KIKKOMAN CORPORATION

ANNUAL REPORT 2008

Year ended March 31, 2008

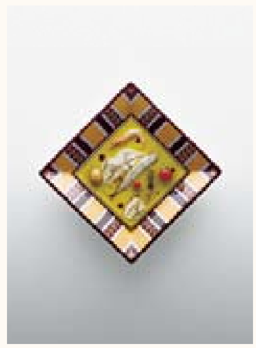
Profile

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 Front Cover

Marinated Fishes With Soy Oil

Marinate *wakasagi* (small white fish) in avocado oil with horsetail (a bamboo-like herbaceous plant), micro tomatoes, water shield (a member of the water lily family commonly consumed in Japan), wild beans and mini-shrimp. Decorate with a splash of soy sauce.



Contents

Forward-Looking Statements:
Statements made in this annual report with respect to the Kikkoman Group's present plans, outlook, strategies and projections regarding future business results inherently involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions, conditions in the group's business domains and exchange rates. Please be aware that actual results could differ significantly from forecasts because of these risks and uncertainties.

Kikkoman Group
Global Launch of New Corporate Brand Logo and Slogan

In June 2008, the Kikkoman Group launched its new corporate brand logo and slogan globally, initiating their use at Kikkoman Group companies worldwide.

Kikkoman's new corporate brand logo and slogan

Kikkoman introduced its previous corporate logo in the Japanese market in 1987. In the two decades since then, Kikkoman has steadily globalized its operations and generates approximately half of its operating profit in markets outside Japan. The new corporate logo is a reflection of these developments. We felt that, from a long-term perspective, a reworking of the brand, including the corporate brand logo, was necessary to make them better reflect the current nature of the business.

The new corporate brand logo and slogan are shown above. The corporate brand logo represents the Kikkoman Group's determination to harness both tradition and innovation in its business activities.

We also took the opportunity to realign four of the brands for domestic product ranges: Kikkoman, Del Monte, Manjo and Manns Wines, creating new slogans for them.

We regard fiscal 2009 as the first year of a new era—that of our new corporate brand—during which we will work to further enhance corporate value both at home and abroad.

Financial Highlights

Kikkoman Corporation and Consolidated Subsidiaries

Years ended March 31	2008	2007	2006	2005	2004	2008
					Millions of yen	Thousands of U.S. dollars (Note 5)
For the year:						
Net sales	**¥413,938**	¥392,611	¥359,906	¥344,625	¥334,656	**$4,139,380**
Operating income	**23,854**	21,646	18,557	17,847	17,059	**238,540**
Net income	**11,447**	10,739	10,125	9,487	9,287	**114,470**
At year-end:						
Total assets	**¥342,287**	¥348,995	¥331,781	¥295,802	¥278,602	**$3,422,870**
Property, plant and equipment, net	**134,042**	133,522	114,062	113,715	113,170	**1,340,420**
Interest-bearing debt (Note 1)	**78,716**	70,616	69,396	54,853	46,722	**787,160**
Net assets (Note 2)	**199,415**	206,919	–	–	–	**1,994,150**
Shareholders' equity, net	**–**	–	168,676	147,370	141,849	**–**
					Yen	U.S. dollars (Note 5)
Per share data:						
Net income (Note 3)	**¥59.16**	¥55.49	¥51.80	¥48.16	¥47.15	**$0.59**
Diluted net income	**59.12**	55.45	51.79	–	–	**0.59**
Cash dividends applicable to the year (Note 4)	**15.00**	15.00	12.00	10.00	10.00	**0.15**

Notes: 1. Interest-bearing debt refers to all liabilities on the consolidated balance sheets on which interest is paid.
2. ASBJ Statement No. 5 "Accounting Standard for Presentation of Net Assets in the Balance Sheet" has been adopted from the year ended March 31, 2007.
3. Net income per share is computed based on the weighted average number of shares outstanding during the year.
4. The fiscal year ended March 31, 2004 dividend includes a commemorative dividend of ¥2.00 per share.
The fiscal year ended March 31, 2007 dividend includes a commemorative dividend of ¥3.00 per share.
5. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥100=US$1.00.

Message From the Management

The Fiscal Year in Review

In the fiscal year ended March 31, 2008, evidence of a global economic slowdown increased, largely as a result of disruption in financial and capital markets and other problems triggered by the subprime loan crisis. In Japan, modest economic growth continued, but showed signs of slowing.

In the domestic food, beverage and liquor industries, soaring raw material prices and other factors caused a succession of companies to hike product prices. Moreover, greater interest in food safety among consumers has made it even more of an imperative for all involved in the industry to implement measures to ensure safety and reliability.

In this climate, the Kikkoman Group benefited domestically from sales growth in soy sauce and soy sauce derivative products, as well as a strong performance in the Coca-Cola business, largely thanks to favorable weather conditions. Sales growth was hampered, however, by lackluster performance from Kibun Food Chemifa's soy milk drinks. Overseas operations continued with robust sales in soy sauce and the foods-wholesale segment. As a result, consolidated net sales rose 5.4% to ¥413,938 million, operating income increased 10.2% to ¥23,854 million, and net income was up 6.6% to ¥11,447 million.

Summary of Business Policy

Business Principles

The activities of the Kikkoman Group are founded on three core business principles:

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

We believe that the future performance and prosperity of a company are the direct result of customer satisfaction. Accordingly, the Kikkoman Group continues to develop valued products that mirror the ever-changing needs of consumers and provide opportunities for new culinary experiences. Moreover, as a manufacturer of food products, the Kikkoman Group's fundamental mission is to produce higher quality products and services, in a safe and hygienic manner, at lower costs. Kikkoman has a tradition of consistently upholding the highest standards of quality control. Our commitment to quality goes beyond products to encompass all areas, such as containers 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 local social activities while working to assure that its operations coexist 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.

Medium-term Business Strategies

Overseas, we expect opportunities for expansion to continue increasing. In soy sauce operations, we are trying to extend the business model we have established in North America throughout the world. We are also taking advantage of the boom in popularity of Japanese food overseas to develop the foods-wholesale business globally, and are actively expanding the Del Monte business in Asia and Oceania.

In Japan, we expect the economic environment to present increasing challenges going forward due to an aging and declining population. Meanwhile, the escalation in raw material and other costs has already prompted us to raise our prices for soy sauce, having exceeded our estimates. In response to such a market environment, we will boost profitability by bolstering our earnings structure while making effective use of the management resources at our disposal to advance our growth strategies. In addition, we believe we must continue adding more value to our businesses and products.

On March 19, 2008, we concluded a share exchange agreement to make Kibun Food Chemifa a wholly owned subsidiary. Going forward, we will continue reforming business structures to further strengthen and stabilize management of the Kikkoman Group.

Basic Approach to Corporate Governance

We believe that responding accurately to changes in the operating environment and bolstering management of the group as a whole to raise corporate value are fundamental to managing a company that meets 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.

Kikkoman has adopted a company structure that includes corporate auditors. We have taken steps to improve and bolster our corporate governance framework, with the targets of realizing greater management transparency, clearer responsibility, speedy decision making, and stronger oversight. Efforts have included the introduction of the executive officer system, appointment of outside directors and corporate auditors, and formation of a Nominating Committee and Remuneration Committee.

Corporate Governance Framework

To expedite decision making and clarify responsibilities for business execution, we have established the executive officer system. Under this framework, the Board of Directors formulates group management strategy, makes important decisions based on decision making guidelines, and oversees the business execution of executive officers.

In June 2004, we established the positions of chief executive officer (CEO) and chief operating officer (COO). The CEO is the highest decision maker in group management. Under the CEO, the Management Committee functions as a deliberative body for decision making and, as a rule, convenes twice a month. The COO holds the ultimate responsibility for business execution. Under the COO, the Corporate Officers Meeting functions as a deliberative body for decision making and also, as a rule, convenes twice a month.

The corporate auditors conduct audits in accordance with the rules, auditing policies and audit plans established by the Board of Corporate Auditors. When planning audits, conducting quarterly reviews, and carrying out audits at the end of the interim period and fiscal year, the corporate auditors meet with the independent auditors to hear briefings on plans and reports, receive reports, and exchange opinions. In addition, the corporate auditors are present when the independent auditors conduct their audits.

In June 2002, we formed the Nominating Committee and Remuneration Committee, both of which hold meetings as required. Each committee comprises three directors; two of whom are outside directors. The Nominating Committee makes recommendations on candidates for director, executive officer, and corporate auditor to the Board of Directors. Candidates for corporate auditor are approved by the Board of Corporate Auditors. Meanwhile, the Remuneration Committee formulates remuneration proposals for directors, corporate auditors, and executive officers.

Internal Control and Risk Management System

Establishing an internal control system that ensures proper implementation of operations is one of our vital issues. Based on this thinking, we are making group-wide efforts to reinforce a framework that ensures effective and efficient operations that comply with laws and regulations.

In terms of compliance, we have established a Code of Conduct, which was formulated to ensure that Kikkoman complies with laws and regulations, the Articles of Incorporation, and social norms. As an additional measure, we have put in place the Corporate Ethics Committee and an employee reporting hotline to prevent and settle violations of the Code of Conduct.

Regarding risk management, we have delegated executive officers with the responsibility of supervising each business division to avert, prevent, and manage risks related to possible losses. In our risk management framework, the director in charge is notified immediately in the event that the possibility of such a loss materializes. The Risk Management Committee is constantly on guard for accidents and natural disasters, ready to respond to such emergencies with swift and precise measures.

Moreover, our information management system is based on internal rules specifying procedures for the safekeeping and management of documents using electronic and other methods.

Finally, to make sure that operations are implemented properly throughout the group, we have appointed directors to subsidiary companies. These directors report regularly to the CEO. Our Code of Conduct and risk management system include subsidiaries to ensure sound operations across the entire group.

Basic Policy on the Distribution of Profits

The Kikkoman Group's basic policy is to reward shareholders with a distribution of profits, backed by strong financial performance on a consolidated basis, while using funds to strengthen both the company's corporate foundation and future businesses.

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, conduct research and development targeting new businesses, and cultivate new demand.

In terms of the dividend applicable to fiscal 2008, we paid an annual dividend of ¥15 per share of common stock.

Outlook for the Current Fiscal Year

Looking at our overseas operations, in North America, we will prioritize sustaining growth in the soy sauce business with measures that include promoting high value added products for home use and aggressive development of channels for foodservice and industrial use. In addition, we will focus on health foods to foster new business beyond the area of soy sauce.

In Europe, we are expanding the soy sauce market, with the goal of maintaining double-digit growth. Alongside cultivating existing key markets, we will also develop new markets, including Central and Eastern Europe, and Russia.

In Asia, we aim to grow our soy sauce and Del Monte businesses. At our R&D base in Singapore, we will advance development of new products for Asian markets.

In the foods-wholesale business, we will continue taking advantage of the increasing interest in Japanese food overseas to achieve strong growth in every operating region.

In Japan, we will take steps to increase sales of value-added products, such as our *Tokusen Marudaizu Shoyu* (premium soy sauce) and *Tokusen Marudaizu Gen-en Shoyu* (premium low-sodium soy sauce) in the home use market. In the foodservice and industrial use sector, in addition to continuing to provide safe, high-quality products, we will also further our efforts to leverage the company's collective strengths by providing technical support and other services.

In soy sauce derivative products, we will strive to extend our market share by further expanding sales of *tsuyu* (soy sauce soup base), led by *Hon Tsuyu*, and of *tare* (dipping and marinade sauces). In addition, we will work to expand the market for the *Uchi-no-Gohan* series (a handy Japanese-style seasoning mix) as we continue to target strong growth.

In our Del Monte operations, we will push ahead with expansion efforts centered on *Lact-Vege*, a new type of vegetable juice that contains a blend of vegetables fermented using lactobacillus of plant origin. To achieve growth in the chilled beverages market, we will reinforce initiatives to leverage synergies with Kibun Food Chemifa.

Our *sake* and wine business will focus on increasing market share in home use *mirin* (sweet *sake* for cooking), while developing high value added wine products to exert competitive advantage in the premium wine market.

In the biochemical business, we will pursue growth through sales of clinical diagnostic reagents and hygiene inspections, along with other products and services.

In June 2008, the Kikkoman Group commenced full-scale use and active promotion of its new corporate brand logo and slogan. We aim to continue focusing on the consumer's perspective to fulfill our stakeholders' expectations, and enhance our corporate value. Meanwhile, on June 18, 2008, we decided to form an equity-based alliance with Riken Vitamin Co., Ltd.

These objectives emphasize our group-wide resolve to be increasingly aggressive in our efforts to achieve our targets for the current fiscal year.

July 2008

Yuzaburo Mogi
Chairman of the Board and Chief Executive Officer

Mitsuo Someya
President and Chief Operating Officer

Left:
Yuzaburo Mogi
Chairman of the Board and
Chief Executive Officer

Right:
Mitsuo Someya
President and Chief Operating Officer

Management's Discussion and Analysis

OPERATING RESULTS

The Kikkoman Group's results during the year under review experienced the effects of soaring raw material prices and crude oil prices. Domestically, Coca-Cola operations, which struggled in the previous fiscal year, experienced an upswing as a result of aggressive sales promotions and favorable weather conditions, despite Kibun Food Chemifa Co., Ltd.'s suffering from a lackluster performance in the contracting soy milk market. With a strong performance from soy sauce derivative products also contributing, both sales and income increased in domestic operations. In overseas operations, likewise, sales and income were both up year on year, due to continued strong results in soy sauce and foods—wholesale, in North America, Europe, Asia and Oceania.

Consequently, on a consolidated basis, net sales increased 5.4% year on year to ¥413,938 million. In terms of earnings, operating income rose 10.2% to ¥23,854 million and net income increased 6.6% to ¥11,447 million. Net sales, operating income and net income were all-time highs for Kikkoman.

SEGMENT INFORMATION

The company's results are divided into four business 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 Division (Del Monte processed tomato products, fruit and vegetable juices, and other products), the *Sake* and Wine Division (*mirin*, wine, and other alcoholic beverages), and the Other Foods Division, which includes soy milk, food products for business purpose and food products for health in the U.S. All products are manufactured and sold in Japan and overseas.

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

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

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

Tokusen Marudaizu Gen-en Shoyu:
Soy sauce with 50% less sodium than *Tokusen Marudaizu Shoyu*.

Segment sales rose 2.3% to ¥206,467 million, but operating income decreased 1.7% to ¥14,870 million. The results for each division are as follows.

SOY SAUCE DIVISION

In Japan, the continued market contraction contributed to a generally slack market, with sales of 1-liter bottles of mainstay *Koikuchi Shoyu* (regular soy sauce) and other products dropping slightly. However, overall revenues increased, partly as a result of a rise in demand prior to the introduction of price reforms. In the home use sector, sales of 1-liter bottles of *Tokusen Marudaizu Shoyu* (premium soy sauce), *Gen-en Shoyu* (low-sodium soy sauce) and other high value added soy sauces increased. Meanwhile, in the foodservice use and industrial use sectors in Japan, the decline in sales of 1.8-liter medium-sized containers abated and sales from bulk containers were steady, largely as a result of efforts to develop new and existing markets.

Overseas, in the North American market the company continued to see steady growth in the home use and foodservice use sectors. Furthermore, sales in the industrial use sector jumped significantly as a result of efforts to attract new customers and other initiatives. In the European market, sales grew sharply on the back of strong growth in the key German, U.K. and French markets, while the burgeoning markets of Central and Eastern Europe and Russia also contributed. In the Asia and Oceania market, likewise, segment sales surpassed those of the previous fiscal year.

Less Sodium Soy Sauce (America):

Less Sodium 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, poultry, 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 DERIVATIVE PRODUCTS DIVISION

In *tsuyu* (soy sauce soup base), sales were favorable in the home use sector, led by *Hon Tsuyu* and straight *tsuyu*, partly due to increased demand as a result of hot weather. In addition, sales were supported by strong performance from a new product in the *Hon Tsuyu* series, and in the industrial use and foodservice use sectors, sales also surpassed the previous fiscal year. In *tare* (dipping and marinade sauces), sales rose above the previous fiscal year on the back of strong performance. Sales of the *Uchi-no-Gohan* series (a handy Japanese-style seasoning mix) also grew steadily, reflecting the benefits of active efforts to develop new products and sales promotion activities.

DEL MONTE DIVISION

In Japan, tomato ketchup and other processed tomato products posted higher year-on-year sales. In the drink sector, sales of *Lact-Vege* were up year on year. However, sales of tomato juice and other juices were sluggish. Sales of sauces in the home use sector were favorable; as a result, sales in this division were higher than in the previous fiscal year. Overseas, too, division sales were higher than the previous year due to growth in Hong Kong and other areas in China.

SAKE AND WINE DIVISION

Overall sales of *Hon Mirin* increased year on year on the back of strong sales in the industrial use and foodservice use sectors, despite flat sales in the home use sector. In wine, sales of our premium wine made with domestic grapes were steady, but shipments of imported wines were sluggish due to a tightening in the Beaujolais Nouveau market, restricting wine sales to a slight overall increase year on year.

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

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*.

Kajuu Ponzu:
Hot pot sauce containing freshly squeezed *yuzu* (a Japanese citrus fruit).

OTHER FOODS DIVISION

In Japan, soy milk sales struggled due to a tighter market, although media coverage concerning the risks of excessive isoflavone intake was not as intense as last year.

In the North American market, the health foods business performed well, led by strong sales of nutritional supplement food products.

FOODS—WHOLESALE

This segment procures and sells oriental food products and other products in Japan and overseas.

In the North American market, sales grew steadily as the Japanese foods market continued to expand. In Europe, too, the growing popularity of Japanese food contributed to strong sales.

As a result, segment sales increased 13.2% to ¥76,534 million and operating income increased 37.6% to ¥4,120 million. This was partly due to inclusion of the Asia and Oceania region foods—wholesale business in the scope of consolidation.

COCA-COLA

This segment manufactures and sells 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.

Although operating conditions for the soft drinks industry continue to be severe, sales increased year on year as a result of proactive sales promotions and favorable weather.

As a result, segment sales rose 6.3% to ¥124,220 million and operating income increased 52.2% to ¥3,776 million.

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

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).

OTHERS

This segment includes production and sales of pharmaceutical raw materials and clinical diagnostic reagents, chemicals such as hyaluronic acid, as well as real estate rental, logistics and other businesses.

During the fiscal year under review, sales of raw materials for pharmaceuticals were steady. However, sales of clinical diagnostic reagents were dragged down as a result of intensifying competition and other factors. Sales of hyaluronic acid for use in cosmetic products posted stable growth. However, overall sales of hyaluronic acid were down year on year as a result of delayed orders for pharmaceutical use and other factors.

As a result, after taking into account changes in consolidation, segment sales increased 110.7% to ¥15,409 million. However, operating income fell 4.0% to ¥1,006 million.

FINANCIAL POSITION

ASSETS

Total assets as of March 31, 2008 were ¥342,287 million, a decrease of ¥6,708 million from the end of the previous fiscal year. Current assets increased by ¥12,608 million, while the total of property, plant and equipment, net, and investments and other assets decreased by ¥19,317 million. These changes mainly reflected factors such as increases in assets from newly consolidated subsidiaries due to changes in consolidation, and increases in cash and time deposits due to proceeds from issuance of corporate bonds. These were offset by decreases in the value of assets due to changes in foreign currency translation adjustments, and decreases in investments in securities associated with reduced mark-to-market margins and the establishment of a pension trust fund.

Carton-packaged ingredients:
Whole kernel corn and diced tomato in convenient, environmentally friendly containers.

Tomato Juice and Vegetable Juice:
100% tomato juice and vegetable juice.

Del Monte "Lact-Vege":
A new type of vegetable drink which contains vegetables that are fermented using lactobacillus of plant origin.

LIABILITIES

Total liabilities were ¥142,871, an increase of ¥794 million compared to the end of the previous fiscal year. Current liabilities decreased ¥9,508 million, while long-term liabilities increased ¥10,303 million. Although there was a decrease in the current portion of long-term debt, this was offset by increases in bonds, decreases in deferred tax liabilities associated with reduced mark-to-market margins, and decreases in accrued employees' pension and severance costs accompanying the establishment of a pension trust fund.

NET ASSETS

Net assets were ¥199,415 million. Although retained earnings increased by ¥9,855 million, this was offset by decreases in the unrealized holding gain on securities and foreign currency translation adjustments as a result of reduced mark-to-market margins. As a result, the equity ratio decreased by 1.5 percentage points to 48.8%, while net assets per share decreased by ¥42.83 to ¥864.01.

CASH FLOWS

Cash and cash equivalents were ¥32,984 million as of March 31, 2008. This was the result of an increase in cash and cash equivalents of ¥8,681 million, as well as an additional increase arising from inclusion of subsidiaries in consolidation. Details of the current status of cash flows and the major contributing factors are described below.

Operating activities provided net cash of ¥26,118 million, an increase of ¥1,455 million from the previous fiscal year. This was the result mainly of an increase in income before income taxes and minority interests, combined with a decrease in notes and accounts receivable and an increase in notes and accounts payable.

Investing activities used net cash of ¥19,578 million. The main reasons were increased outgoings for the acquisition of property, plant and equipment, and investments in securities, which offset inflows due to proceeds from sales of property, plant and equipment and collection of loans receivable.

Financing activities provided net cash of ¥4,712 million. This primarily reflects an increase in cash inflows due to proceeds from bonds, which offset cash outflows due to the repayment of bonds and payment of cash dividends.

Chilled Beverages:

A new type of nutritionally balanced beverage made from fruits and soy milk.

Chilled Soup:

A new type of low-calorie soup made from vegetables and soy milk.

Manjou Hon Mirin:

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

Manns Solaris:

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

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 MARKET

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 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

Some raw materials used by the Kikkoman Group are subject to the effects of market conditions. The soybeans, soybean meal and wheat used in the Soy Sauce Division are subject to the effects of conditions in international commodities markets.

Fluctuations in crude oil prices could also affect manufacturing and delivery costs for PET bottles used to package Kikkoman's products and other products. A rapid increase in these market prices could lead to higher manufacturing and delivery expenses and thus could adversely affect the Kikkoman Group's business results and financial position.

ACCOUNTING FOR IMPAIRMENT OF ASSETS

The Kikkoman Group owns a variety of assets, including real estate used in the course of business operations. Should recovery of the Group's investment in such assets become unlikely due to a decline in market value or a decrease in profitability, the assets will become liable for asset impairment accounting. This could adversely affect the Kikkoman Group's business results and financial position.

FLUCTUATIONS IN THE MARKET VALUE OF SECURITIES

The Kikkoman Group holds marketable securities with fair market values. Should there be a significant decline in the market value of these securities, this could adversely affect the Kikkoman Group's business results and financial position.

WEATHER

The Kikkoman Group is developing Coca-Cola and other soft drink 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 a decrease in the Kikkoman Group's sales volume or increases in sales, promotion and advertising expenses, 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 its 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. It was revealed that some of the imported raw materials used in health food products sold by Kikkoman may have been subjected to gamma rays, probably for the purpose of sterilization. As a result, in June 2007 Kikkoman voluntarily recalled affected products.

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

In Japan, Kikkoman is subject to laws and regulations such as the Food Sanitation Law and the Product Liability Act. In addition, the group is 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.

Financial Section

Contents

Consolidated Balance Sheets

Kikkoman Corporation and Consolidated Subsidiaries
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2008**	2007	**2008**
Current assets:			
Cash and time deposits (Note 4)	**¥ 34,038**	¥ 24,505	**$ 340,380**
Trade notes and accounts receivable (Note 8)	**49,147**	50,656	**491,470**
Allowance for doubtful receivables	**(937)**	(967)	**(9,370)**
	48,209	49,689	**482,090**
Inventories (Notes 6 and 8)	**29,720**	29,910	**297,200**
Deferred tax assets (Note 10)	**5,171**	4,728	**51,710**
Other current assets (Note 4)	**11,859**	7,558	**118,590**
Total current assets	**128,999**	116,391	**1,289,990**
Property, plant and equipment, at cost (Note 8):			
Land	**32,287**	32,560	**322,870**
Buildings and structures	**106,297**	106,130	**1,062,970**
Machinery, equipment and vehicles	**158,305**	158,594	**1,583,050**
Other	**55,004**	55,207	**550,040**
Construction in progress	**6,085**	3,983	**60,850**
	357,979	356,477	**3,579,790**
Accumulated depreciation	**(223,937)**	(222,954)	**(2,239,370)**
Property, plant and equipment, net	**134,042**	133,522	**1,340,420**
Investments and other assets:			
Investments in securities (Note 5)	**32,009**	47,202	**320,090**
Investments in and advances to unconsolidated subsidiaries and affiliates	**9,707**	12,451	**97,070**
Goodwill	**24,068**	27,775	**240,680**
Other intangible assets	**4,612**	6,239	**46,120**
Deferred tax assets (Note 10)	**2,987**	3,573	**29,870**
Other assets	**5,860**	1,838	**58,600**
Total investments and other assets	**79,245**	99,081	**792,450**
Total assets	**¥342,287**	¥348,995	**$ 3,422,870**

See accompanying notes to consolidated financial statements.

Liabilities	Millions of yen 2008	2007	Thousands of U.S. dollars (Note 3) 2008
Current liabilities:			
Short-term bank loans (Notes 8)	**¥ 11,143**	¥ 13,004	**$ 111,430**
Current portion of long-term debt (Notes 7 and 8)	**852**	11,444	**8,520**
Trade notes and accounts payable	**17,365**	16,242	**173,650**
Other accounts payable	**15,954**	14,549	**159,540**
Accrued employees' bonus	**2,477**	2,169	**24,770**
Accrued directors' bonus	**142**	122	**1,420**
Accrued income taxes (Note 9)	**2,351**	2,477	**23,510**
Other current liabilities	**7,034**	6,820	**70,340**
Total current liabilities	**57,323**	66,831	**573,230**
Long-term liabilities:			
Long-term debt (Notes 7 and 8)	**61,592**	41,070	**615,920**
Accrued employees' pension and severance costs (Note 9)	**9,293**	16,448	**92,930**
Accrued officers' severance benefits	**2,186**	1,930	**21,860**
Deposits received	**6,074**	1,253	**60,740**
Deferred tax liabilities (Note 10)	**3,585**	8,399	**35,850**
Other long-term liabilities	**2,815**	6,142	**28,150**
Total long-term liabilities	**85,548**	75,245	**855,480**
Contingent Liabilities (Note 14)			
Net assets			
Shareholders' equity:			
Common stock, without par value:			
Authorized: 600,000,000 shares			
Issued: 197,202,300 shares at March 31, 2008	**11,599**	11,599	**115,990**
Capital surplus (Note 11)	**5,791**	5,782	**57,910**
Retained earnings (Note 11 and 18)	**154,947**	145,091	**1,549,470**
Treasury stock, at cost:			
March 31, 2008—3,700,148 shares	**(2,928)**	(2,786)	**(29,280)**
Total shareholders' equity	**169,410**	159,687	**1,694,100**
Difference of appreciation and conversion:			
Unrealized holding gain on securities	**6,030**	16,926	**60,300**
Deferred hedge gain/loss	**10**	167	**100**
Translation adjustments	**(7,834)**	(719)	**(78,340)**
Unfunded retirement benefit obligation of overseas subsidiaries	**(427)**	(539)	**(4,270)**
Total difference of appreciation and conversion	**(2,221)**	15,835	**(22,210)**
Stock acquisition rights	**67**	–	**670**
Minority interests	**32,159**	31,396	**321,590**
Total net assets	**199,415**	206,919	**1,994,150**
Total liabilities and net assets	**¥342,287**	¥348,995	**$3,422,870**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Kikkoman Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	**2008**
Net sales	**¥413,938**	¥392,611	**$4,139,380**
Cost of sales	**250,347**	237,568	**2,503,470**
Gross profit	**163,591**	155,043	**1,635,910**
Selling, general and administrative expenses (Notes 9 and 12)	**139,736**	133,396	**1,397,360**
Operating income	**23,854**	21,646	**238,540**
Other income (expenses):			
Interest and dividend income	**1,302**	1,222	**13,020**
Equity in (losses) earnings of unconsolidated subsidiaries and affiliates	**406**	620	**4,060**
Interest expense	**(1,073)**	(1,047)	**(10,730)**
Gain on sales of securities	**370**	147	**3,700**
Dividends from liquidation of securities	**28**	52	**280**
Gain on sales of property, plant and equipment	**2,149**	1,175	**21,490**
Gain on establishment of pension trust fund	**4,895**	–	**48,950**
Loss on disposal of property, plant and equipment	**(2,055)**	(968)	**(20,550)**
Loss on revaluation of investments in securities	**(133)**	(257)	**(1,330)**
Loss on impairment of fixed assets	**(2,449)**	–	**(24,490)**
Special additional severance benefits	**(275)**	–	**(2,750)**
Write-down of inventories	**(42)**	–	**(420)**
Loss on revaluation of golf memberships	**(7)**	(52)	**(70)**
Loss from redemption of bond	**–**	(78)	**–**
Environmental conservation costs	**–**	(131)	**–**
Expense for compensation	**–**	(376)	**–**
Loss on cancellation of materials purchases contracts	**–**	(176)	**–**
Depreciation expense resulting from revision of residual value	**(327)**	–	**(3,270)**
Amortization of net transition obligation of severance and retirement benefit	**405**	–	**4,050**
Expenses related to voluntary recall of the products	**(229)**	–	**(2,290)**
Expense for Kikkoman's 50th Anniversary in America Project	**(1,946)**	–	**(19,460)**
Other, net	**(1,507)**	(796)	**(15,070)**
Income before income taxes and minority interests	**23,366**	20,980	**233,660**
Income taxes (Note 10):			
Current	**7,832**	7,704	**78,320**
Deferred	**2,633**	742	**26,330**
	10,466	8,447	**104,660**
Income before minority interests	**12,900**	12,533	**129,000**
Minority interests	**(1,452)**	(1,793)	**(14,520)**
Net income (Note 15)	**¥ 11,447**	¥ 10,739	**$ 114,470**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Net Assets

Kikkoman Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	**2008**
Common stock			
Balance at beginning and end of the period (March 31, 2008—197,202,300 shares; March 31, 2007—197,202,300 shares)	**¥ 11,599**	¥ 11,599	**$ 115,990**
Capital surplus (Note 11)			
Balance at beginning of the period	**¥ 5,782**	¥ 5,775	**$ 57,820**
Add:			
Gain on sales of treasury stock	**9**	6	**90**
Balance at end of the period	**¥ 5,791**	¥ 5,782	**$ 57,910**
Retained earnings (Notes 11 and 18)			
Balance at beginning of the period	**¥145,091**	¥136,546	**$1,450,910**
Add:			
Net income	**11,447**	10,739	**114,470**
Increase from accounting period changes of consolidated subsidiaries	**198**	40	**1,980**
Increase due to addition of consolidated subsidiaries previously not consolidated	**1,125**	–	**11,250**
Adjustment in minimum pension liability of consolidated subsidiaries in U.S.A.	**–**	172	**–**
Other	**–**	32	**–**
Deduct:			
Cash dividends paid	**(2,916)**	(2,333)	**(29,160)**
Bonuses to directors and statutory auditors	**–**	(105)	**–**
Balance at end of the period	**¥154,947**	¥145,091	**$1,549,470**
Treasury stock			
Balance at beginning of the period			
Add:	**¥ (2,786)**	¥ (2,668)	**$ (27,860)**
Purchase	**(237)**	(249)	**(2,370)**
Deduct:			
Disposal	**95**	130	**950**
Balance at end of the period	**¥ (2,928)**	¥ (2,786)	**$ (29,280)**
Unrealized holding gain on securities			
Balance at beginning of the period	**¥ 16,926**	¥ 19,497	**$ 169,260**
Net change during the period	**(10,895)**	(2,571)	**(108,950)**
Balance at end of the period	**¥ 6,030**	¥ 16,926	**$ 60,300**
Deferred hedge gain/loss			
Balance at beginning of the period	**¥ 167**	¥ –	**$ 1,670**
Net change during the period	**(157)**	167	**(1,570)**
Balance at end of the period	**¥ 10**	¥ 167	**$ 100**
Translation adjustments			
Balance at beginning of the period	**¥ (719)**	¥ (2,073)	**$ (7,190)**
Net change during the period	**(7,115)**	1,354	**(71,150)**
Balance at end of the period	**¥ (7,834)**	¥ (719)	**$ (78,340)**
Unfunded retirement benefit obligation of overseas subsidiaries			
Balance at beginning of the period	**¥ (539)**	¥ –	**$ (5,390)**
Net change during the period	**111**	(539)	**1,110**
Balance at end of the period	**¥ (427)**	¥ (539)	**$ (4,270)**
Stock acquisition rights			
Balance at beginning of the period	**¥ –**	¥ –	**$ –**
Net change during the period	**67**	–	**670**
Balance at end of the period	**¥ 67**	¥ –	**$ 670**
Minority interests			
Balance at beginning of the period	**¥ 31,396**	¥ 23,331	**$ 313,960**
Net change during the period	**762**	8,064	**7,620**
Balance at end of the period	**¥ 32,159**	¥ 31,396	**$ 321,590**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Kikkoman Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	**2008**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 23,366**	¥ 20,980	**$ 233,660**
Depreciation and amortization	**17,333**	16,290	**173,330**
Depreciation expense resulting from revision of residual value	**327**	–	**3,270**
Loss on impairment of fixed assets	**2,449**	–	**24,490**
Accrued employees' pension and severance costs	**(4,556)**	(2,695)	**(45,560)**
Increase (decrease) in accrued expenses resulting from transition of pension plan	**2,244**	–	**22,440**
Accrued officers' severance benefits	**236**	145	**2,360**
Interest and dividend income	**(1,302)**	(1,222)	**(13,020)**
Interest expense	**1,073**	1,047	**10,730**
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	**(406)**	(620)	**(4,060)**
Gain on sales of property, plant and equipment	**(2,149)**	(1,175)	**(21,490)**
Gain on sales of securities	**(370)**	(147)	**(3,700)**
Gain on establishment of pension trust fund	**(4,895)**	–	**(48,950)**
Loss on disposal of property, plant and equipment	**2,055**	968	**20,550**
Loss on revaluation of investments in securities	**133**	257	**1,330**
Notes and accounts receivable	**481**	(1,624)	**4,810**
Inventories	**(746)**	(481)	**(7,460)**
Notes and accounts payable	**1,424**	34	**14,240**
Other	**(3,027)**	720	**(30,270)**
Subtotal	**33,669**	32,477	**336,690**
Interest and dividends received	**1,529**	1,577	**15,290**
Interest paid	**(1,085)**	(1,058)	**(10,850)**
Income taxes paid	**(7,995)**	(8,332)	**(79,950)**
Net cash provided by operating activities	**26,118**	24,663	**261,180**
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(19,327)**	(18,341)	**(193,270)**
Proceeds from sales of property, plant and equipment	**4,151**	6,525	**41,510**
Acquisition of intangible assets	**(534)**	(473)	**(5,340)**
Acquisition of investments in securities	**(5,566)**	(12,107)	**(55,660)**
Proceeds from sales of investments in securities	**548**	1,884	**5,480**
Payments for purchase of shares of consolidated subsidiaries due to change in scope of consolidation	**–**	(6,043)	**–**
Addition to loans receivable	**(716)**	(490)	**(7,160)**
Collection of loans receivable	**1,991**	658	**19,910**
Other	**(126)**	753	**(1,260)**
Net cash used in investing activities	**(19,578)**	(27,634)	**(195,780)**
Cash flows from financing activities			
Increase (decrease) in short-term bank loans	**(1,251)**	3,389	**(12,510)**
Proceeds from long-term debt	**21,476**	–	**214,760**
Repayment of long-term debt	**(11,667)**	(9,765)	**(116,670)**
Acquisition of treasury stock	**(237)**	(249)	**(2,370)**
Cash dividends paid	**(3,505)**	(3,008)	**(35,050)**
Other	**(101)**	83	**(1,010)**
Net cash provided by (used in) financing activities	**4,712**	(9,549)	**47,120**
Effect of exchange rate changes on cash and cash equivalents	**(2,571)**	390	**(25,710)**
Increase (decrease) in cash and cash equivalents	**8,681**	(12,130)	**86,810**
Cash and cash equivalents at beginning of the year	**23,474**	35,642	**234,740**
Increase (decrease) from the changes of accounting year-end date in certain consolidated subsidiaries	**(55)**	(1,072)	**(550)**
Increase arising from inclusion of subsidiaries in consolidation	**884**	625	**8,840**
Increase in cash due to merger of non-consolidated subsidiaries	**–**	408	**–**
Cash and cash equivalents at end of the year (Note 4)	**¥ 32,984**	¥ 23,474	**$ 329,840**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kikkoman Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

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 Financial Instruments 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 Financial Instruments and Exchange Law of Japan, 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 inter-company 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 net assets.

(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 difference of appreciation and conversion, 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 part of rental equipments 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 ranges of useful lives are as follows:

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

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

(Changes in accounting policies)

The Company and its domestic consolidated subsidiaries (excluding certain consolidated subsidiaries) have changed depreciation method related to the fixed assets acquired on or after April 1, 2007 from the one as defined under the previous Japanese Tax Code to the one as defined under the revised Japanese Tax Code introduced in the 2007 tax reform. The effect of this change on operating income and income before taxes and minority interests for the period is immaterial.

(Additional information)

The Company and its domestic consolidated subsidiaries (excluding certain consolidated subsidiaries) will continue to apply the depreciation method as defined under the previous Japanese Tax Code related to tangible fixed assets acquired on or prior to March 31, 2007 and the difference between the 5% of the acquisition cost and the nominal value of each in such group of assets will be evenly allocated to the period of 5 years commencing the year next to the year when the net book value of each in such group of assets reaches 5% of the original acquisition cost. As a result, operating income has been decreased by ¥706 million ($7,060 thousand) and income before income taxes and minority interests for the period has been decreased by ¥713 million ($7,130 thousand).

Change in the estimated useful lives

The Company has changed the estimated useful lives of production facilities for soy sauce material to reflect more realistic useful lives of those production facilities based on the studies conducted in conjunction with the medium and long-term equipment investment plan. Due to that change, depreciation expense has been decreased by ¥2 million ($20 thousand) and ¥327 million ($3,270 thousand) has been recorded as depreciation expense resulting from revision of residual value. As a result, operating income has been increased by ¥2 million ($20 thousand) and income before income taxes and minority interests for the period has been decreased by ¥324 million ($3,240 thousand).

(g) Leases

Non-cancelable 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 employees' bonuses

Accrued employees' bonuses are provided for payment of employees' bonuses based on the estimated amounts.

(i) Accrued directors' bonuses

Accrued directors' bonuses are provided for payment of directors' bonuses based on the estimated amounts.

(j) 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 periods ranging from 8 to 12 years (excluding certain consolidated subsidiaries) which are 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 12 years, which are shorter than the average remaining years of service of the active participants in the plans.

Certain 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.

(Additional information)

On January 1, 2008, certain consolidated subsidiary received approval from the Ministry of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employee pension fund, in accordance with the implementation of the "Defined Benefit enterprise Pension Law." The minimum Liability reserve (the amount of plan assets equivalent to the amount to be returned) came to ¥721 million ($7,210 thousand) on the day of approval. On the assumption that the said amount recorded under the minimum liability reserve had been returned at the end of the reporting term, we estimate that a gain of ¥250 million ($2,500 thousand) would have been posted, pursuant to the stipulations in Article 44-2 of Practical Guidelines of Accounting for Retirement Benefit (Interim Report), that is, JICPA's Accounting Committee Report No. 13.

(k) 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.

(l) Research and development costs

Research and development costs are charged to income as incurred.

(m) Derivatives

The Company and its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to manage the adverse fluctuations in foreign currency exchange rates but not for speculation purposes. Derivatives are stated at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a separate component of difference of appreciation and conversion. Payables hedged by qualified forward foreign exchange contracts are translated at the corresponding contract rates.

(n) Appropriation of retained earnings

Under the Corporation Law of Japan, 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.

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 ¥100 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2008. 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, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
Cash and time deposits	**¥34,038**	¥24,505	**$340,380**
Other current assets	**130**	129	**1,300**
Time deposits with maturities of more than three months	**(1,184)**	(1,161)	**(11,840)**
	¥32,984	¥23,474	**$329,840**

5. Fair Value of Securities

At March 31, 2008 and 2007, 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 "other current assets" 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, 2008 and 2007 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2008	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:						
Stocks	**¥ 7,897**	**¥20,803**	**¥12,906**	**$ 78,970**	**$208,030**	**$129,060**
	7,897	**20,803**	**12,906**	**78,970**	**208,030**	**129,060**
Unrealized loss:						
Stocks	**11,641**	**8,670**	**(2,971)**	**116,410**	**86,700**	**(29,710)**
	11,641	**8,670**	**(2,971)**	**116,410**	**86,700**	**(29,710)**
Total	**¥19,539**	**¥29,473**	**¥ 9,934**	**$195,390**	**$294,730**	**$ 99,340**

	Millions of yen		
As of March 31, 2007	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥ 13,350	¥ 41,420	¥ 28,069
	13,350	41,420	28,069
Unrealized loss:			
Stocks	3,577	3,166	(411)
	3,577	3,166	(411)
Total	¥ 16,928	¥ 44,587	¥ 27,658

Non-marketable securities classified as other securities at March 31, 2008 and 2007 amounted to ¥2,658 million ($26,580 thousand) and ¥2,610 million, respectively.

Proceeds from sales of securities classified as other securities amounted to ¥548 million ($5,480 thousand) and ¥1,884 million with an aggregate gain on sales of ¥370 million ($3,700 thousand) and ¥147 million for the years ended March 31, 2008 and 2007, respectively.

6. Inventories

Inventories at March 31, 2008 and 2007 were as follows:

As of March 31,	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Merchandise	**¥16,884**	¥15,812	**$168,840**
Finished products	**4,801**	5,168	**48,010**
Work in process	**4,833**	5,332	**48,330**
Ingredients and supplies	**3,201**	3,596	**32,010**
	¥29,720	¥29,910	**$297,200**

7. Long-Term Debt and Credit Facilities

Long-term debt at March 31, 2008 and 2007 consisted of the following:

As of March 31,	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
0.53% unsecured bonds, payable in yen, due 2007	**¥ –**	¥10,000	**$ –**
0.98% unsecured bonds, payable in yen, due 2012	**20,000**	20,000	**200,000**
1.89% unsecured bonds, payable in yen, due 2016	**20,000**	20,000	**200,000**
1.88% unsecured bonds, payable in yen, due 2017	**20,000**	–	**200,000**
Loans from banks	**2,445**	2,515	**24,450**
	62,445	52,515	**624,450**
Less: Current portion	**852**	1,444	**8,520**
	¥61,592	¥51,070	**$615,920**

The annual maturities of long-term debt subsequent to March 31, 2008 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 852	$ 8,520
2010	383	3,830
2011	259	2,590
2012	200	2,000
2013 and thereafter	60,150	601,500
	¥61,844	$618,440

The Company and its consolidated subsidiaries have lines of credit from banks which provide for up to ¥50,709 million ($507,090 thousand) and ¥51,900 million in borrowings and, at March 31, 2008 and 2007, respectively, had ¥10,602 million ($106,020 thousand) and ¥11,964 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, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
Accounts receivable	**¥ 500**	¥1,229	**$ 5,000**
Inventories	**–**	46	**–**
Property, plant and equipment, at net book value	**6,230**	6,443	**62,300**
Other	**–**	54	**–**
	¥6,731	¥7,774	**$67,310**

9. Accrued Pension and Severance Costs

The Company and its domestic consolidated subsidiaries have agreement type corporate pension plan 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. The Company has established pension trust fund. Certain consolidated subsidiaries have defined contribution plans in addition to defined pension plans.

The projected benefit obligation and funded status of the plans at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
Projected benefit obligation	**¥(70,479)**	¥(74,951)	**$(704,790)**
Plan assets at fair value	**56,569**	56,261	**565,690**
Unfunded benefit obligation	**(13,909)**	(18,690)	**(139,090)**
Unrecognized actuarial gain or loss	**13,327**	9,224	**133,270**
Unrecognized prior service cost (Reduction of obligation)	**(5,323)**	(6,914)	**(53,230)**
Prepaid pension and severance costs	**3,387**	68	**33,870**
Accrued pension and severance costs	**¥ (9,293)**	¥(16,448)	**$ (92,930)**

The components of net periodic pension and severance costs for the years ended March 31, 2008 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31,	**2008**	2007	**2008**
Service cost	**¥ 2,233**	¥ 2,289	**$ 22,330**
Interest cost on projected benefit obligation	**1,536**	1,592	**15,360**
Expected return on plan assets	**(1,909)**	(1,544)	**(19,090)**
Gain on plan amendment (Prior service cost)	**(1,078)**	(1,184)	**(10,780)**
Amortization of actuarial differences	**1,617**	1,780	**16,170**
Other	**87**	–	**870**
Total	**¥ 2,487**	¥ 2,934	**$ 24,870**

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

Years ended March 31,	**2008**	2007
Discount rates	**Mainly 2.0%**	Mainly 2.0%
Expected rates of return on plan assets	**Mainly 3.0—3.5%**	Mainly 2.5—3.5%

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 40.5% for 2008 and 2007.

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

The significant components of deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
Deferred tax assets:			
Inventories	**¥ 682**	¥ 602	**$ 6,820**
Loss on impairment of fixed assets	**1,518**	–	**15,180**
Transfer to defined contribution pension plan	**906**	–	**9,060**
Other accounts payable	**1,373**	1,386	**13,730**
Allowance for doubtful receivables	**1,376**	1,555	**13,760**
Accrued employees' bonus	**978**	874	**9,780**
Accrued pension and severance costs	**7,019**	8,468	**70,190**
Unrealized profit	**436**	436	**4,360**
Other	**3,137**	2,793	**31,370**
Valuation allowance	**(1,722)**	(162)	**(17,220)**
Total deferred tax assets	**15,708**	15,955	**157,080**
Deferred tax liabilities:			
Depreciation	**(1,306)**	(1,256)	**(13,060)**
Deferred capital gain	**(2,550)**	(2,347)	**(25,500)**
Gain on establishment of pension trust fund	**(3,004)**	(1,020)	**(30,040)**
Net unrealized gain on investments in securities	**(3,752)**	(11,083)	**(37,520)**
Other	**(541)**	(358)	**(5,410)**
Total deferred tax liabilities	**(11,154)**	(16,066)	**(111,540)**
Deferred tax assets (liabilities), net	**¥ 4,553**	¥ (111)	**$ 45,530**

11. Capital Surplus and Retained Earnings

In accordance with the new Corporation Law 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 ($28,990 thousand) at March 31, 2008 and 2007. The Law 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 cost of sales, selling, general and administrative expenses for the years ended March 31, 2008 and 2007 were ¥3,754 million ($37,540 thousand) and ¥3,783 million, respectively.

13. Leases

(a) Finance leases

i) As lessees:

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2008 and 2007, 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		
As of March 31, 2008	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	**¥2,762**	**¥1,331**	**¥1,430**	**$27,620**	**$13,310**	**$14,300**
Other	**1,024**	**364**	**659**	**10,240**	**3,640**	**6,590**
Total	**¥3,787**	**¥1,696**	**¥2,090**	**$37,870**	**$16,960**	**$20,900**

	Millions of yen		
As of March 31, 2007	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥2,083	¥1,048	¥1,035
Other	1,193	561	632
Total	¥3,277	¥1,609	¥1,667

Lease payments relating to finance leases accounted for as operating leases amounted to ¥704 million ($7,040 thousand) and ¥583 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, 2008 and 2007, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2008 and 2007 for finance leases accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
Within 1 year	**¥ 512**	¥ 576	**$ 5,120**
Over 1 year	**1,577**	1,091	**15,770**
	¥2,090	¥1,667	**$20,900**

ii) As lessors:

The following amounts represent acquisition cost, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases as of March 31, 2008:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2008	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	**¥1,604**	**¥13**	**¥1,590**	**$16,040**	**$ 130**	**$15,900**
Machinery, equipment and vehicles	**672**	**5**	**667**	**6,720**	**50**	**6,670**
Other	**116**	**0**	**115**	**1,160**	**0**	**1,150**
Total	**¥2,394**	**¥19**	**¥2,374**	**$23,940**	**$ 190**	**$23,740**

Lease income relating to finance leases accounted for as operating leases amounted to ¥28 million ($280 thousand) for the years ended March 31, 2008.

Depreciation of assets leased under finance leases accounted for as operating leases and the interest portion included in lease income are summarized as follow:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
Depreciation	**¥19**	¥ –	**$190**
Interest income	**8**	–	**80**
	¥28	¥ –	**$280**

Future minimum lease receipts (including the interest portion thereon) subsequent to March 31, 2008 for finance leases accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
Within 1 year	**¥ 339**	¥ –	**$ 3,390**
Over 1 year	**2,578**	–	**25,780**
	¥2,918	¥ –	**$29,180**

(b) Operating leases

As Lessees

Future minimum lease payments subsequent to March 31, 2008 and 2007 for non-cancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
Within 1 year	**¥1,206**	¥1,016	**$12,060**
Over 1 year	**3,796**	2,415	**37,960**
	¥5,003	¥3,432	**$50,030**

14. Contingent Liabilities

The Company and its consolidated subsidiaries had the following contingent liabilities at March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2008**	2007	**2008**
As guarantor of indebtedness of:			
Unconsolidated subsidiaries	**¥ 492**	¥ 120	**$4,920**
Employees	**3**	4	**30**
	¥ 495	¥ 125	**$4,950**
Contingent liabilities related to the reduction of corporate bonds by debt assumption	**¥ –**	¥5,000	**$ –**

In addition to the above, the Company had provided letters of awareness to financial institutions regarding the indebtedness of an unconsolidated subsidiary which amounted to ¥42 million at March 31, 2007.

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in the settlement of trade accounts receivable and to transfer them by endorsement to suppliers in the settlement of accounts payable. A consolidated subsidiary was contingent liable for trade notes endorsed, which amounted to ¥13 million at March 31, 2007.

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, if any.

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
Years ended March 31,	**2008**	2007	**2008**
Net income:			
Basic	**¥ 59.16**	¥ 55.49	**$0.59**
Diluted	**59.12**	55.45	**0.59**
Net assets	**864.01**	906.84	**8.64**
Cash dividends applicable to the year	**15.00**	15.00	**0.15**

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, 2008 and 2007:

Currency related transactions

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2008	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Buy:						
US$	**¥ 73**	**¥ 72**	**¥ (1)**	**$ 730**	**$ 720**	**$ (10)**
Yen	**42**	**40**	**(1)**	**420**	**400**	**(10)**
Currency interest rate swaps:						
Fixed Payment (EUR) / Fixed Receipt (USD)	**¥413**	**¥(97)**	**¥ (97)**	**$4,130**	**$(970)**	**$ (970)**
Fixed Payment (THB) / Fixed Receipt (EUR)	**508**	**(3)**	**(3)**	**5,080**	**(30)**	**(30)**
Total			**¥(103)**			**$(1,030)**

	Millions of yen		
As of March 31, 2007	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
Buy:			
US$	¥ 34	¥ 33	¥ (0)
Yen	33	32	(1)
Currency interest rate swaps:			
Fixed Payment (EUR) / Fixed Receipt (USD)	¥ 591	¥ (59)	¥ (59)
Float Payment (THB) / Fixed Receipt (EUR)	708	(39)	(39)
Total			¥(100)

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, *sake* and wine; soy milk, food products for business purposes, and food products for health; 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, logistics, restaurants and chemical products.

Business Segments

Business segments information of the Company and its consolidated subsidiaries for the years ended March 31, 2008 and 2007 is summarized as follows:

Millions of yen

Year ended March 31, 2008	Foods–manufacturing and sales	Foods–wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consolidated
I. Sales and operating income:							
Sales to third parties	¥205,389	¥76,293	¥124,092	¥ 8,162	¥413,938	¥ –	¥413,938
Intragroup sales and transfers	1,077	241	128	7,247	8,694	(8,694)	–
Total sales	206,467	76,534	124,220	15,409	422,632	(8,694)	413,938
Operating expenses	191,597	72,414	120,444	14,402	398,858	(8,775)	390,083
Operating income	¥ 14,870	¥ 4,120	¥ 3,776	¥ 1,006	¥ 23,773	¥ 80	¥ 23,854
II. Assets, depreciation and capital expenditures:							
Total assets	¥186,051	¥29,307	¥ 65,971	¥13,828	¥295,159	¥47,127	¥342,287
Depreciation and amortization	11,818	335	4,815	691	17,660	–	17,660
Capital expenditures	10,648	2,569	7,405	680	21,304	–	21,304

Thousands of U.S. dollars

Year ended March 31, 2008	Foods–manufacturing and sales	Foods–wholesale	Coca-Cola	Others	Total	Eliminations and corporate	Consolidated
I. Sales and operating income:							
Sales to third parties	$2,053,890	$762,930	$1,240,920	$ 81,620	$4,139,380	$ –	$4,139,380
Intragroup sales and transfers	10,770	2,410	1,280	72,470	86,940	(86,940)	–
Total sales	2,064,670	765,340	1,242,200	154,090	4,226,320	(86,940)	4,139,380
Operating expenses	1,915,970	724,140	1,204,440	144,020	3,988,580	(87,750)	3,900,830
Operating income	$ 148,700	$ 41,200	$ 37,760	$ 10,060	$ 237,730	$ 800	$ 238,540
II. Assets, depreciation and capital expenditures:							
Total assets	$1,860,510	$293,070	$ 659,710	$138,280	$2,951,590	$471,270	$3,422,870
Depreciation and amortization	118,180	3,350	48,150	6,910	176,600	–	176,600
Capital expenditures	106,480	25,690	74,050	6,800	213,040	–	213,040

Year ended March 31, 2007	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	¥201,133	¥67,359	¥116,806	¥ 7,312	¥392,611	¥ –	¥392,611
Intragroup sales and transfers	660	250	–	0	911	(911)	–
Total sales	201,793	67,609	116,806	7,313	393,523	(911)	392,611
Operating expenses	186,673	64,615	114,325	6,264	371,878	(913)	370,965
Operating income	¥ 15,120	¥ 2,994	¥ 2,481	¥ 1,048	¥ 21,644	¥ 2	¥ 21,646
II. Assets, depreciation and capital expenditures:							
Total assets	¥194,752	¥27,566	¥ 59,956	¥12,279	¥294,554	¥54,440	¥348,995
Depreciation and amortization	10,841	292	4,627	528	16,290	–	16,290
Capital expenditures	9,404	2,477	4,508	673	17,064	–	17,064

Geographical Segments

Geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2008 and 2007 is summarized as follows:

Year ended March 31, 2008	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
						Millions of yen
Sales to third parties	**¥289,361**	**¥96,431**	**¥28,145**	**¥413,938**	**¥ –**	**¥413,938**
Interarea sales and transfers	**14,945**	**1,654**	**629**	**17,230**	**(17,230)**	**–**
Total sales	**304,307**	**98,086**	**28,774**	**431,168**	**(17,230)**	**413,938**
Operating expenses	**293,509**	**88,026**	**25,782**	**407,318**	**(17,234)**	**390,083**
Operating income	**¥ 10,798**	**¥10,060**	**¥ 2,992**	**¥ 23,850**	**¥ 4**	**¥ 23,854**
Total assets	**¥252,384**	**¥73,021**	**¥21,275**	**¥346,680**	**¥ (4,393)**	**¥342,287**

Year ended March 31, 2008	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
						Thousands of U.S. dollars
Sales to third parties	**$2,893,610**	**$964,310**	**$281,450**	**$4,139,380**	**$ –**	**$4,139,380**
Interarea sales and transfers	**149,450**	**16,540**	**6,290**	**172,300**	**(172,300)**	**–**
Total sales	**3,043,070**	**980,860**	**287,740**	**4,311,680**	**(172,300)**	**4,139,380**
Operating expenses	**2,935,090**	**880,260**	**257,820**	**4,073,180**	**(172,340)**	**3,900,830**
Operating income	**$ 107,980**	**$100,600**	**$ 29,920**	**$ 238,500**	**$ 40**	**$ 238,540**
Total assets	**$2,523,840**	**$730,210**	**$212,750**	**$3,466,800**	**$ (43,930)**	**$3,422,870**

Year ended March 31, 2007	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
						Millions of yen
Sales to third parties	¥283,589	¥90,275	¥18,746	¥392,611	¥ –	¥392,611
Interarea sales and transfers	11,286	2,250	540	14,077	(14,077)	–
Total sales	294,875	92,526	19,287	406,689	(14,077)	392,611
Operating expenses	284,251	83,271	17,459	384,983	(14,018)	370,965
Operating income	¥ 10,623	¥ 9,254	¥ 1,828	¥ 21,706	¥ (59)	¥ 21,646
Total assets	¥250,257	¥79,668	¥17,850	¥347,776	¥ 1,219	¥348,995

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, 2008 and 2007 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
Year ended March 31, 2008	North America	Other	Total	North America	Other	Total
Overseas sales	**¥96,097**	**¥33,755**	**¥129,852**	**$960,970**	**$337,550**	**$1,298,520**
Consolidated net sales			**413,938**			**4,139,380**
Ratio of overseas sales to consolidated net sales	**23.2%**	**8.2%**	**31.4%**	**23.2%**	**8.2%**	**31.4%**

	Millions of yen		
Year ended March 31, 2007	North America	Other	Total
Overseas sales	¥89,609	¥25,689	¥115,299
Consolidated net sales			392,611
Ratio of overseas sales to consolidated net sales	22.8%	6.6%	29.4%

18. Subsequent Event

(a) Cash dividend

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, 2008, were approved at a shareholders' meeting held on June 24, 2008:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥15.00 = $0.15 per share)	**¥2,915**	**$29,150**
	¥2,915	**$29,150**

(b) The share exchanges to make Kibun Food Chemifa Co., Ltd. a wholly owned subsidiary

On February 26, 2008, The Company's Board of Director approved to conclude a basic agreement converting Kibun Food Chemifa Co., Ltd. ("KFC"),which operates in the food products industry and is a consolidated subsidiary of the Company, into a wholly-owned subsidiary of the Company effective August 1, and the agreement was signed on the same date. At the meeting of the Board of the Director of the Company held on March 19, 2008, the share exchange agreement was approved and signed by the Company on the same date.

Under the terms of the agreements, the Company will issue its common shares based on the ratio of exchange in exchanges for each share of KFC's common stock to all KFC's shareholders of record as of July 31, 2008, excluding the Company, stated in the table below;

	The Company (100% parent company upon the share exchange)	KFC (Wholly-owned subsidiary upon the share exchange)
Ratio of share exchange	1	¥1,100 / the Company's average share price of common stock

"The Company's average share price of common stock" means the average of share price based on the weighted average by the trading value during the evaluation period of stock value on Tokyo Stock Exchange.

"The stock value of evaluation period" means five trading day during July 10, 2008 to July 16, 2008.

KFC's net sales and net income for the year ended March 31, 2008 amounted ¥22,209 million ($222,090 thousand) and ¥1,865 million ($18,650 thousand), respectively, and total assets, total liabilities and net assets at March 31, 2008 amounted to ¥25,750 million ($257,500 thousand), ¥10,118 million ($101,180 thousand) and ¥15,632 million ($156,320 thousand), respectively.

(c) Capital and business tie-up with Riken Vitamin Co., Ltd.

On June 18, 2008, the Company's Board of Directors concluded capital and business tie-up with Riken Vitamin Co., Ltd. ("RV") and signed business tie-up contract with RV. On June 20, 2008, the Company purchased RV's stock from SFCG Co., Ltd. in line with this tie-up contract. Therefore RV will be included in the consolidated financial statements on an equity basis.

Summary of Capital tie-up

Additional number of stock purchased on June 20, 2008:	7,093,400 shares	(29.99% of RV issued)
Acquisition price:	Per share:	¥3,660 ($36)
	Total:	¥25,961 million ($259,610 thousand)
Total amount and number of shares after this tie-up:	7,593,400 shares	(32.10% of RV issued)

Summary of RV

Company Name:	Riken Vitamin Co., Ltd.
President:	Yoshiyasu Sakai
Capitalized at:	¥2,537 million ($25,370 thousand)
Industries:	Consumer and commercial foods
	Processed food ingredients
	Food chemicals for industrial uses
	Vitamin production and sales

		(Millions of yen)	(Thousands of U.S. dollars)
Results of their operation and financial position:	Net sales	¥80,842	$808,420
	Operating income	3,609	36,090
(Year ended March 31, 2008)	Total assets	86,507	865,070
	Total liabilities	27,950	279,500
	Total net assets	58,556	585,560

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, 2008 and 2007, and the related consolidated statements of income, net assets, 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of KIKKOMAN CORPORATION and consolidated subsidiaries at March 31, 2008 and 2007, 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, 2008 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.

Ernst & Young ShinNihon

June 24, 2008

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.

Major Group Companies

KIKKOMAN CORPORATION

Head Office
250 Noda, Noda-shi, Chiba 278-8601, Japan
Tel: +81 (4) 7123-5111
Fax: +81 (4) 7123-5200

Tokyo Head Office

International Operations Division
1-1, Nishi-Shinbashi 2-chome,
Minato-ku, Tokyo 105-8428, Japan
Tel: +81 (3) 5521-5360
Fax: +81 (3) 5521-5359

Plants: Noda and Takasago
Research & Development Division: Noda

JAPAN

Nippon Del Monte Corporation*
4-13 Koami-cho, Nihonbashi,
Chuo-ku, Tokyo 103-0016, Japan
Tel: +81 (3) 3669-2877

Manns Wine Co., Ltd.*
1-1, Nishi-Shinbashi 2-chome,
Minato-ku, Tokyo 105-8428, Japan
Tel: +81 (3) 3507-7432

Pacific Trading Co., Ltd.*
Nihonbashi SOYIC Bldg.,
3-11 Koami-cho, Nihonbashi,
Chuo-ku, Tokyo 103-0016, Japan
Tel: +81 (3) 5847-0581

Tone Coca-Cola Bottling Co., Ltd.*
310 Nakane, Noda-shi, Chiba 278-8686, Japan
Tel: +81 (4) 7123-1114

Higeta Shoyu Co., Ltd.**
2-3 Koami-cho, Nihonbashi,
Chuo-ku, Tokyo 103-0016, Japan
Tel: +81 (3) 3669-1441

Kibun Food Chemifa Co., Ltd.*
Sumitomo Irifune Building, Fifth Floor
1-1, Irifune 2-chome
Chuo-ku, Tokyo 104-8533 Japan
Tel: +81 (3) 3206-0778

OVERSEAS

The Americas

Kikkoman Foods, Inc.*

Headquarters and Wisconsin Plant
N1365 Six Corners Road,
Walworth, Wisconsin 53184, U.S.A.
Tel: +1 (262) 275-6181
Fax: +1 (262) 275-9452

California Plant
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Tel: +1 (916) 355-8078
Fax: +1 (916) 355-8083

Kikkoman Sales USA, Inc.*
50 California St., Suite 3600
San Francisco, California 94111, U.S.A.
Tel: +1 (415) 956-7750
Fax: +1 (415) 956-7760

JFC International Inc.*
7101E Slauson Ave., Los Angeles,
California 90040-3622, U.S.A.
Tel: +1 (323) 721-6100
Fax: +1 (323) 721-6144

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

Kikkoman Marketing & Planning, Inc.
1180 Northwest Corporate Centre,
2500 West Higgins Road,
Hoffman Estates, Illinois 60169,
U.S.A.
Tel: +1 (847) 882-8901
Fax: +1 (847) 882-8920

KMS Service Inc.
601 Gateway Boulevard, Suite 1150,
South San Francisco, California 94080,
U.S.A.
Tel: +1 (650) 246-8600
Fax: +1 (650) 952-0550

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

Country Life, LLC*
180 Vanderbilt Motor Parkway,
Hauppauge, NY 11788, U.S.A.
Tel: +1 (631) 232-5400
Fax: +1 (631) 434-4791

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*
293 Theodorstr. D-40472
Düsseldorf, Germany
Tel: +49 (211) 5375940
Fax: +49 (211) 5379555

JFC International (Europe) GmbH*
293 Theodorstr. D-40472
Düsseldorf, Germany
Tel: +49 (211) 5374160
Fax: +49 (211) 5382047

JFC Deutschland GmbH*
293 Theodorstr. D-40472
Düsseldorf, Germany
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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

Siam Del Monte Company Limited*
52 Taniya Plaza, 22nd Floor Zone C
Silom Road, Bangrak, Bangkok 10500 Thailand
Tel: +66 (2) 231-2223
Fax: +66 (2) 231-2225

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, P.R. 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) 9923-2050

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

JFC New Zealand Limited
Unit 1/10 Cryers Road, East Tamaki
Auckland, New Zealand
Tel: +64 (9) 969-2400
Fax: +64 (9) 969-2420

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

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

(As of July 2008)

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. In April 2008, the company becomes Kikkoman Sales USA, Inc.
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.
1997 March	Kikkoman holds a ground-breaking ceremony for its second U.S. soy sauce production plant, in Folsom, California.
1997 October	Kikkoman Foods Europe B.V. holds its grand opening.
1998 October	The second U.S. 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.
2006 June	Kibun Food Chemifa Co., Ltd. becomes a consolidated subsidiary of Kikkoman.
2007	Kikkoman celebrates its 50th anniversary in the U.S.
2008	Kikkoman rolls out its new corporate brand logo and slogan globally.

(As of July 2008)

Board of Directors and Officers

Board of Directors and Corporate Auditors

Chairman of the Board
Yuzaburo Mogi*

Vice Chairman
Kenzaburo Mogi

President
Mitsuo Someya*

Directors
Tadao Kondo*
Kenichi Saito
Yukio Sato
Koji Negishi
Noriaki Horikiri
Tsunao Hashimoto
Mamoru Ozaki

*Representative Director

Corporate Auditors
Sadao Nozaki
Yutaka Kitani
Nobuyuki Takashima
Takeo Inokuchi

Corporate Officers

Chairman of the Board and Chief Executive Officer
Yuzaburo Mogi

President and Chief Operating Officer
Mitsuo Someya

Senior Executive Corporate Officer
Tadao Kondo

Executive Corporate Officers
Kenichi Saito
Yukio Sato
Koji Negishi
Noriaki Horikiri
Katsumi Amano
Hiroshi Futamura
Masanori Fukumitsu
Koichi Yamazaki

Corporate Officers
Michinori Nishimura
Yoshiro Kubota
Takaharu Nakamura
Shoichi Ui
Shinzaburo Mogi
Satoru Abe
Bunji Matsuzaki
Nobutake Nunomura
Masanao Shimada
Kazuo Shimizu
Eiichi Shimoyamada
Satoshi Sasaki
Shintaro Karasawa
Takashi Hamada
Noboru Mimura
Shozaburo Nakano
Asahi Matsuyama

(As of June 24, 2008)

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: 600,000,000
Issued and outstanding: 197,202,300

Number of Employees (Consolidated)
7,348 (As of March 31, 2008)

Stock Exchange Listings
Tokyo, Osaka

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

Stock Price Range on the Tokyo Stock Exchange

Fiscal 2008:	High:	¥1,887	Low:	¥1,118
Fiscal 2007:	High:	¥1,727	Low:	¥1,250
Fiscal 2006:	High:	¥1,340	Low:	¥942

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, 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 soybean products
- Production and marketing of 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
- Management of restaurants
- Leasing and management of real estate and car parking centers
- Operation of delivery trucks and warehouse facilities
- Production and marketing of plant seedlings
- Environmental health monitoring, testing activities, and certification

(As of July 2008)

Kikkoman Corporation

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