggregate gain on sales of ¥11 million ($104 thousand) and ¥880 million for the years ended March 31, 2004 and 2003, respectively.

6. INVENTORIES

Inventories at March 31, 2004 and 2003 were as follows:

March 31,	Millions of yen 2004	Millions of yen 2003	Thousands of U.S. dollars 2004
Merchandise	**¥11,926**	¥12,180	**$112,509**
Finished products	**3,753**	4,186	**35,406**
Work in process	**6,455**	6,314	**60,896**
Ingredients and supplies	**2,590**	2,557	**24,434**
	¥24,726	¥25,239	**$233,264**

7. LONG-TERM DEBT AND CREDIT FACILITIES

Long-term debt at March 31, 2004 and 2003 comprised the following:

March 31,	Millions of yen 2004	Millions of yen 2003	Thousands of U.S. dollars 2004
1.33% unsecured bonds, payable in yen, due 2005	**¥ 7,000**	¥ 7,000	**$ 66,038**
1.77% unsecured bonds, payable in yen, due 2007	**5,000**	5,000	**47,170**
0.53% unsecured bonds, payable in yen, due 2007	**10,000**	10,000	**94,340**
Loans from banks	**4,161**	3,874	**39,255**
	26,161	25,874	**246,802**
Less: Current portion	**1,438**	2,211	**13,566**
	¥24,723	¥23,662	**$233,236**

The annual maturities of long-term debt subsequent to March 31, 2004 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2005	¥ 1,438	$ 13,566
2006	7,064	66,642
2007	2,658	25,075
2008	15,000	141,509
2009 and thereafter	–	–
	¥26,161	$246,802

The Company and its consolidated subsidiaries have lines of credit from banks which provide for up to ¥50,675 million ($478,066 thousand) and ¥41,270 million in borrowings and, at March 31, 2004 and 2003, respectively, had ¥11,194 million ($105,604 thousand) and ¥16,217 million of short-term bank loans outstanding under these credit facilities.

8. PLEDGED ASSETS

The assets pledged as collateral for short-term bank loans and long-term debt at March 31, 2004 and 2003 were as follows:

March 31,	Millions of yen 2004	Millions of yen 2003	Thousands of U.S. dollars 2004
Accounts receivable	**¥2,164**	¥ 5,077	**$20,415**
Inventories	**–**	5,064	**–**
Property, plant and equipment, at net book value	**5,574**	8,184	**52,585**
Other	**–**	32	**–**
	¥7,738	¥18,359	**$73,000**

9. ACCRUED PENSION AND SEVERANCE COSTS

The Company and its domestic consolidated subsidiaries have non-contributory defined pension plans, defined contribution pension plans and lump-sum severance indemnity plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain foreign consolidated subsidiaries have defined contribution plans in addition to defined pension plans.

Certain consolidated subsidiaries decided to return a substitutional portion of the national government welfare pension program funds, submitted an application for exemption from any future benefit obligation, and received the related approval from the government on October 18, 2002.

The projected benefit obligation and funded status of the plans at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	**2004**	2003	**2004**
Projected benefit obligation	**¥(79,958)**	¥(77,692)	**$(754,321)**
Plan assets at fair value	**34,291**	29,276	**323,500**
Unfunded benefit obligation	**(45,666)**	(48,416)	**(430,811)**
Unrecognized actuarial gain or loss	**25,519**	21,635	**240,745**
Unrecognized prior service cost (Reduction of obligation)	**(5,573)**	–	**(52,575)**
Prepaid pension and severance costs	**182**	238	**1,717**
Accrued pension and severance costs	**¥(25,903)**	¥(27,018)	**$(244,368)**

Prior service cost (a reduction of projected benefit obligation) has been incurred due to an amendment to the additional benefit portion of the Welfare Pension Fund Plan of Tone Coca-Cola Bottling Co., Ltd. which is one of the Company's consolidated subsidiaries.

The components of net periodic pension and severance costs for the years ended March 31, 2004 and 2003 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31,	**2004**	2003	**2004**
Service cost	**¥2,308**	¥ 2,473	**$21,774**
Interest cost on projected benefit obligation	**2,113**	2,580	**19,934**
Expected return on plan assets	**(859)**	(1,221)	**(8,104)**
Gain on plan amendment (Prior service cost)	**(179)**	–	**(1,689)**
Amortization of actuarial differences	**1,832**	996	**17,283**
Total	**¥5,214**	¥ 4,829	**$49,189**

In addition to the above, gain on return of a substitutional portion of the national government welfare pension program funds has been recognized as other income in the consolidated statement of income for the year ended March 31, 2004.

The assumptions used in accounting for the above plans were as follows:

Year ended March 31,	**2004**	2003
Discount rates	Mainly 2.0%	Mainly 2.5 – 3.0%
Expected rates of return on plan assets	Mainly 2.5 – 3.0%	Mainly 2.5 – 3.0%

10. INCOME TAXES

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of approximately 41.8% for current deferred taxes and 40.7% for non-current deferred taxes for 2003 due to a prospective change in the enterprise tax rate which is effective on and after April 1, 2004, and approximately 41.8% for 2004.

Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The significant components of deferred tax assets and liabilities at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	**2004**	2003	**2004**
Deferred tax assets:			
Inventories	**¥ 804**	¥ 877	**$ 7,585**
Unrealized profit	**356**	357	**3,358**
Accrued expenses	**822**	726	**7,755**
Accrued enterprise tax	**272**	220	**2,566**
Other accounts payable	**902**	725	**8,509**
Accrued pension and severance costs	**9,236**	8,323	**87,132**
Allowance for doubtful receivables	**591**	831	**5,575**
Tax loss carryforward	**400**	650	**3,774**
Other	**1,893**	1,462	**17,858**
Valuation allowance	**(171)**	(325)	**(1,613)**
Total deferred tax assets	**15,108**	13,848	**142,528**
Deferred tax liabilities:			
Deferred capital gain	**(3,369)**	(3,257)	**(31,783)**
Depreciation	**(1,515)**	(1,461)	**(14,292)**
Net unrealized gain on investments in securities	**(7,466)**	(3,123)	**(70,434)**
Other	**(177)**	(159)	**(1,670)**
Total deferred tax liabilities	**(12,528)**	(8,002)	**(118,189)**
Deferred tax assets, net	**¥ 2,579**	¥ 5,846	**$ 24,330**

11. ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS

In accordance with the Commercial Code of Japan, the Company has provided a legal reserve as an appropriation of retained earnings, which is included in retained earnings. This reserve amounted to ¥2,899 million ($27,349 thousand) at March 31, 2004 and 2003. The Code provides that the total of additional paid-in capital and the legal reserve, if less than one-quarter of the company's shareholders' equity, is not available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. If the total amount of additional paid-in capital and the legal reserve exceeds one-quarter of a company's shareholders' equity, the excess may be distributed to the shareholders either as a return of capital or in the form of dividends subject to the approval of the shareholders.

12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2004 and 2003 were ¥3,551 million ($33,500 thousand) and ¥3,598 million, respectively.

13. LEASES

(a) Finance leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2004 and 2003, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2004	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	**¥1,231**	**¥ 358**	**¥ 872**	**$11,613**	**$ 3,377**	**$ 8,226**
Other	**2,172**	**1,190**	**982**	**20,491**	**11,226**	**9,264**
Total	**¥3,403**	**¥1,548**	**¥1,855**	**$32,104**	**$14,604**	**$17,500**

	Millions of yen		
March 31, 2003	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 600	¥ 193	¥ 406
Other	2,328	1,342	985
Total	¥2,928	¥1,535	¥1,392

Lease payments relating to finance leases accounted for as operating leases amounted to ¥745 million ($7,028 thousand) and ¥599 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the respective lease terms for the years ended March 31, 2004 and 2003, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2004 and 2003 for finance leases accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	**2004**	2003	**2004**
Within 1 year	**¥ 625**	¥ 567	**$ 5,896**
Over 1 year	**1,229**	825	**11,594**
	¥1,855	¥1,392	**$17,500**

(b) Operating leases

1) Lessees' accounting

Future minimum lease payments subsequent to March 31, 2004 and 2003 for noncancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	**2004**	2003	**2004**
Within 1 year	**¥ 752**	¥ 606	**$ 7,094**
Over 1 year	**2,478**	2,239	**23,377**
	¥3,231	¥2,845	**$30,481**

2) Lessors' accounting

	Millions of yen		Thousands of U.S. dollars
March 31,	**2004**	2003	**2004**
Within 1 year	**¥48**	¥ 48	**$453**
Over 1 year	**5**	54	**47**
	¥54	¥102	**$509**

14. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries had the following contingent liabilities at March 31, 2004 and 2003:

	Millions of yen		Thousands of U.S. dollars
March 31,	**2004**	2003	**2004**
As guarantor of indebtedness of:			
Unconsolidated subsidiaries	**¥1,619**	¥1,812	**$15,274**
Employees	**26**	36	**245**
	¥1,646	¥1,848	**$15,528**

In addition to the above, the Company provided letters of awareness to financial institutions regarding the indebtedness of an unconsolidated subsidiary which amounted to ¥50 million ($472 thousand) and ¥49 million at March 31, 2004 and 2003, respectively.

15. AMOUNTS PER SHARE

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each period. Diluted net income per share is computed based on the weighted average number of shares of common stock outstanding during each period after giving effect to the dilutive potential of the common stock to be issued upon the conversion of convertible bonds.

Net assets per share are based on the number of shares outstanding at the respective balance sheet dates.

Cash dividends per share represent the cash dividends declared as applicable to the respective period.

	Yen		U.S. dollars
Year ended March 31,	**2004**	2003	**2004**
Net income:			
Basic	**¥ 47.15**	¥ 41.98	**$0.44**
Diluted	**–**	40.86	**–**
Net assets	**726.57**	673.44	**6.85**
Cash dividends applicable to the year	**10.00**	8.00	**0.09**

16. DERIVATIVES

The Company and its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations in foreign currency exchange rates and interest rates but do not enter into such transactions for speculative purposes.

The Company and its consolidated subsidiaries are exposed to credit risk in the event of nonperformance by the counterparties to these derivative positions, but any such loss would not be material because the Company and its consolidated subsidiaries enter into such transactions only with financial institutions with high credit ratings. The notional amounts of the derivatives do not necessarily represent the amounts exchanged by the parties and, therefore, are not a direct measure of the Company's and its consolidated subsidiaries' related risk exposure.

Summarized below are the notional amounts and the estimated fair value of the open derivative positions at March 31, 2004 and 2003:

Currency related transactions

	Millions of yen			Thousands of U.S. dollars		
March 31, 2004	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell:						
US$	**¥750**	**¥745**	**¥ 5**	**$7,075**	**$7,028**	**$ 47**
HKD	**9**	**9**	**(0)**	**85**	**85**	**(0)**
Buy:						
US$	**960**	**953**	**(6)**	**9,057**	**8,991**	**(57)**
A$	**3**	**3**	**0**	**28**	**28**	**0**
Yen	**74**	**71**	**(3)**	**698**	**670**	**(28)**
Total			**¥(4)**			**$(38)**

March 31, 2003	Notional amount (Millions of yen)	Fair value (Millions of yen)	Unrealized gain (loss) (Millions of yen)
Forward foreign exchange contracts:			
Sell:			
US$	¥ 703	¥ 694	¥ 8
HKD	13	13	(0)
Buy:			
US$	1,331	1,307	(24)
Yen	49	47	(1)
Total			¥(18)

17. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the processing and sales of products in Japan and overseas in four major segments: manufacturing and sales of foods which include soy sauce and other seasonings, sauces, Del Monte processed fruit and vegetables, and sake and wine; wholesale sales of oriental food products which include eastern foods; Coca-Cola, which includes Coca-Cola and other beverages; and other businesses which include pharmaceuticals, real estate rental and restaurants.

Business Segments

Millions of yen

Year ended March 31, 2004	Foods–manufacturing and sales	Foods–wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consolidated
I. Sales and operating income:							
Sales to third parties	¥169,152	¥47,855	¥113,655	¥3,992	¥334,656	¥ –	¥334,656
Intragroup sales and transfers	492	667	–	–	1,160	(1,160)	–
Total sales	169,645	48,522	113,655	3,992	335,817	(1,160)	334,656
Operating expenses	158,251	46,851	110,462	3,195	318,760	(1,163)	317,597
Operating income	¥ 11,394	¥ 1,671	¥ 3,193	¥ 796	¥ 17,056	¥ 2	¥ 17,059
II. Assets, depreciation and capital expenditures:							
Total assets	¥153,460	¥21,516	¥ 63,363	¥7,776	¥246,117	¥32,485	¥278,602
Depreciation and amortization	8,693	293	4,635	223	13,847	–	13,847
Capital expenditures	9,919	342	5,080	80	15,422	–	15,422

Thousands of U.S. dollars

Year ended March 31, 2004	Foods–manufacturing and sales	Foods–wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consolidated
I. Sales and operating income:							
Sales to third parties	$1,595,774	$451,462	$1,072,217	$37,660	$3,157,132	$ –	$3,157,132
Intragroup sales and transfers	4,642	6,292	–	–	10,943	(10,943)	–
Total sales	1,600,425	457,755	1,072,217	37,660	3,168,085	(10,943)	3,157,132
Operating expenses	1,492,934	441,991	1,042,094	30,142	3,007,170	(10,972)	2,996,198
Operating income	$ 107,491	$ 15,764	$ 30,123	$ 7,509	$ 160,906	$ 19	$ 160,934
II. Assets, depreciation and capital expenditures:							
Total assets	$1,447,736	$202,981	$ 597,764	$73,358	$2,321,858	$306,462	$2,628,321
Depreciation and amortization	82,009	2,764	43,726	2,104	130,632	–	130,632
Capital expenditures	93,575	3,226	47,925	755	145,491	–	145,491

Year ended March 31, 2003	Foods–manufacturing and sales	Foods–wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consolidated
	Millions of yen						
I. Sales and operating income:							
Sales to third parties	¥172,240	¥48,100	¥118,095	¥4,072	¥342,508	¥ –	¥342,508
Intragroup sales and transfers	533	557	–	–	1,091	(1,091)	–
Total sales	172,774	48,657	118,095	4,072	343,599	(1,091)	342,508
Operating expenses	161,263	46,836	114,006	3,594	325,699	(1,096)	324,603
Operating income	¥ 11,511	¥ 1,821	¥ 4,089	¥ 477	¥ 17,899	¥ 5	¥ 17,904
II. Assets, depreciation and capital expenditures:							
Total assets	¥147,171	¥20,615	¥ 62,137	¥8,542	¥238,466	¥35,435	¥273,902
Depreciation and amortization	9,236	249	5,224	318	15,028	–	15,028
Capital expenditures	6,714	191	4,862	73	11,841	–	11,841

Geographical Segments

Geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2004 and 2003 is summarized as follows:

Year ended March 31, 2004	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	Millions of yen					
Sales to third parties	**¥260,237**	**¥62,880**	**¥11,537**	**¥334,656**	**¥ –**	**¥334,656**
Interarea sales and transfers	**8,040**	**1,275**	**1,680**	**10,996**	**(10,996)**	**–**
Total sales	**268,277**	**64,156**	**13,218**	**345,653**	**(10,996)**	**334,656**
Operating expenses	**259,583**	**57,033**	**11,998**	**328,614**	**(11,016)**	**317,597**
Operating income	**¥ 8,694**	**¥ 7,123**	**¥ 1,220**	**¥ 17,039**	**¥ 20**	**¥ 17,059**
Total assets	**¥199,446**	**¥45,291**	**¥12,021**	**¥256,759**	**¥ 21,842**	**¥278,602**

Year ended March 31, 2004	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
	Thousands of U.S. dollars					
Sales to third parties	**$2,455,066**	**$593,208**	**$108,840**	**$3,157,132**	**$ –**	**$3,157,132**
Interarea sales and transfers	**75,849**	**12,028**	**15,849**	**103,736**	**(103,736)**	**–**
Total sales	**2,530,915**	**605,245**	**124,698**	**3,260,877**	**(103,736)**	**3,157,132**
Operating expenses	**2,448,896**	**538,047**	**113,189**	**3,100,132**	**(103,925)**	**2,996,198**
Operating income	**$ 82,019**	**$ 67,198**	**$ 11,509**	**$ 160,745**	**$ 189**	**$ 160,934**
Total assets	**$1,881,566**	**$427,274**	**$113,406**	**$2,422,255**	**$ 206,057**	**$2,628,321**

						Millions of yen
Year ended March 31, 2003	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
Sales to third parties	¥266,129	¥65,361	¥11,017	¥342,508	¥ –	¥342,508
Interarea sales and transfers	8,580	1,343	1,658	11,582	(11,582)	–
Total sales	274,710	66,704	12,676	354,090	(11,582)	342,508
Operating expenses	265,535	58,962	11,683	336,180	(11,577)	324,603
Operating income	¥ 9,175	¥ 7,742	¥ 992	¥ 17,909	¥ (5)	¥ 17,904
Total assets	¥190,299	¥46,448	¥10,620	¥247,368	¥ 26,533	¥273,902

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the years ended March 31, 2004 and 2003 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
Year ended March 31, 2004	North America	Other	Total	North America	Other	Total
Overseas sales	**¥62,187**	**¥17,051**	**¥ 79,239**	**$586,670**	**$160,858**	**$ 747,538**
Consolidated net sales			**334,656**			**3,157,132**
Ratio of overseas sales to consolidated net sales	**18.6%**	**5.1%**	**23.7%**	**18.6%**	**5.1%**	**23.7%**

			Millions of yen
Year ended March 31, 2003	North America	Other	Total
Overseas sales	¥64,941	¥16,017	¥ 80,958
Consolidated net sales			342,508
Ratio of overseas sales to consolidated net sales	18.9%	4.7%	23.6%

18. SUBSEQUENT EVENT

The following appropriations of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended March 31, 2004, were approved at a shareholders' meeting held on June 25, 2004:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥10.00 = $0.09 per share)	**¥1,959**	**$18,481**
Bonuses to directors and statutory auditors	**45**	**425**
	¥2,004	**$18,906**

Report of Independent Auditors

The Board of Directors
KIKKOMAN CORPORATION

We have audited the accompanying consolidated balance sheets of KIKKOMAN CORPORATION and consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KIKKOMAN CORPORATION and consolidated subsidiaries at March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Shin Nihon & Co.

June 25, 2004

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of KIKKOMAN CORPORATION and consolidated subsidiaries under Japanese accounting principles.

Corporate History

Ideally situated close to soybean-growing regions as well as the Edo River, which provided a convenient transportation route for consumers in or near Edo, or present-day Tokyo, Noda has been well-known for its soy sauce production since the Edo period. In December 1917, eight family companies merged to form Noda Shoyu Co., Ltd., a company with capital of ¥7 million and the predecessor of Kikkoman Corporation.

1925 April	Noda Shoyu Co., Ltd., absorbs Noda Shoyu Jozo Co., Ltd., Manjo Mirin Co., Ltd., and Nippon Shoyu Co., Ltd., through a merger.
1931 September	The Takasago soy sauce production plant (formerly the Kansai Plant) begins shipments.
1957 June	Kikkoman International Inc. is established in San Francisco, California, in the United States.
1961 July	Kikko Food Industries Co., Ltd., is established. In July 1991, the company becomes Nippon Del Monte Corporation.
1962 February	Tone Beverage Co., Ltd., is established. In February 1963, the company becomes Tone Coca-Cola Bottling Co., Ltd.
1962 October	Katsunuma Yoshu Co., Ltd., is established. In March 1964, the company becomes Manns Wine Co., Ltd.
1964 October	Noda Shoyu Co., Ltd., is renamed Kikkoman Shoyu Co., Ltd.
1969 June	Kikkoman invests in Japan Food Corporation, in the United States. In November 1978, the company becomes JFC International Inc.
1970 March	Kikkoman invests in Pacific Trading Co., Ltd.
1972 March	Kikkoman Foods, Inc., is established in Walworth, Wisconsin, in the United States.
1973 June	The Wisconsin Plant of Kikkoman Foods, Inc. holds its grand opening.
1979 March	Kikkoman Trading Europe GmbH is established in Neuss, in Germany.
1980 October	The Company takes on its present name, Kikkoman Corporation.
1983 June	Kikkoman (S) Pte Ltd, a production facility, is established in Singapore.
1984 November	The production facility of Kikkoman (S) Pte. Ltd. holds its grand opening.
1987 January	Kikkoman's Chitose Plant, in Hokkaido,begins shipments.
1990 January	Kikkoman buys perpetual marketing rights for the Del Monte brand in the Asian-Pacific region, excluding the Philippines.
1990 February	A joint-venture company, President Kikkoman Inc., is established to produce soy sauce in Tainan, in Taiwan.
1990 December	The production facility of President Kikkoman Inc. begins shipments.
1996 April	Kikkoman establishes Kikkoman Foods Europe B.V., Europe's first soy sauce manufacturer, located in Hoogezand-Sappemeer, in the Netherlands.
1996 May	The Ojima Plant begins shipments of *shochu*, a clear Japanese spirit.
1997 March	Kikkoman holds a ground-breaking ceremony for its second U.S. soy sauce production plant, in Folsom, California, in the United States.
1997 October	Kikkoman Foods Europe B.V. holds its grand opening.
1998 October	The second manufacturing plant of Kikkoman Foods, Inc., in Folsom, California, holds its grand opening.
1999 July	Kikkoman opens its new headquarters in Noda, Chiba Prefecture, to commemorate the Company's 80th anniversary.
1999 October	Kikkoman Institute for International Food Culture is opened at the Company's new headquarters.
2000 May	A joint-venture company, Kunshan President Kikkoman Biotechnology Co., Ltd., is established in Kunshan, China.
2002 May	The China Plant, Kunshan President Kikkoman Biotechnology Co., Ltd., holds its grand opening.
2003 May	Kikkoman Foods, Inc. holds its 30th anniversary ceremony.
2004 March	Kikkoman invests in Higeta Shoyu Co., Ltd. and Kibun Food Chemifa Co., Ltd.

(As of July 2004)

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651 Gateway Boulevard, Suite 420,
South San Francisco, California 94080,
U.S.A.
Tel: +1 (650) 246-8600
Fax: +1 (650) 952-0455

Japan Food (Hawaii), Inc.**
887 North Nimitz Highway, Honolulu,
Hawaii 96817, U.S.A.
Tel: +1 (808) 537-9528
Fax: +1 (808) 526-0389

Japan Food Canada Inc.*
1880 Bonhill Road, Mississauga,
Ontario L5T 1C4, Canada
Tel: +1 (905) 564-5511
Fax: +1 (905) 564-6644

JFC de Mexico S.A. de C.V.*
Av. Ano de Juarez No. 160-B
Col Granjas San Antonio
Mexico, D.F.C.P. 09070
Tel: +52 (5) 55-686-8893
Fax: +52 (5) 55-686-8868

Europe

Kikkoman Foods Europe B.V.*
De Vosholen 100, 9611 TG
Sappemeer, The Netherlands
Tel: +31 (598) 399898
Fax: +31 (598) 399988

Kikkoman Trading Europe GmbH*
Heerdter Lohweg 61,
40549 Düsseldorf, Germany
Tel: +49 (211) 5375940
Fax: +49 (211) 5379555

JFC International (Europe) GmbH*
Heerdter Lohweg 57-59,
40549 Düsseldorf, Germany
Tel: +49 (211) 5374160
Fax: +49 (211) 592827

JFC (UK) Ltd.*
Unit 3, 1000 North Circular Road
London, NW2 7JP, United Kingdom
Tel: +44 (20) 8450-4626
Fax: +44 (20) 8452-3734

JFC France S.A.R.L*
4/8 Quai de Seine
93400 Saint-Ouen, France
Tel: +33 (1) 4918-9140
Fax: +33 (1) 4918-9149

Asia

Kikkoman (S) Pte Ltd*
7 Senoko Crescent, Singapore 758263
Tel: +65 (6758) 8822
Fax: +65 (6758) 3016

Del Monte Asia Pte Ltd*
290 Orchard Road #17-08
Paragon, Singapore 238859
Tel: +65 (6235) 1926
Fax: +65 (6235) 3044

Kikkoman Trading Asia Pte Ltd*
290 Orchard Road #17-08
Paragon, Singapore 238859
Tel: +65 (6235) 6022
Fax: +65 (6235) 2237

JFC Hong Kong Limited**
5th Floor, Ever Gain Centre
43-57, Wang Wo Tsai Street, Tsuen Wan,
N.T., Hong Kong, S.A.R., China
Tel: +852 (2428) 6431
Fax: +852 (2480) 4762

President Kikkoman Inc.**
7, Ta Ying Village, Hsin Shih Hsiang,
Tainan, Taiwan
Tel: +886 (6) 5997995
Fax: +886 (6) 5990123

Kunshan President Kikkoman Biotechnology Co., Ltd.**
301 South of Qingyang Road
Economy and Technology Development Zone
Kunshan City, Jiangsu Province, China
Tel: +86 (512) 5770-6146
Fax: +86 (512) 5770-6145

Oceania

Kikkoman Australia Pty. Limited*
Suite 2, Level 6, 132 Arthur St., North Sydney,
N.S.W. 2060, Australia
Tel: +61 (2) 9923-2533
Fax: +61 (2) 9925-0596

Japan Food Corp. (Aust.) Pty. Limited**
Woodcock Place, Building D1,
16 Mars Road, Lane Cove,
N.S.W. 2066, Australia
Tel: +61 (2) 9429-8000
Fax: +61 (2) 9429-8010

*Consolidated subsidiaries
**Equity method affiliates
Note: Numbers preceded by "+" are country codes.

Home page address: http://www.kikkoman.com/

(As of July 2004)

Board of Directors and Officers

Board of Directors and Corporate Auditors

Chairman of the Board
Yuzaburo Mogi*

Vice Chairman
Kenzaburo Mogi

President
Takashi Ushiku*

Directors
Kiyoshi Omori*
Noboru Miki
Mitsuo Someya
Toru Kumagai
Kenzaburo Mogi
Tsunao Hashimoto
Yukio Sato

*Representative Directors

Corporate Auditors
Shinichi Matsumoto
Masatoshi Noguchi
Reiichi Hisamoto
Nobuyuki Takashima

Corporate Officers

Chairman of the Board and Chief Executive Officer
Yuzaburo Mogi

President and Chief Operating Officer
Takashi Ushiku

Senior Executive Corporate Officer
Kiyoshi Omori

Executive Corporate Officers
Noboru Miki
Mitsuo Someya
Toru Kumagai
Kenzaburo Mogi
Shigetaka Ishii
Hiroshi Takamatsu
Tadao Kondo

Corporate Officers
Hideaki Imanari
Yukio Sato
Yasufumi Kataoka
Kuniki Hatayama
Koji Negishi
Kenichi Saito
Yoshiyuki Nogi
Masaru Ogihara
Hiroyuki Enomoto
Michinori Nishimura
Katsumi Amano
Noriaki Horikiri
Mamoru Kikuchi
Hiroshi Futamura
Yoshiro Kubota
Takaharu Nakamura
Shoichi Ui
Masanori Fukumitsu
Koichi Yamazaki

(As of June 25, 2004)

Corporate Data

Name
Kikkoman Corporation

Head Office
250 Noda, Noda-shi, Chiba 278-8601, Japan

Date of Establishment
December 7, 1917

Paid-in Capital
¥11,599,398,094

Number of Shares
Authorized: 300,000,000
Issued and outstanding: 197,202,300

Number of Employees
2,189 (As of March 31, 2004)

Stock Exchange Listings
Tokyo, Osaka

Transfer Agent
Mitsubishi Trust & Banking Corporation
4-5 Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-8212

Stock Price Range on the Tokyo Stock Exchange

Fiscal 2004:	High:	¥889	Low:	¥687
Fiscal 2003:	High:	¥850	Low:	¥660
Fiscal 2002:	High:	¥890	Low:	¥637

Business Activities
- Production and marketing of soy sauces, sauces, tomato ketchup, and related food seasonings and flavorings
- Production and marketing of mirin (sweet sake for cooking), fruit liquor, shochu (a clear Japanese spirit), and other sake and wine
- Production and marketing of carbonated drinks, juices, and other beverages
- Production and marketing of delicatessen items, rice, noodles, and processed soy bean products
- Production and marketing of processed agricultural and marine food products and livestock feed
- Production and marketing of medicines, quasi-drugs, industrial-use enzymes, reagents, and other chemicals
- Production and marketing of health foods, functional foods, and their ingredients.
- Development and marketing of production machinery and automated systems for food, medicines, and livestock feed
- Management of restaurants and coffee shops
- Administration of athletic clubs, swimming schools, and other sports facilities
- Leasing and management of real estate and car parking centers
- Operation of delivery trucks and warehouse facilities
- Production and marketing of plant seedlings, fruits and vegetables, compost, and garden fertilizers and provision of gardening advisory services
- Environmental health monitoring, testing activities, and certification

(As of July 2004)

Kikkoman Corporation

Head Office
250 Noda, Noda-shi, Chiba 278-8601, Japan
Tokyo Head Office
1-1, Nishi-Shinbashi 2-chome,
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Printed in Japan
This annual report is printed on recycled paper.