

## The Ariake Japan Website

Our website contains a variety of information about the Company

<http://www.ariakejapan.com/en/>

or

ARIAKE Search



▲ Home

Please visit this page to view information for shareholders and investors

<http://www.ariakejapan.com/en/ir>



▲ IR Top Page



### 3 minutes to know about Ariake Japan

A new section called “3 minutes to know about Ariake Japan” was added to our website in February 2010. Everything is arranged in three sections: our products, our strengths and our objectives. This compact format makes it easy to acquire brief information about Ariake Japan in only three minutes. Please visit this new section of our website to learn more about us.

April 1, 2009 ▶ March 31, 2010

# Business Report

## THE FINE FLAVORS OF NATURE

 **ARIAKE JAPAN Co., Ltd.**

Securities code number : 2815

# TO OUR SHAREHOLDERS

## CONTENTS

### 01 TO OUR SHAREHOLDERS

### 03 SPECIAL ISSUE

Global Network

### 05 TOPICS

Good Agricultural Practice Certification  
Large Organic Vegetable Farm in Isahaya Reclamation Area

### 07 CONSOLIDATED OPERATING RESULTS

Operating and Financial Review of This Fiscal Year

### 09 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets  
Consolidated Statements of Income  
Consolidated Statements of Cash Flows  
Consolidated Statements of Changes in Shareholders' Equity

### 12 NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated Balance Sheets  
Non-consolidated Statements of Income  
Non-consolidated Statements of Changes in Shareholders' Equity

### 13 CORPORATE INFORMATION

Company Profile  
Gifts to Shareholders

### 14 INVESTOR INFORMATION

Stock Data  
Stock Information



Chairman of the Board (CEO)

**Kineo Okada**



President (COO)

**Tomoki Tagawa**

We achieved growth in sales and earnings as we used unified efforts, including sales activities by the top management, while reinforcing R&D capabilities to meet our customers' needs in a timely manner. With a "global six-pillar system" established, we are taking advantage of our position as the world's leading manufacturer of natural seasonings to maintain and expand our position in existing markets while targeting opportunities in new business fields.

We are pleased to present the Ariake Group's "Business Report" for the year ended March 31, 2010 (FY2010) and to have this opportunity to offer our shareholders.

During the consolidated fiscal year under review, the Japanese economy, despite signs of improvement brought about by stimulus measures, largely reflected the global recession that began two years ago. Weakness remained in terms of employment and incomes and there were no tangible indications of a recovery.

In the food industry, as well, demand leaned toward economically priced items as consumers focused on saving money, and difficult conditions, characterized in part by heating price competition, prevailed.

Against that background, the Ariake Group, as the world's leading manufacturer in the field of natural seasonings, has built its "global six-pillar system," with production and sales bases in Japan, the U.S., China, Taiwan, France, and Belgium. Based on this system, the Group strives to maintain and improve the quality of its products which can deliver better taste, good health, and food safety, while also

further developing its markets in order to ensure its earnings.

Last year, the Group began moving ahead with a new approach that includes sales activities by the top management to more accurately identify customers' needs. In addition, we located our R&D operations at the Tokyo headquarters in order to respond to these needs in a more timely manner. The benefits of these initiatives have emerged in the form of growth in sales and earnings. We will continue to utilize our strengths as a global organization with a "global six-pillar system." We will maintain and expand our position in established markets and target opportunities in new business fields to improve sales.

To express our appreciation to shareholders for their support and ask for their continued support, we have decided to pay an annual dividend of ¥40 per share as initially planned.

We look forward to receiving your continued guidance and encouragement.

July 2010

# The launch of our new 21st century business model



The Ariake Group has been using its position as the world's leading manufacturer of natural seasonings to maintain and expand its position in established markets and aggressively pursue opportunities by starting new businesses. We have played an important role in providing consumers with better taste, good health, and food safety. We have also achieved growth in sales and earnings. To support this growth, we have made large-scale capital expenditures totaling about ¥20 billion over the past

few years to build our global network.

Since our inception, we have constantly worked on becoming a more global organization so that we can play a part in the culture of food worldwide. We have established a "global six-pillar system" with bases in Japan, the U.S., China, Taiwan, France and Belgium. With this optimal regional production system, we can provide customers with a reliable supply of high-quality, reasonably priced products.

## 1 Japan

- **Company Name** ARIAKE JAPAN Co., Ltd.
- **Headquarters Location** Shibuya-ku, Tokyo
- **Plant Location** Kita-Matsuura-gun, Nagasaki
- **Established** June 1966
- **Capital** ¥7,095 million

▼ No.2 Kyushu Plant



## 2 U.S.A.



- **Company Name** ARIAKE U.S.A., Inc.
- **Office Location** Harrisonburg, Virginia, USA
- **Established** February 1985
- **Capital** US\$18 million

## 3 China



- **Company Name** QINGDAO ARIAKE FOODSTUFF Co., Ltd.
- **Office Location** Shandong Province, China
- **Established** December 1994
- **Capital** US\$5.12 million

## 4 Taiwan



- **Company Name** Taiwan Ariake Foods Co., Ltd.
- **Office Location** Ping Tung, Taiwan
- **Established** May 1985
- **Capital** NT\$250 million

## 5 France



- **Company Name** F.P. Natural Ingredients S.A.S.
- **Office Location** Alençon, France
- **Established** March 2003
- **Capital** €16 million

## 6 Belgium



- **Company Name** F.P.N.I. BELGIUM N.V.
- **Office Location** Maasmechelen, Belgium
- **Established** January 2004
- **Capital** €30 million



## Good Agricultural Practice Certification



**Ariake Farm has newly received third-party certification for the organically grown crops (JAS certified in February 2009) at the fields located on about 60 hectares of reclaimed land along Isahaya Bay in Nagasaki Prefecture.**

Ariake Japan affiliate Ariake Farm Co., Ltd. operates an organic farm on about 60 hectares of reclaimed land along Isahaya Bay in Nagasaki Prefecture (JAS certified in February 2009). In December 2009, this company obtained GLOBAL G.A.P. (EUREP G.A.P.) certification. At about the same time, Ariake Farm received JGAP certification as well, which is the Japanese equivalent of the GLOBAL G.A.P.

G.A.P. stands for Good Agricultural Practice and is a management method for growing crops. GLOBAL G.A.P. is already widely used throughout the world. In Japan, Ariake Farm started using this method before any other agricultural company.

This third-party certification is official proof that organic crops grown by Ariake Farm meet international standards. That means the crops are safe and can be consumed with no worries. This certification also proves that Ariake Farm operates fields in an environmentally responsible manner for the sustainable production of crops.

Ariake Farm grows organic vegetables that are used as ingredients for Ariake Japan's natural seasonings. With these vegetables, we can make even more reliable products that have outstanding quality and safety. This makes a major contribution to our ability to supply products that consumers can enjoy with complete confidence.



▲ JGAP Certificate of Registration

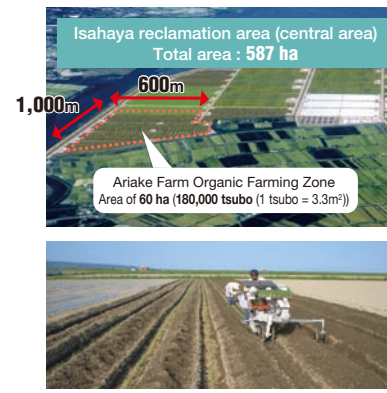
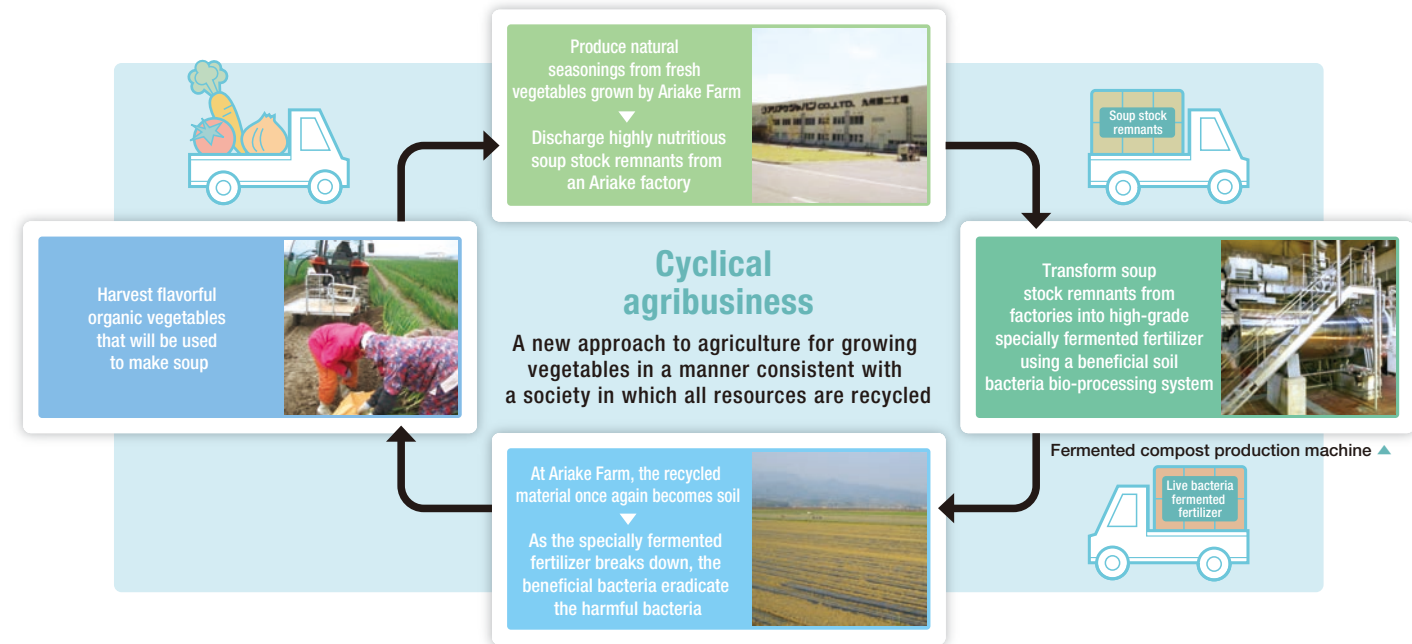


▲ GLOBAL G.A.P. Certificate of Registration

## Large Organic Vegetable Farm in Isahaya Reclamation Area



▲ Onion field ▲ Harvested garlic ▲ Garlic field



▲ Aerial view of the expansive organic vegetable fields of Ariake Farm

Ariake Japan affiliate Ariake Farm which was established in 2005, started a large agricultural operation on reclaimed land along Isahaya Bay in Nagasaki in April 2008. The facility helps provide us with a reliable supply of safe, secure and low-cost organic vegetables.

Ariake Farm grows vegetables on a site of about 60 hectares, which is approximately 10% of the reclaimed land in this area, without the use of agricultural chemicals or chemical fertilizers. This is the largest organic agricultural operation in Japan.

At this organic vegetable farm, we have an ecological recycling program in which the remnants of vegetables used to produce the base for our bouillon

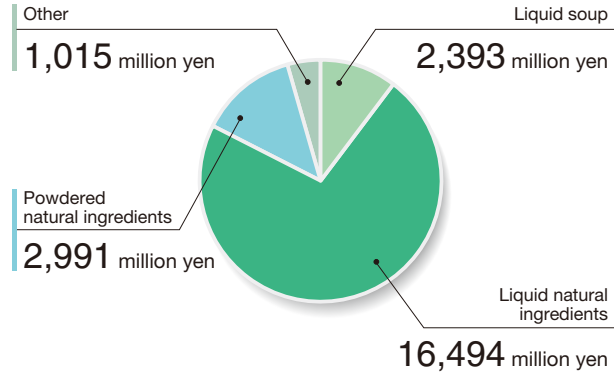
are used as fertilizer after undergoing a biotechnology process.

Ariake Farm directly grows large volumes of vegetables to supply organic vegetables that are produced entirely in Japan. Handling every step makes it easy to ensure reliable traceability. We take advantage of this traceability to develop soup ingredients and health foods based on vegetables. In addition, organic vegetables grown at this farm are superior to imported vegetables in terms of both safety and prices.

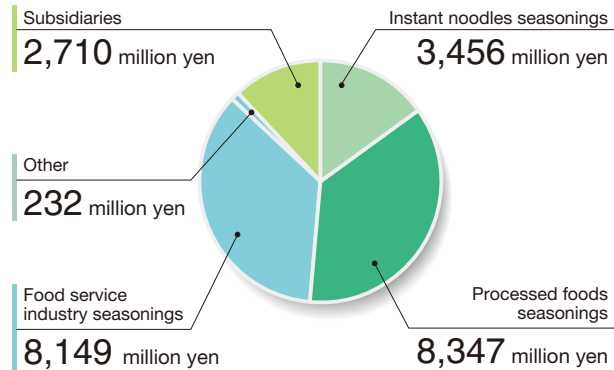
Ariake Japan has established an extensive distribution network to supply organic vegetables grown by Ariake Farm to a large number of consumers.

# CONSOLIDATED OPERATING RESULTS

## Breakdown of net sales by product



## Breakdown of net sales by business segment



FY2010 Net Sales **22,893** million yen

**Consolidated net sales** for the fiscal year ended March 31, 2010 increased by 5.3% (¥1,156 million) year-on-year to ¥22,893 million. Reflecting the unified efforts of the entire Company (Ariake Japan Co., Ltd.), non-consolidated net sales for the Company increased by 4.8% (¥924 million) year-on-year, to ¥20,183 million. By segment, sales from instant noodles seasonings declined by 1.2%, while sales from processed foods seasonings and food service industry seasonings increased by 5.4% and 6.1%, respectively.

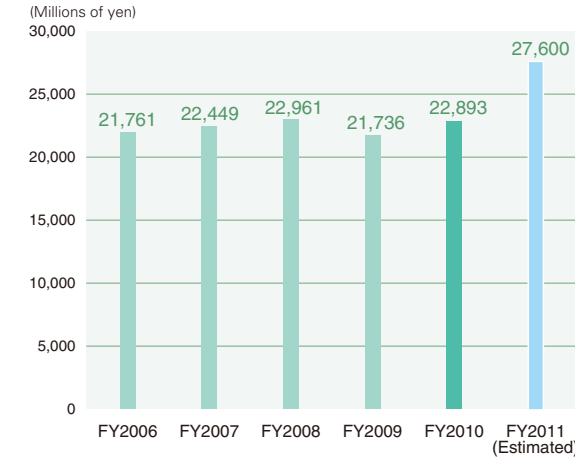
Net sales at consolidated subsidiaries increased 9.4% year-on-year, mainly due to increased sales by the European subsidiaries.

**Consolidated operating income** of ¥2,902 million was marginally up against the result for the previous fiscal year (¥2,890 million). The operating income to net sales was 12.7%. Non-consolidated operating income rose 17.9% (¥582 million) year-on-year to ¥3,837 million, reflecting not only higher net sales but also such factors as lower depreciation (¥221 million decrease) and lower fuel costs (¥169 million decrease).

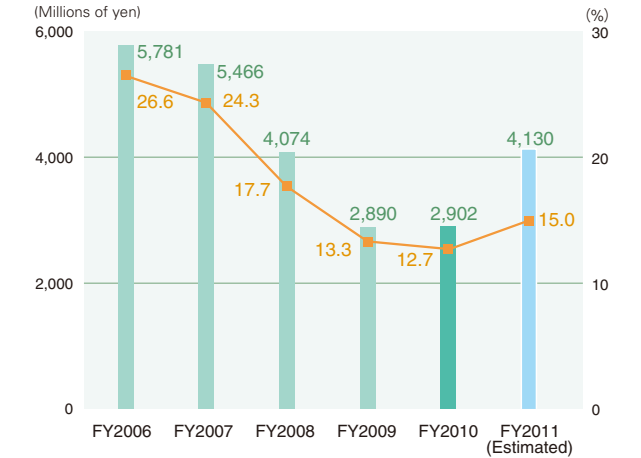
**Consolidated ordinary income** increased 62.1% (¥1,137 million) year-on-year to ¥2,967 million. The ratio of ordinary income to net sale was 13.0%. Non-consolidated ordinary income increased 57.9% (¥1,443 million) year-on-year to ¥3,935 million, primarily due to the increase in operating income and a ¥72 million gain on valuation of derivatives (against an ¥827 million loss in the previous fiscal year).

**Consolidated net income** increased 63.9% (¥504 million) year-on-year to ¥1,293 million. Non-consolidated net income increased 57.9% (¥826 million) year-on-year to ¥2,255 million.

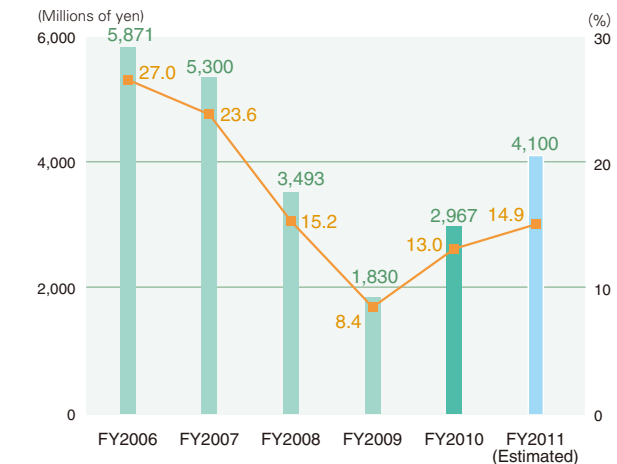
## Net sales



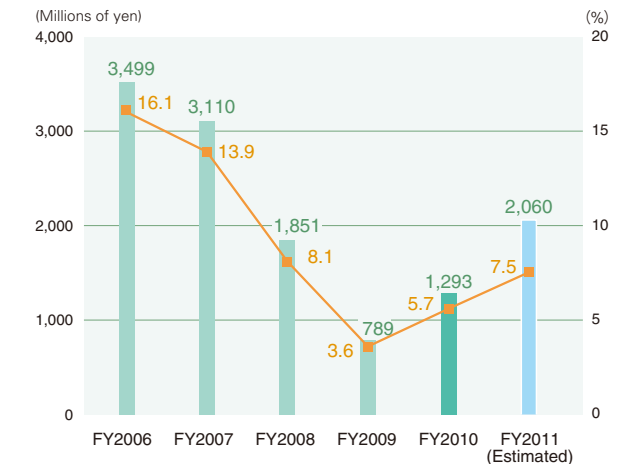
## Operating income / Operating income to net sales



## Ordinary income / Ordinary income to net sales



## Net income / Profit ratio



# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Balance Sheets

(Millions of yen)

	FY2009 As of March 31, 2009	FY2010 As of March 31, 2010
<b>Assets</b>		
Current assets	20,885	23,335
Fixed assets	28,362	29,225
Tangible fixed assets	24,715	24,322
Intangible fixed assets	88	125
Investments and other assets	3,557	4,777
Total assets	49,247	52,561
<b>Liabilities</b>		
Current liabilities	6,601	9,101
Long-term liabilities	1,338	1,372
Total liabilities	7,939	10,473
<b>Net assets</b>		
Shareholders' equity	41,912	41,932
Unrealized gains and adjustments	(835)	(78)
Minority interests	230	234
Total net assets	41,308	42,088
Total liabilities and net assets	49,247	52,561

### POINT

#### ■ Total assets

Total assets were ¥52,561 million, largely due to a ¥2,506 million increase in cash and time deposits and an ¥863 million increase in fixed assets.

### POINT

#### ■ Shareholders' equity

Shareholders' equity was ¥41,932 million, mainly due to a ¥20 million increase in retained earnings.

Note: Amounts presented are rounded down to the nearest million yen.

## Consolidated Statements of Income

(Millions of yen)

	FY2009 From April 1, 2008 to March 31, 2009	FY2010 From April 1, 2009 to March 31, 2010
Net sales	21,736	22,893
Cost of sales	14,781	15,711
Gross profit	6,955	7,181
Selling, general and administrative expenses	4,064	4,278
Operating income	2,890	2,902
Non-operating income	279	385
Non-operating expenses	1,339	320
Ordinary income	1,830	2,967
Extraordinary income	1	—
Extraordinary losses	59	—
Income before income taxes	1,772	2,967
Income taxes - current	1,005	1,732
Income taxes - deferred	(17)	(59)
Minority interests (losses)	(4)	1
Net income	789	1,293

### POINT

#### ■ Net sales

As a result of the unified efforts including sales activities by the top management, consolidated net sales for the fiscal year ended March 31, 2010 increased 5.3% year-on-year to ¥22,893 million.

### POINT

#### ■ Operating income

Consolidated operating income of ¥2,902 million edged slightly ahead of the result for the previous fiscal year on higher net sales and other factors, including lower depreciation and lower fuel costs.

### POINT

#### ■ Ordinary income

Consolidated ordinary income increased 62.1% year-on-year to ¥2,967 million, mainly due to the increase in operating income and an improved valuation of derivatives.

Note: Amounts presented are rounded down to the nearest million yen.

# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statements of Cash Flows

(Millions of yen)

	FY2009 From April 1, 2008 to March 31, 2009	FY2010 From April 1, 2009 to March 31, 2010
I . Cash flows from operating activities	4,122	4,756
II . Cash flows from investing activities	(6,098)	(3,171)
III . Cash flows from financing activities	(1,291)	(107)
IV . Exchange difference of cash and cash equivalents	(143)	(173)
V . Increase (decrease) in cash and cash equivalents	(3,410)	1,304
VI . Cash and cash equivalents at beginning of term	11,620	8,209
VII . Cash and cash equivalents at end of term	8,209	9,513

Note: Amounts presented are rounded down to the nearest million yen.

## POINTS

### ■ Cash flows from operating activities

There was a net inflow of ¥4,756 million (a year-on-year increase of ¥633 million), largely as a result of an increase in income before income taxes.

### ■ Cash flows from investing activities

There was a net outflow of ¥3,171 million (a year-on-year decrease in outflow of ¥2,926 million), largely as the result of payments of ¥1,202 million into time deposits and outlays of ¥1,476 million on capital expenditures.

### ■ Cash flows from financing activities

There was a net outflow of ¥107 million (a year-on-year decrease in outflow of ¥1,184 million), largely as the result of an allocation of ¥1,274 million for dividend payments and an increase of ¥1,167 million in short-term loans payable.

## Consolidated Statements of Changes in Shareholders' Equity (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Shareholders' equity					Unrealized gains and adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on other securities	Adjustment account for foreign currency exchange	Total unrealized gains and adjustments		
Balance as of March 31, 2009	7,095	7,833	29,041	(2,057)	41,912	70	(905)	(835)	230	41,308
Amount of fluctuation during the consolidated fiscal year										
Dividend from retained earnings			(1,273)		(1,273)					(1,273)
Net income			1,293		1,293					1,293
Acquisition of treasury stock				(0)	(0)					(0)
Disposal of treasury stock				0	0					0
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)						564	191	756	3	760
Total amount of fluctuation during the consolidated fiscal year			20	(0)	19	564	191	756	3	779
Balance as of March 31, 2010	7,095	7,833	29,062	(2,058)	41,932	635	(713)	(78)	234	42,088

Note: Amounts presented are rounded down to the nearest million yen.

# NON-CONSOLIDATED FINANCIAL STATEMENTS

www.ariakejapan.com/

## Non-consolidated Balance Sheets

(Millions of yen)

	FY2009 As of March 31, 2009	FY2010 As of March 31, 2010
<b>Assets</b>		
Current assets	19,271	21,815
Fixed assets	28,060	28,270
Tangible fixed assets	15,205	14,099
Intangible fixed assets	19	19
Investments and other assets	12,835	14,150
Total assets	47,332	50,086
<b>Liabilities</b>		
Current liabilities	3,718	4,877
Long-term liabilities	865	912
Total liabilities	4,583	5,789
<b>Net assets</b>		
Shareholders' equity	42,678	43,661
Unrealized gains and adjustments	70	635
Total net assets	42,749	44,296
Total liabilities and net assets	47,332	50,086

Note: Amounts presented are rounded down to the nearest million yen.

## Non-consolidated Statements of Income

(Millions of yen)

	FY2009 From April 1, 2008 to March 31, 2009	FY2010 From April 1, 2009 to March 31, 2010
Net sales	19,258	20,183
Cost of sales	12,841	13,058
Gross profit	6,417	7,125
Selling, general and administrative expenses	3,163	3,287
Operating income	3,254	3,837
Non-operating income	237	335
Non-operating expenses	1,000	237
Ordinary income	2,491	3,935
Extraordinary losses	85	53
Income before income taxes	2,406	3,882
Income taxes - current	995	1,708
Income taxes - deferred	(17)	(81)
Net income	1,428	2,255

Note: Amounts presented are rounded down to the nearest million yen.

## Non-consolidated Statements of Changes in Shareholders' Equity (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Shareholders' equity									Unrealized gains and adjustments		Total net assets		
	Common stock	Capital surplus		Retained earnings				Treasury stock	Total shareholders' equity	Unrealized gains on other securities	Total unrealized gains and adjustments			
		Capital reserve	Total capital surplus	Legal reserve of retained earnings	Other retained earnings	Total retained earnings								
Balance as of March 31, 2009	7,095	7,833	7,833	441	82	7,820	21,463	29,807	(2,057)	42,678	70	70	42,749	
Amount of fluctuation during the fiscal year														
Provision of reserve for special depreciation					3			(3)						
Withdrawal of reserve for special depreciation					(21)			21						
Dividend from retained earnings									(1,273)	(1,273)			(1,273)	
Net income									2,255	2,255			2,255	
Acquisition of treasury stock									(0)	(0)			(0)	
Disposal of treasury stock									0	0			0	
Amount of fluctuation of items other than shareholders' equity during the fiscal year (net)											564	564	564	
Total amount of fluctuation during the fiscal year						(18)		1,001	982	(0)	982	564	564	1,547
Balance as of March 31, 2010	7,095	7,833	7,833	441	64	7,820	22,465	30,790	(2,058)	43,661	635	635	44,296	

Note: Amounts presented are rounded down to the nearest million yen.



# CORPORATE INFORMATION

## Company Profile

(As of March 31, 2010)

- **Trade Name** ARIAKE JAPAN Co., Ltd.
- **Representatives** Kineo Okada,  
Chairman of the Board (CEO)  
Tomoki Tagawa,  
President (COO)
- **Established** June 2, 1966
- **Capital** 7,095,096 thousand yen
- **Employees** 356
- **Business Activities**
  1. Manufacture, processing and sale of natural seasonings
  2. Production, processing, import / export and sale of livestock products
  3. Processing, import / export and sale of marine products
  4. Production, import / export and sale of non-pharmaceutical products
  5. Restaurant management
  6. Technical guidance concerning the above activities
  7. Operations incidental to above activities
- **Banks** Sumitomo Mitsui Banking Corp.  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- **Affiliated Companies**
  - ARIAKE U.S.A., Inc.
  - QINGDAO ARIAKE FOODSTUFF Co., Ltd.
  - Taiwan Ariake Foods Co., Ltd.
  - F.P.Natural Ingredients S.A.S.
  - F.P.N.I.BELGIUM N.V.
  - Dear. SOUP Co., Ltd.
  - A.C.C. Co., Ltd.
  - Ariake Farm. Co., Ltd.
  - GLOBEAT USA, Inc.

- **Office Location**
- **Headquarters**  
3-2-17, Ebisu-Minami, Shibuya-ku, Tokyo 150-0022  
TEL: 03-3791-3301  
TEL: 03-3791-3350 (Marketing Department)  
TEL: 03-3791-3302 (General Affairs Department)



Headquarters building

- **Kyushu Plant**
  - **No.1 Kyushu Plant**
  - **No.2 Kyushu Plant**
  - **Central Research Laboratory R&D Center**
  - **Packing Center**
- **Fukuoka Branch**  
3-15-19, Hakataekimae, Hakata-ku, Fukuoka 812-0011  
TEL: 092-475-2990
- **Sapporo Sales Office**  
WALL ANNEX 601, 9-1, Kita niijo Nishi, Chuo-ku, Sapporo 060-0002  
TEL: 011-272-2881
- **Sendai Sales Office**  
HSG Building 5F, 4-7, Kitame-machi, Aoba-ku, Sendai 980-0023  
TEL: 022-225-3590
- **Nagoya Branch**  
3-11-20, Sakae, Naka-ku, Nagoya 460-0008  
TEL: 052-238-7700
- **Osaka Branch**  
1-3-5, Kyomachibori, Nishi-ku, Osaka 550-0003  
TEL: 06-6459-3771

## Gifts to Shareholders

**March 2009**  
Western and Chinese  
seasoning gift pack

**September 2009**  
Western Sauce gift pack  
in retort pouches

Past  
gift  
pack



**Ariake  
Gift Pack  
for Shareholders**

All shareholders of record on March 31, 2010 who have held at least 100 shares continuously for more than one year will receive a gift pack of Ariake Japan's products created specifically for shareholders.

- 1 to 4 trading units (100 to 499 shares) **3,000 yen value** (equivalent to 6,000 yen / year)
- 5 to 99 trading units (500 to 9,999 shares) **6,000 yen value** (equivalent to 12,000 yen / year)
- 100 trading units or more (10,000 shares or more) **9,000 yen value** (equivalent to 18,000 yen / year)

# INVESTOR INFORMATION

www.ariakejapan.com/

## Stock Data

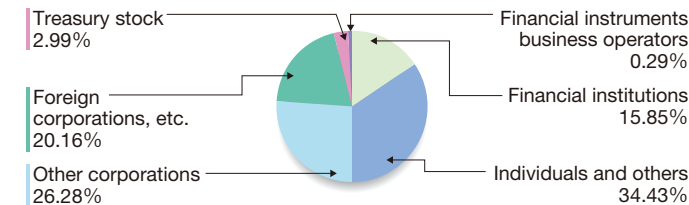
(As of March 31, 2010)

- **Total number of shares authorized to be issued**..... 130,000,000 shares
- **Total issues and outstanding shares**.....32,808,683 shares
- **Number of shareholders** .....22,840
- **Stock exchange listing** .....Tokyo Stock Exchange, First Section
- **Securities code number** .....2815

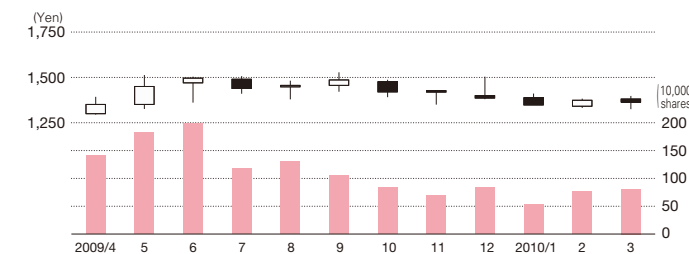
## Major Shareholders (Top 10)

Name of Shareholders	Thousand Shares	Percentage
Japan Food Business Co., Ltd.	5,338	16.77
Kineo Okada	4,217	13.25
State Street Bank and Trust Company	3,515	11.04
Kineo Okada Scholarship Foundation	2,196	6.90
National Mutual Insurance Federation of Agricultural Cooperatives	1,502	4.72
Naoki Okada	1,439	4.52
Japan Trustee Service Bank, Ltd. (Trust Account)	891	2.80
Ohsho Food Service Corp.	784	2.46
Northern Trust Company (AVFC) Sub-account American Clients	686	2.16
The Master Trust Bank of Japan, Ltd. (Trust Account)	454	1.43

## Percentage Composition of Shareholders



## Stock Price (Monthly) and Trading Volume



## Stock Information

- Fiscal year** April 1 to March 31 next year
- Record date for receipt of year-end dividends** March 31
- Record date for receipt of 2nd quarter dividends** September 30
- General shareholders' meeting** Held in June each year
- Stock transfer agent** Mitsubishi UFJ Trust and Banking Corporation
- Account manager for special accounts** Mitsubishi UFJ Trust and Banking Corporation Securities Transfer Section  
TEL: 0120-232-711 (Toll free only in Japan)
- Inquiries** 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan  
Mitsubishi UFJ Trust and Banking Corporation Securities Transfer Section  
TEL: 0120-232-711 (Toll free only in Japan)
- Stock exchange listing** Tokyo Stock Exchange, First Section
- Announcement** The Company posts information about settlement announcement on its website.  
<http://www.ariakejapan.com/>

## Precautions

1. Due to the conversion of all shares to book-entry form, in principle, changes of address, requests for purchases of shares and other shareholder procedures will be performed by the account manager (securities company, etc.) for each shareholder's account. These procedures are not performed by the Company's stock transfer agent (Mitsubishi UFJ Trust and Banking).
2. For all procedures concerning stock registered in the special account, please contact Mitsubishi UFJ Trust and Banking, which is the manager of this account. These procedures are handled at the head office and all branches of Mitsubishi UFJ Trust and Banking.
3. Accrued dividends can be received at the head office or any branch of Mitsubishi UFJ Trust and Banking.