

# Business Report

April 1, 2011 ▶ March 31, 2012

The Ariake Japan Website

Our website contains a variety of information about the Company.

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

or  Search



Home

Please visit this page to view information for shareholders and investors.

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



IR Top Page

The Foodservice Products Catalog 2012 was posted on our website. (Japanese Only)  
Please see the Topics on page 5, for more details.



The Foodservice Products Catalog 2012



THE FINE FLAVORS OF NATURE

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



Headquarters 3-2-17 Ebisu-Minami, Shibuya-ku, Tokyo 150-0022  
TEL: 03-3791-3301



Securities code number : 2815

April 1, 2011 ▶ March 31, 2012  
**Business Report**

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**TO OUR SHAREHOLDERS**

Through the pursuit of food safety, good health, and better taste, we will move ahead with efforts to maintain and expand existing markets and develop a new market to strive to increase sales.



Chairman of the Board (CEO) **Kineo Okada**  
President (COO) **Tomoki Tagawa**

We are pleased to present the Ariake Group's "Business Report" for the year ended March 31, 2012 (FY2012) and to have this opportunity to offer our shareholders.

During the fiscal year ended March 31, 2012, the Japanese economy was greatly affected by the catastrophe of the Great East Japan Earthquake, which occurred on March 11, 2011, and later by external factors in the form of the European debt crisis and flagging growth in emerging economies. In general terms, the year was one shrouded in continuous uncertainty.

Looking at the food industry, in particular, it too faced difficult conditions caused, for example, by stagnation in consumer spending.

Despite all of the challenges, however, monetary easing by the Bank of Japan and other factors began to take effect

toward the end of the fiscal year as indicated by signs of upturns in capital expenditures and consumer spending.

ARIAKE JAPAN Co., Ltd. (the Company) and its Group companies (collectively, the Ariake Group) are global enterprise setting up a "global six-pillar system," with production and sales bases in Japan, the U.S., China, Taiwan, France, and Belgium. Under this system, as leading manufacturers in the field of natural seasonings, the Ariake Group grasps customer needs early on, expand their existing businesses throughout the world and actively develop new businesses, while striving to pursue their commitments to food safety, good health, and better taste.

Though there have been some signs of an economic recovery in some sectors of the Japanese economy,

uncertainty is expected to prevail during the coming fiscal year because of concerns about electricity shortages amid the decline in the number of nuclear power plants in operation, and unstable exchange rate.

In this environment, the Ariake Group, trusting in its strengths, will move ahead with efforts to maintain and expand existing markets and develop a new market to strive to increase 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 2012



## With this optimal regional production system, we established the structure to meet a diverse array of needs of customers on a global scale.

Contributing to the advancement of the culture of food worldwide has always been a goal of the Ariake Group. Since our inception, we have been dedicated to operating on a global scale as both a Japanese company and a global enterprise. In recent years, we have made enormous capital expenditures outside Japan that total approximately ¥20 billion. Having completed this round of overseas investments, we are now in the stage where we generate returns from these expenditures. The Ariake Group has a global six-pillar system covering Japan, the U.S., China, Taiwan, France and Belgium. With this optimal regional production system, we established the structure to meet a diverse array of needs of customers on a global scale.



### Business Plan of the Ariake Group

The optimal regional production system of the Ariake Group can provide a consistent supply of high quality, low cost products. Having completed work on this system, the Ariake Group has established a business plan that has clear numerical targets.

(Billions of yen)

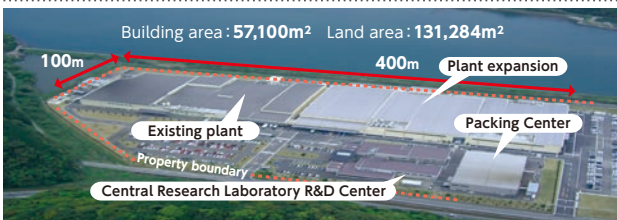
	FY2011 Result	FY2012 Result	Plan				
			FY2013	FY2014	FY2015	FY2016	
Net sales	Ariake Japan	22.9	26.6	29.5	31.5	33.5	35.5
	Consolidated subsidiaries	5.2	6.5	8.1	10.5	13.0	15.5
	Adjustment	(1.1)	(1.6)	(2.3)	(2.7)	(3.1)	(3.5)
	Consolidated net sales	27.0	31.5	35.3	39.3	43.4	47.5
Ordinary income (loss)	Ariake Japan	4.1	5.2	5.9	6.3	6.7	7.1
	Consolidated subsidiaries	(0.6)	(0.3)	0.2	0.6	1.0	1.6
	Consolidated ordinary income	3.5	4.9	6.1	6.9	7.7	8.7

### Business Strategies of the Ariake Group

The Ariake Group has established a specific business strategy for individual regions and countries of the world in line with the Ariake Group's business plan. Targets for sales four years from now, which is the fiscal year ending in March 2016, were also set up.

(Billions of yen)

	Details	Sales Target for FY2016	
Japan	ARIAKE JAPAN Co., Ltd.	Create a new business model <ul style="list-style-type: none"> <li>Expand the operations of agricultural companies, with Ariake Farm as the nucleus, to start an organic vegetables agricultural business</li> <li>Start producing food for older consumers and health food</li> </ul>	35.5
	Domestic Subsidiaries	Maintain steady sales	0.5
U.S.A.	ARIAKE U.S.A., Inc.	Conduct aggressive sales and R&D activities <ul style="list-style-type: none"> <li>Form relationships with new customers by using sales activities by senior executives</li> <li>Establish strong relationships with large customers with good prospects for growth</li> <li>Reinforce the sales organization by hiring many more salespeople</li> <li>Increase the R&amp;D workforce</li> </ul>	5.0
	China	Continue to grow in China <ul style="list-style-type: none"> <li>Rapidly expand the scope of sales activities by establishing an office in Shanghai</li> <li>Increase sales to companies making instant-noodle products</li> </ul>	5.0
Taiwan	Taiwan Ariake Foods Co., Ltd.	Increase sales of food products to restaurants <ul style="list-style-type: none"> <li>Food sales to restaurants are small but increasing every year</li> </ul>	1.0
Europe	F. P. Natural Ingredients S.A.S. (France)	Sales contribution from the Joël Robuchon brand <ul style="list-style-type: none"> <li>Higher sales of Infusion Bouillon, Joël Robuchon brand soup and other products</li> </ul>	4.0
	Ariake Europe N.V. (Belgium)		



No.2 Kyushu Plant

#### 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



ARIAKE U.S.A., Inc.



QINGDAO ARIAKE FOODSTUFF Co., Ltd. No.1 Plant



QINGDAO ARIAKE FOODSTUFF Co., Ltd. No.2 Plant



Taiwan Ariake Foods Co., Ltd.



F. P. Natural Ingredients S.A.S.



Ariake Europe N.V.

#### 2 U.S.A.

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

#### 3 China

Company Name QINGDAO ARIAKE FOODSTUFF Co., Ltd.  
 Office Location Qingdao Jiaonan Shandong Province, China  
 Established December 1994  
 Capital US\$8.12 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 Ariake Europe N.V.  
 Office Location Maasmechelen, Belgium  
 Established January 2004  
 Capital €25 million

The Foodservice Products Catalog 2012 was posted on our website.

The Foodservice Products Catalog 2012 was posted on our website in January 2012. The catalog starts with explanations of carefully selected ingredients from all over the world, including chicken, butter, cheese and wine used at Ariake's factory in Europe. A section with extensive information about the Joël Robuchon brand used in Europe is also included in the catalog. Another highlight is explanation with photos of products used for cuisine prepared in restaurants and other professional kitchens. Examples include Western sauces, including the core Gourmet Royale brand, and Chinese ingredients like the Ariake Ho-Oh (Phoenix) and Gyoretsu Jiman (Popular Queue) series. (All Ariake products are for use in the foodservice sector.)



News

A New Name for Our Subsidiary in Belgium

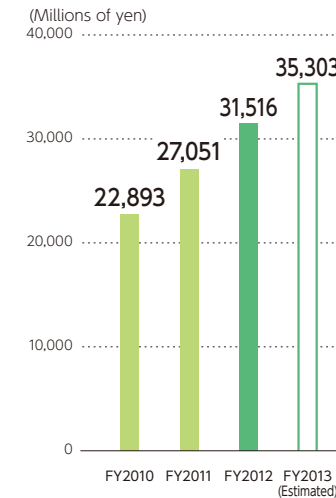
Interest is high around the world in a variety of Japanese brands. Products bearing these brands embody qualities such as Japan's advanced technologies, stylish fashions and a culture of food that emphasizes good health. In response to the popularity of Japanese brands, Ariake has changed the name of Belgian subsidiary F.P.N.I. Belgium N.V. to **Ariake Europe N.V.** This new name clearly communicates the advanced technologies this company uses as a member of the Ariake Group and better enables Ariake Europe to serve customers on a global scale.



CONSOLIDATED OPERATING RESULTS

ARIAKE JAPAN Co., Ltd.

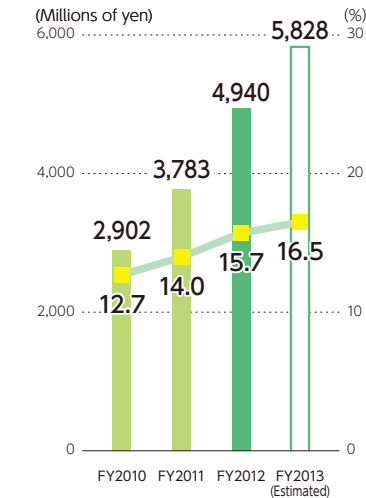
Net sales



**Consolidated net sales** for the fiscal year under review increased by 16.5% (¥4,465 million) year on year to ¥31,516 million mainly due to the higher sales at the Company and European subsidiaries.

Net sales of the Company increased by 16.3% (¥3,726 million) year on year to ¥26,645 million as a result of the unified efforts of the sales, R&D, and manufacturing units. Net sales of the Company have now risen for 27 straight months during which they exceeded the previous year's results by double-digit percentages (at least 10%) on a month-on-month basis.

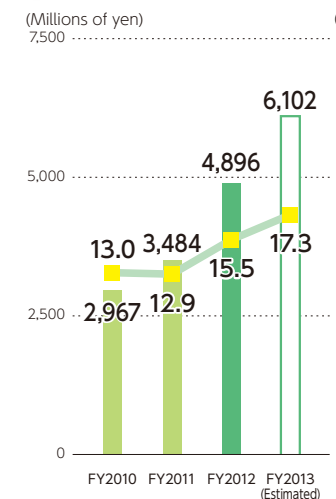
Operating income / Operating income to net sales



**Consolidated operating income** increased by 30.6% (¥1,157 million) year on year to ¥4,940 million from the previous fiscal year.

The higher net sales of the Company were a major factor in boosting operating income 17.6% (¥764 million) year on year to ¥5,094 million as they more than offset increases in fixed manufacturing costs (approx. ¥420 million increase) and selling expenses (approx. ¥145 million increase).

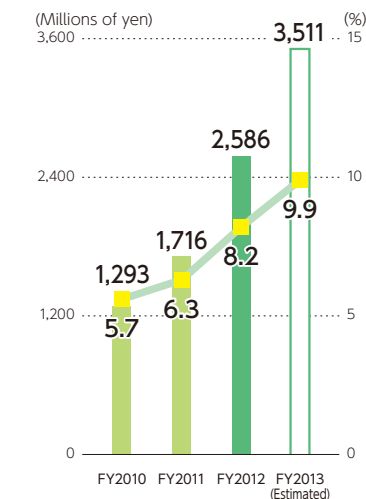
Ordinary income / Ordinary income to net sales



**Consolidated ordinary income** increased by 40.5% (¥1,411 million) year on year to ¥4,896 million.

Ordinary income of the Company was helped by gain on valuation of derivatives totaling ¥430 million, up ¥384 million from last year's ¥46 million, and higher operating income. Non-operating expenses included a loss on foreign exchange of ¥632 million (¥144 million increase), but with the strong results from the Company's principal business activities noted above, ordinary income increased by 26.3% (¥1,082 million) year on year to ¥5,198 million. Ordinary loss at consolidated subsidiaries came to ¥302 million, a ¥330 million improvement from the previous fiscal year's ordinary loss of ¥632 million.

Net income / Net income to net sales



**Consolidated net income** increased by 50.7% (¥870 million) to ¥2,586 million.

Net income of the Company increased by 24.6% (¥585 million) year on year to ¥2,967 million.

# CONSOLIDATED FINANCIAL STATEMENTS

ARIAKE JAPAN Co., Ltd.

## Consolidated Balance Sheets (Millions of yen)

	FY2011 As of March 31, 2011	FY2012 As of March 31, 2012
<b>Assets</b>		
Current assets	21,613	19,762
Fixed assets	29,180	31,167
Tangible fixed assets	21,790	21,678
Intangible fixed assets	101	133
Investments and other assets	7,288	9,355
<b>Total assets</b>	<b>50,793</b>	<b>50,929</b>
<b>Liabilities</b>		
Current liabilities	8,050	7,045
Long-term liabilities	1,565	1,539
<b>Total liabilities</b>	<b>9,616</b>	<b>8,584</b>
<b>Net assets</b>		
Shareholders' equity	42,374	43,687
Accumulated other comprehensive income	(1,418)	(1,584)
Minority interests	220	241
<b>Total net assets</b>	<b>41,177</b>	<b>42,345</b>
<b>Total liabilities and net assets</b>	<b>50,793</b>	<b>50,929</b>

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

## Consolidated Statements of Income (Millions of yen)

	FY2011 From April 1, 2011 to March 31, 2011	FY2012 From April 1, 2011 to March 31, 2012
Net sales	27,051	31,516
Cost of sales	18,557	21,370
Gross profit	8,493	10,146
Selling, general and administrative expenses	4,710	5,205
Operating income	3,783	4,940
Non-operating income	327	761
Non-operating expenses	626	805
Ordinary income	3,484	4,896
Extraordinary income	0	0
Extraordinary losses	44	34
Income before income taxes	3,440	4,862
Income taxes - current	1,754	2,253
Income taxes - deferred	(37)	1
Income before minority interests	1,723	2,607
Minority interests	7	21
<b>Net income</b>	<b>1,716</b>	<b>2,586</b>

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

## Consolidated Statements of Cash Flows (Millions of yen)

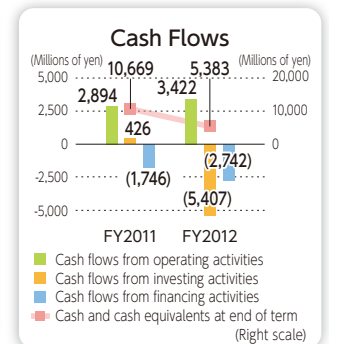
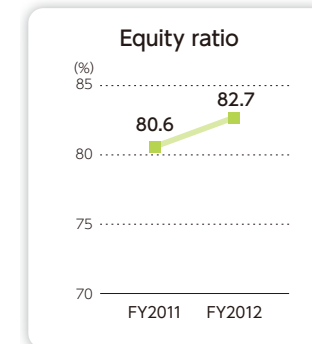
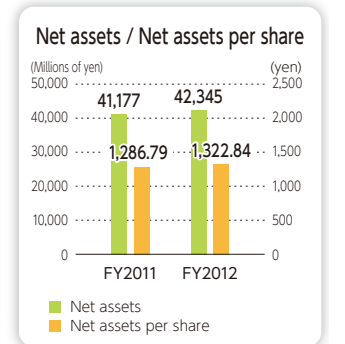
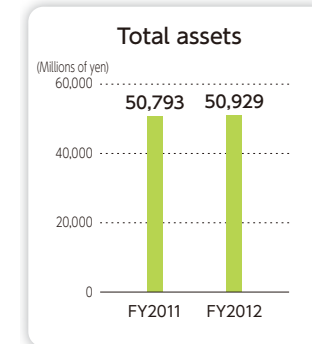
	FY2011 From April 1, 2010 to March 31, 2011	FY2012 From April 1, 2011 to March 31, 2012
Cash flows from operating activities	2,894	3,422
Cash flows from investing activities	426	(5,407)
Cash flows from financing activities	(1,746)	(2,742)
Exchange difference of cash and cash equivalents	(418)	(559)
Increase (decrease) in cash and cash equivalents	1,155	(5,285)
Cash and cash equivalents at beginning of term	9,513	10,669
Cash and cash equivalents at end of term	10,669	5,383

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

## Consolidated Statements of Changes in Shareholders' Equity (From April 1, 2011 to March 31, 2012) (Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2011	7,095	7,833	29,505	(2,059)	42,374	327	(1,746)	(1,418)	220	41,177
Amount of fluctuation during the consolidated fiscal year										
Dividend from retained earnings			(1,273)		(1,273)					(1,273)
Net income			2,586		2,586					2,586
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)						157	(323)	(165)	21	(144)
Total amount of fluctuation during the consolidated fiscal year			1,313	(0)	1,313	157	(323)	(165)	21	1,168
Balance as of March 31, 2012	7,095	7,833	30,818	(2,059)	43,687	485	(2,069)	(1,584)	241	42,345

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





## Company Profile

(As of March 31, 2012)

- **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** 409
- **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 Corporation  
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.
  - Ariake Europe 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
- **Kyushu Plant**
  - No.1 Kyushu Plant
  - No.2 Kyushu Plant
  - Central Research Laboratory R&D Center
  - Packing Center
- **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



Headquarters building

- **Fukuoka Branch**  
3-15-19, Hakataekimae, Hakata-ku, Fukuoka  
812-0011  
TEL: 092-475-2990
- **Sendai Branch**  
510 Building 3F, 4-2-27, Chuo, Aoba-ku,  
Sendai 980-0021  
TEL: 022-225-3590
- **Sapporo Sales Office**  
WALL ANNEX 601, 9-1, Kita nijo Nishi,  
Chuo-ku, Sapporo 060-0002  
TEL: 011-272-2881

## Shareholder Benefit Program

### Ariake Gift Pack for Shareholders

All shareholders 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. This shareholder benefit program will increase return to shareholders. We also expect that this program will deepen the understanding of the Ariake Group.

1 to 4 trading units (100 to 499 shares)

5 to 99 trading units (500 to 9,999 shares)

100 trading units or more (10,000 shares or more)

**3,000** yen value (equivalent to 6,000 yen / year)

**6,000** yen value (equivalent to 12,000 yen / year)

**9,000** yen value (equivalent to 18,000 yen / year)

## Stock Data

(As of March 31, 2012)

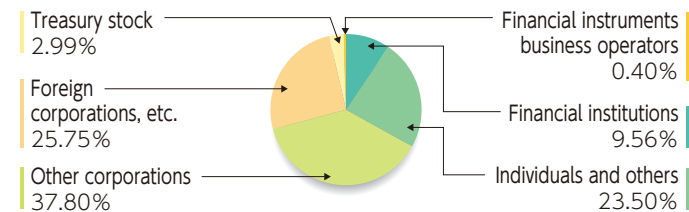
- Total number of shares authorized to be issued..... 130,000,000 shares
- Total issues and outstanding shares..... 32,808,683 shares
- Number of shareholders.....24,703
- Stock exchange listing..... Tokyo Stock Exchange, First Section
- Securities code number..... 2815

## Major Shareholders (Top 10)

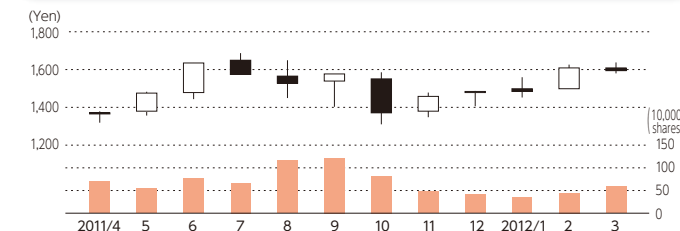
Name of Shareholders	Thousand Shares	Percentage
Japan Food Business Co., Ltd.	9,155	28.77
State Street Bank and Trust Company	4,213	13.24
Kineo Okada Scholarship Foundation	2,196	6.90
Kineo Okada	983	3.09
Naoki Okada	982	3.09
Ohsho Food Service Corp.	784	2.46
Northern Trust Company (AVFC) Sub-account American Clients	781	2.46
Japan Trustee Services Bank, Ltd.	666	2.09
Mellon Bank, N. A. as Agent for its Client Mellon Omnibus US Pension	613	1.93
Credit Suisse (LUXEMBOURG) S.A. on Behalf of Clients	400	1.26

\* Treasury stock (980,402 shares) is excluded from the list above.

## 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** 7-10-11, Higashisuna, Koto-ku, Tokyo  
137-8081, Japan
- Inquiries** 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.