May 14, 2008

Financial Report for the Year Ended March 31, 2008

Listed company name: Ariake Japan Co., Ltd.
Code no.: 2815
Listing exchanges: Tokyo, 1st Section
Head office: 3-2-17 Ebisu-Minami, Shibuya-ku, Tokyo, Japan
URL: http://www.ariakejapan.com
Representative: Tomoki Tagawa, President (COO)
Contact: Akio Miyakawa, Manager of the Management Coordination Department
TEL: 03-3791-3301
Scheduled date of annual general meeting of shareholders: June 19, 2008
Scheduled date of securities report submission: June 20, 2008
Scheduled date of dividend payment commencement: June 20, 2008

(Amounts under one million yen are rounded down.)

1. Results for the year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(1) Consolidated business results * Percentage figures represent changes from previous year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2008	22,961	2.3	4,074	(25.5)	3,493	(34.1)	1,851	(40.5)
FY2007	22,449	3.2	5,466	(5.5)	5,300	(9.7)	3,110	(11.1)

	Net income per share	Net income per share/diluted	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2008	57.65	—	4.3	6.8	17.7
FY2007	95.50	—	7.3	10.8	24.3

Reference: Investment profit/ loss on equity method: FY2008 ¥ — million FY2007 ¥ — million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2008	51,416	43,251	84.1	1,349.94
FY2007	50,827	43,396	85.4	1,339.05

Reference: Equity capital: FY2008 ¥42,969 million FY2007 ¥43,202 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the fiscal year end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2008	4,364	(5,439)	(407)	11,620
FY2007	3,213	(10,384)	(921)	12,928

2. Dividends

	Dividends per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
Record date	End of 1st quarter	End of 1st half	End of 3rd quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2007	—	15.00	—	15.00	30.00	975	31.4	2.3
FY2008	—	15.00	—	15.00	30.00	959	52.0	2.2
FY2009 (projection)	—	15.00	—	15.00	30.00	—	45.5	—

3. Forecast consolidated business results for the year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

*(Percentage figures represent changes from the previous year, and mid-term figures are the year-on-year change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Mid-term	11,423	2.2	1,738	(11.7)	1,619	(10.8)	742	(26.0)	23.31
Full-year	24,243	5.6	4,100	0.6	4,182	19.7	2,100	13.5	65.97

4. Others

(1) Significant changes in subsidiaries during the year under review (changes in specific subsidiaries involving changes in scope of consolidation): None

Note: For more details, please see page 10, "Outline of the Business Group".

(2) Changes in accounting principles, procedures, and the display method of presentation associated with preparation of the consolidated financial statements (matters to be included in the section, "Change in Basic Conditions to Prepare Consolidated Financial Statements")

1) Changes due to revisions of accounting standards, etc.: Yes

2) Change other than 1): No

Note: For more details, please see page 25, "Change in Basic Conditions to Prepare Consolidated Financial Statements".

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at fiscal year end (including treasury stock):

FY2008 32,808,683 shares FY2007 32,808,683 shares

2) Number of treasury stock at fiscal year end:

FY2008 977,950 shares FY2007 545,347 shares

Note: For the number of shares that is the basis for the calculation of consolidated net income per share, please see page 39, "Per share data".

(Reference)

1. Results for the year ended March 31, 2008 (April 1, 2007 - March 31, 2008)

(1) Non-consolidated business results

* Percentage figures represent changes from previous year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2008	19,990	1.2	3,757	(25.0)	3,795	(23.3)	2,205	(23.2)
FY2007	19,752	0.0	5,012	(6.0)	4,945	(8.9)	2,872	(9.6)

	Net income per share	Net income per share/diluted
	Yen	Yen
FY2008	68.69	—
FY2007	88.19	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2008	46,583	42,132	90.4	1,323.64
FY2007	47,630	42,396	89.0	1,314.07

Reference: Equity capital: FY2008 ¥ 42,132 million FY2007 ¥ 42,396 million

2. Forecast non-consolidated business results for the Year Ended March 31, 2009 (April 1, 2008 - March 31, 2009)

*(Percentage figures represent changes from the previous year, and mid-term figures are the year-on-year change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Mid-year	10,047	4.2	2,028	13.4	2,066	14.0	1,197	13.1	37.61
Full-year	21,000	5.1	4,493	19.6	4,910	29.4	2,845	29.0	89.38

* Explanation about the proper use of financial projections and other important notes

Forecasts described above have been made based on information available as of the date of announcement and likely include factors which are uncertain. Actual results may be different from these forecasts due to various factors. For more information regarding the forecasts, see page 7.

1. Business Results

I. Analysis of Business Results

1. Business conditions for the year ended March 2008

(Consolidated business results) (In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2008	22,961	4,074	3,493	1,851	57.65
FY2007	22,449	5,466	5,300	3,110	95.50
Growth Rate	2.3%	(25.5%)	(34.1%)	(40.5%)	—

(Non-consolidated business results) (In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2008	19,990	3,757	3,795	2,205	68.69
FY2007	19,752	5,012	4,945	2,872	88.19
Growth Rate	1.2%	(25.0%)	(23.3%)	(23.2 %)	—

(1) Overall performance for the year ended March 2008

Supported by numerous factors including firm corporate earnings and increased capital investments, the Japanese economy experienced a gradual recovery during the consolidated fiscal year. However, there is growing uncertainty about the future since the recovery in corporate earnings has not necessarily led to an increase in individual income and price hikes as a result of higher oil prices are casting a shadow over consumer spending, and financial markets are in turmoil as a result of the subprime mortgage problem.

In the food industry, in addition to the effect that higher raw material prices is having on procuring raw materials, product prices are falling on account of competition, there has been a series of incidents involving improperly labeled food, and the issue of food safety and security frequently arises, all of which have made the business environment extremely difficult.

In this environment, as a leading manufacturer in the field of natural seasonings, the Group is working to expand existing businesses and actively develop new business fields. In addition, the Group has established a thorough structure related to quality control and safety-hygiene and pays strong attention to “food safety” and “high quality.” The whole Group is devoted to increasing profits in order to achieve stable growth under any conditions.

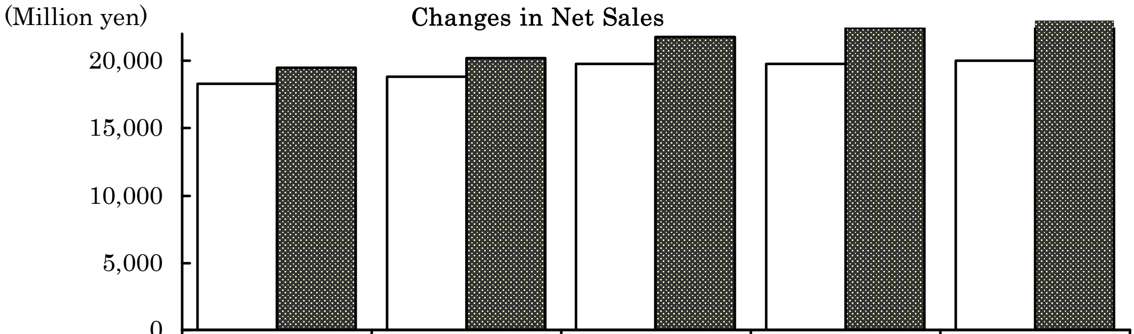
In particular, our newly built plant next to the No. 2 Kyushu Plant started operations in April 2007. With this capital investment, we are installing the latest technology to meet all the needs of our customers, replacing the No. 1 Kyushu Plant, and increasing present production capacity by about 1.5.

In our European operations, our fully owned subsidiaries, F.P. Natural Ingredients S.A.S. in France and F.P.N.I. BELGIUM N.V. in Belgium, have invested 43 million euros in the construction facilities for the manufacturing and sales of natural soups. The factories have been completed and will launch operations in the near future.

Concerning our operations in China, as a result of rapidly expanding seasonings business in China, our Chinese subsidiary (Qingdao Ariake Foodstuff Co, Ltd.) decided to invest approximately 80 million yuan in construction of a new plant to complement the current factory in China, and this new plant will start operations in the near future.

In the U.S., the U.S. subsidiary (ARIAKE U.S.A., Inc.) has steadily generated demand (for the Group’s products), increased earnings, and has launched construction of a new factory that will cost 25 million dollars in response to business plans.

Net Sales



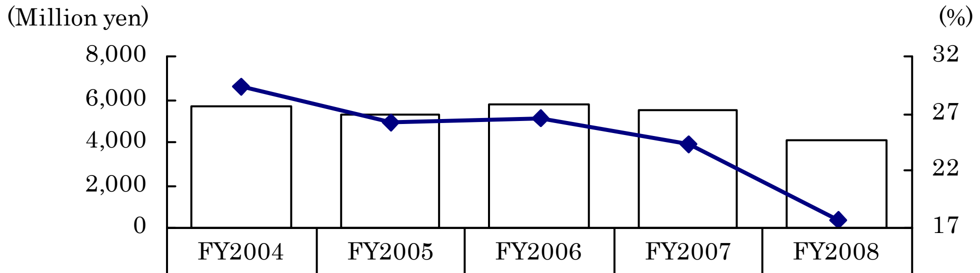
	FY2004	FY2005	FY2006	FY2007	FY2008
□ Non-consolidated	18,288	18,811	19,762	19,752	19,990
▩ Consolidated	19,458	20,171	21,761	22,449	22,961

In Japan, Ariake Japan Co., Ltd. had to confront various negative issues including increasing consumers' concerns about food as a result of a series of food-related scandals, a fall-off in demand as food prices rose following hikes in the price of raw materials, and fiercer competition in the food industry. However, as a result of aggressive sales efforts, the Company was able to record year-on-year growth in net sales. In particular, in the processed food sector, the Group actively expanded its operations into the areas of prepared foods and daily dishes, and net sales rose slightly over the previous year. On the other hand, the Group has been successful in broadly expanding its restaurant industry related operations and expanded sales. However, for the instant noodle sector, there was a slight contraction in sales.
Therefore, sales in the processed food sector rose 1.8% year on year, those in the restaurant industry increased 2.0%, but those in the instant noodle sector fell 1.1% year on year.

As for net sales for consolidated subsidiaries, overseas subsidiaries implemented a strategy to increase sales to processed food and instant noodle manufacturers, which resulted in net sales increasing by 10.2% year on year.
Therefore, consolidated net sales increased by 2.3% (512 million yen) year on year, to 22,961 million yen. This was 6.1% (1,488 million yen) less than forecast.
In addition, non-consolidated net sales rose 1.2% year on year, to 19,990 million yen.

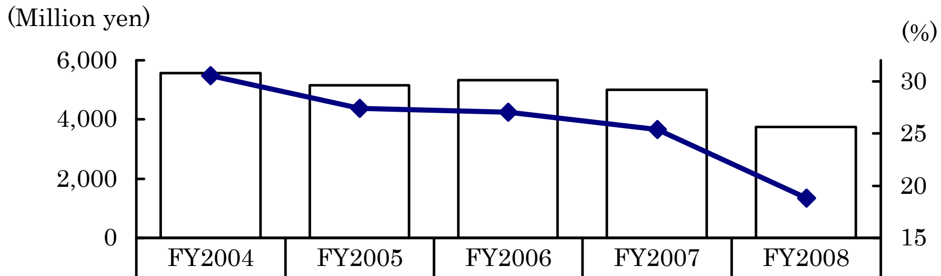
Operating Income

Changes in Consolidated Operating Income



	FY2004	FY2005	FY2006	FY2007	FY2008
Consolidated operating income	5,718	5,289	5,781	5,466	4,074
Consolidated operating income to net sales	29.4	26.2	26.6	24.3	17.7

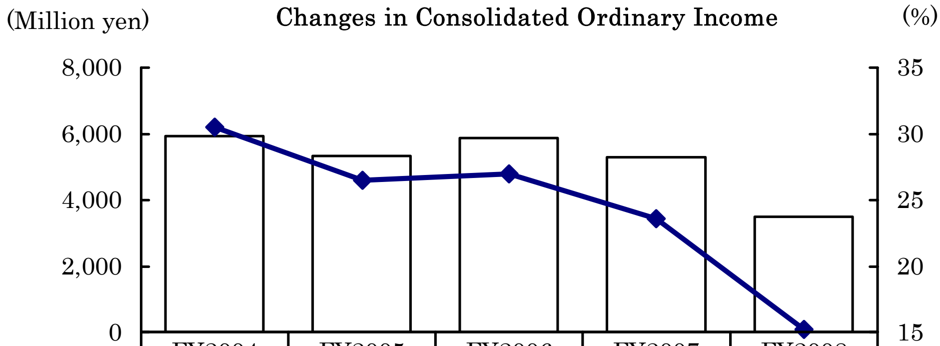
Changes in Non-consolidated Operating Income



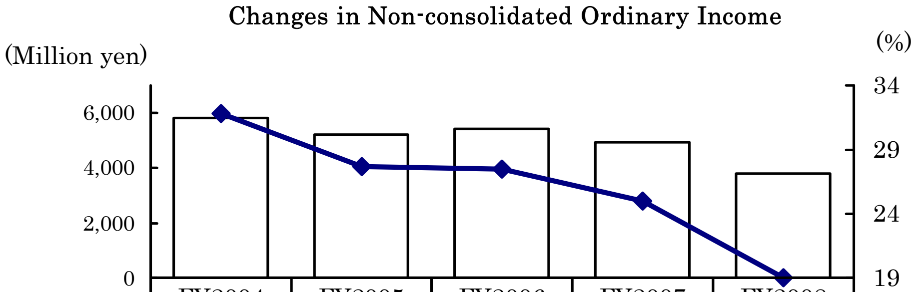
	FY2004	FY2005	FY2006	FY2007	FY2008
Non-consolidated operating income	5,574	5,154	5,333	5,012	3,757
Non-consolidated operating income to net sales	30.5	27.4	27.0	25.4	18.8

Consolidated operating income decreased by 1,392 million yen year on year, to 4,074 million yen.
The Company made aggressive capital investments with an eye on the future and strengthened its foundation for producing products that provide strong customer satisfaction in the long term.
Earnings were affected by numerous factors including an increase in depreciation expenses (1,134 million yen) as a result of the expansion of the No. 2 Kyushu Plant, greater energy costs due to hikes in oil prices, an increase in office expenses related to the opening of new offices overseas (approximately 171 million yen), and increased costs to reinforce sales personnel (approximately 37 million yen). Therefore, non-consolidated operating income fell 25.0% year on year, to 3,757 million yen. This was 642 million yen (14.6%) less than projected.
In addition, although overseas consolidated subsidiaries aggressively expanded sales, the effect of higher raw material prices and up-front expenses to launch operations at the European subsidiaries (approximately 617 million yen) dramatically affected consolidated earnings. Consolidated operating income shrank 25.5% year on year, to 4,074 million yen, and the Group recorded a consolidated operating income to net sales ratio of 17.7%.
Operating income fell 440 million yen (9.8%) short of initial forecasts.

Ordinary Income



	FY2004	FY2005	FY2006	FY2007	FY2008
Ratio of consolidated ordinary income	5,930	5,342	5,871	5,300	3,493
Ratio of consolidated ordinary income to net sales	30.5	26.5	27.0	23.6	15.2



	FY2004	FY2005	FY2006	FY2007	FY2008
Non-consolidated ordinary income	5,813	5,218	5,426	4,945	3,795
Non-consolidated ordinary income to net sales	31.8	27.7	27.5	25.0	19.0

Consolidated ordinary income was 3,493 million yen (decrease by 1,806 million yen year on year).
Although strong efforts were made to reduce costs, ordinary income fell proportionally to the decline in operating income. Non-consolidated ordinary income fell 23.3% (1,150 million yen) year on year, to 3,795 million yen. This was 19.2% (904 million yen) less than initial forecasts and was the result of sales falling short of projections and increases in the price of both raw material and fuel.
As for consolidated ordinary income, the decline in the Company's ordinary income and up-front expenses for the European subsidiaries to launch operations (approximately 617 million yen) resulted in consolidated ordinary income falling 34.1% (1,806 million yen) year on year, to 3,493 million yen. The ordinary income to net sales ratio was 15.2%.
Ordinary income fell 26.4% (1,251 million yen) short of initial forecast.

Ariake Japan Co., Ltd. recorded subsidies of 200 million yen related to the building and expansion of factories as extraordinary gains but also recorded an increase in past allowance for retirement benefits for directors of approximately 246 million yen as an extraordinary loss. As a result, consolidated net income declined 1,259 million yen year on year, to 1,851 million yen, and non-consolidated net income decreased 666 million yen year on year, to 2,205 million yen.

2. Forecast for the Year Ending March 2009

(Forecast for consolidated business results) (In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2009	24,243	4,100	4,182	2,100	65.97
FY2008	22,961	4,074	3,493	1,851	57.65
Growth Rate	5.6%	0.6%	19.7%	13.5%	—

(Forecast for non-consolidated business results) (In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2009	21,000	4,493	4,910	2,845	89.38
FY2008	19,990	3,757	3,795	2,205	68.69
Growth Rate	5.1%	19.6%	29.4%	29.0%	—

(1) Forecast for business results for the year ending March 2009

As for the economic outlook for the next fiscal year, growth in corporate earnings, which has gradually been improving, is expected to slow since price increases for raw materials and grains will not easily fade. There are numerous items of concern such as the progressing graying of society and fears that the business environment will deteriorate as a result of fiercer competition.

Within the food product industry, there are concerns about what effect high raw material prices and consumers' worries about food safety will have on consumption. At a time of overall stagnant growth in consumption, the Group is making strong appeals based on (its) "food safety and health" and working to stimulate demand. However, under the current harsh business conditions, there is expected to be almost no growth.

Therefore, the Group will focus on deepening and expanding present customers and capturing new ones by strengthening its proposal-based sales abilities and will focus its energies on capturing demand within Japan. In addition, by implementing its global strategy, the Group will actively work to develop global markets that will steadily grow and generate long-term, stable sales and earnings.

In order to reach the targets in the plan, the Group is aggressively implementing various measures. In particular, the Company has already completed construction and expansion of the No. 2 Kyushu Plant, and the plant will launch full operations this year and make substantial contributions to earnings. Other major capital investments, including the construction of new plants by the two European subsidiaries and the construction of a new factory in China, will be completed around the middle of this year, and after starting operations, the plants will contribute to both sales and earnings.

The economic conditions for the current fiscal year both in and outside of Japan will be difficult. However, in Japan, while aggressively developing markets close to consumers and ensuring and expanding demand, the Group will continue to reduce costs, centered on the new Kyushu factory. Overseas, the launch of operations in two plants in Europe in June will ensure a long-term growth trajectory, making it possible to implement and realize numerous growth strategies and contributing to earnings. The completion of all of these measures will accelerate all the Group's businesses.

Therefore, for the full fiscal year, consolidated net sales are projected to increase 5.6% year on year to 24,243 million yen and consolidated ordinary income to grow 19.7% year on year to 4,182 million yen.

As for non-consolidated earnings, net sales are expected to expand 5.1% year on year to 21,000 million yen and ordinary income to increase 29.4% year on year to 4,910 million yen.

II. Analysis of Financial Condition

(1) Overview of the year ended March 2008

(In million yen)

	FY2007	FY2008	Difference
Cash flows from operating activities	3,213	4,364	1,151
Cash flows from investing activities	(10,384)	(5,439)	4,944
Cash flows from financing activities	(921)	(407)	514
Increase/decrease in cash and cash equivalents	(7,407)	(1,308)	6,098
Balance of cash and cash equivalents at beginning of term	20,335	12,928	(7,407)
Balance of cash and cash equivalents at end of term	12,928	11,620	1,308

– Regarding financial conditions at the end of the current fiscal year, as a result of a decrease of 1,308 million yen in cash deposit and an increase of 2,021 million yen in fixed assets compared to the end of the previous fiscal year, total assets are 51,416 million yen. Shareholders' equity is 42,239 million yen due to 884 million yen increase in retained earnings.

– Cash flows from operating activities are 4,364 million yen (year on year increase of 1,151 million yen).

– Cash flows from investing activities
For the current fiscal year, there was a net outflow of 5,439 million yen (year-on-year decline of 4,994 million yen) as a result of an outlay of 5,506 million yen for capital investments and an inflow of 296 million in subsidies.

– Cash flows from financing activities
For the current fiscal year, there was a net outflow of 407 million yen (year-on-year decrease of 514 million yen) as a result of an outflow of 965 million yen for dividends, an outlay of 772 million for the acquisition of treasury stocks, and an increase in loans payable of 1,270 million yen.

(2) Outlook for the year ending March 2009

– Cash flows from operating activities
Despite the harsh business environment, we expect to achieve target sales and profits for the next fiscal year, and to see an increase in income as well.

– Cash flows from investing activities
With regard to capital investment, expenses of approximately 3,000 million yen would be used for constructions in the U.S. and China.

– Cash flows from financing activities
To improve capital efficiency and provide return to stockholders, we will continue flexible operation by actively acquiring treasury stocks and so on in consideration of the business environment and other factors.

In addition, since it appears that it will be possible to meet earnings targets, we will continue to pay the present common dividend of 30 yen per share annually.
Therefore, we expect the closing balance of cash and cash equivalents for the next fiscal year to slightly increase over the closing balance for the current fiscal year.

(3) Cash Flow Indicators

	FY2004	FY2005	FY2006	FY2007	FY2008
Equity ratio (%)	87.6	89.5	88.6	85.4	84.1
Equity ratio based on current value (%)	249.6	209.2	245.3	153.9	84.5
Amortization term (years)	0.2	0.1	0.0	0.4	0.6
Interest coverage ratio	170.3	203.3	304.0	186.6	30.8

Equity ratio: equity capital / total assets
Equity ratio based on current value: total current stock value / total assets
Amortization term: interest-bearing debts / operating cash flow
Interest coverage ratio: operating cash flow / interest payments

* All indexes are calculated using financial figures on a consolidated base.
* Total current stock value is calculated based on final stock price at term end × number of share outstanding at term end (after deduction of treasury stock).
"Operating cash flow" uses cash flow from operating activities shown in consolidated statements of cash flows. "Interest-bearing debts" refers to all debts posted in consolidated balance sheets for which interest is paid.

III. Basic Policy Regarding Distribution of Earnings and Dividends for Fiscal 2008 and 2009

The Company considers that appropriate distribution of earnings to the shareholders is one of the most important management priorities. Therefore, the Company has been based on the principle of paying dividends consistent with its business performance. The Company has pursued a policy of paying substantial stable dividends by considering various indicators in proportion to the growth of the business. At the same time, the Company has paid attention to the anticipated business environment and long-term business development and maintained ample internal reserves to strengthen the business quality.
Specifically, with the objective of achieving a stable distribution of profits, the Company has been paying dividends based on Dividend on Equity (DOE) for shareholders' capital investments.
We have determined that DOE is an effective method to ensure directly a high dividend rate for our shareholders. The Company will endeavor to increase DOE by 2.5% in the long term with management efforts.
Internal reserves are used for investments to develop the natural seasoning business based on the Company's global strategy, to generate profits, and to expand the scope of business by preparing for situations such as stock prices increases through the flexible purchase and use of treasury stock, such as that undertaken from October 2006.
Although we faced a harsh environment in the current fiscal year, to show our gratitude to our shareholders for their support, we plan to consult the general shareholders meeting in June 2008 regarding the payout of year-end dividend of 15 yen per share, in the hope of receiving their continuous support. Therefore, annual dividends for the current fiscal year are 30 yen per share.
As to annual dividends for the next fiscal year, taking into consideration that healthy profits are recorded in the long term, the Company will strive to continue to pay the present common dividend of 30 yen per share.

2. Outline of the Business Group

Outline of the Business Group

The Ariake Group is comprised of Ariake Japan Co., Ltd. (the "Company"), seven consolidated subsidiaries, and one non-consolidated company. Its main business is the manufacture and sale of natural seasoning products. The Company and three of its subsidiaries are located in Japan, and the five remaining subsidiaries, overseas. The following is an outline of the business operations of the various group companies.

Ariake Japan Co., Ltd. (The company issuing the consolidated financial statements)

The Company manufactures the production of natural seasonings and imports products from its three overseas subsidiaries. The Company mainly sells these products to domestic customers. F. P. Natural Ingredients S.A.S., a French subsidiary and F.P.N.I. BELGIUM N.V., a Belgian subsidiary plan to manufacture natural soup stocks and sell them mainly to customers in Europe and the U.S.

Domestic Subsidiaries

Dear. SOUP Co., Ltd. manufactures natural soup for sales to domestic users.
A.C.C. Co., Ltd. leases portions of building owned by the parent company and operates convenience stores.

Overseas Subsidiaries

ARIAKE U.S.A., Inc. manufactures natural seasonings and sells them to customers in the U.S. and other countries. It also supplies these seasonings to the parent company.

Qingdao Ariake Foodstuff Co., Ltd. manufactures natural seasonings and sells them to customers in China and other countries. It also supplies these seasonings to the parent company.

Taiwan Ariake Foods Co., Ltd. manufactures natural seasonings for the sales in Taiwan, China, and Southeast Asia and supplies to the parent company.

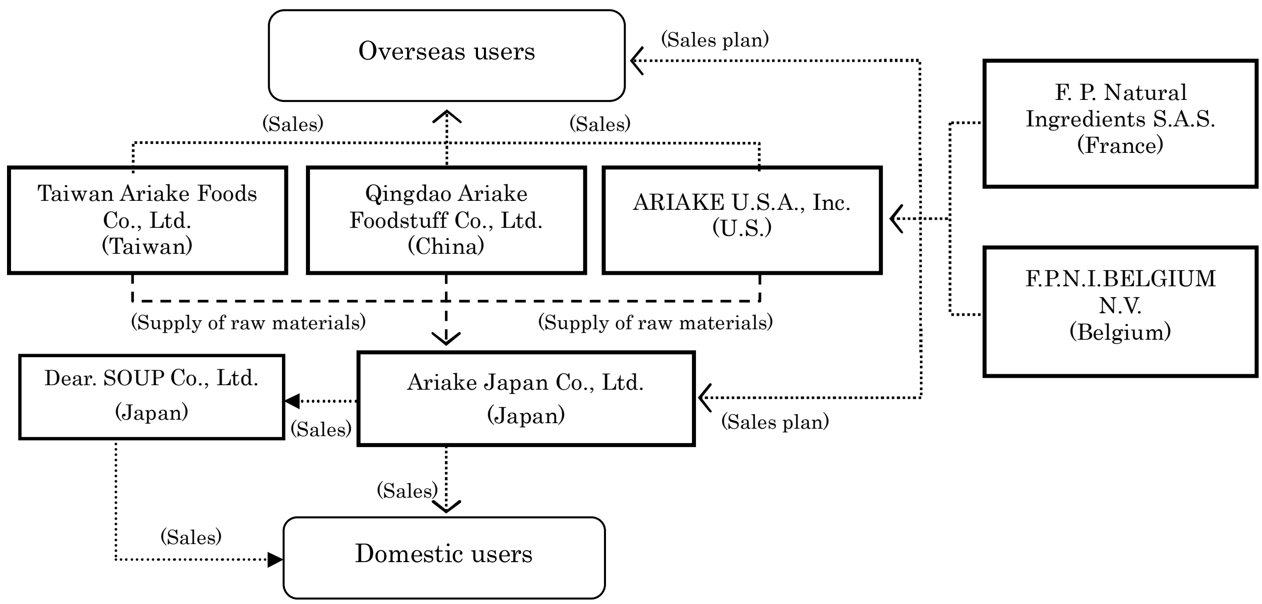
F. P. Natural Ingredients S.A.S. plans to manufacture natural soup stocks and sell them mainly to customers in Europe and the U.S.

F.P.N.I. BELGIUM N.V. plans to manufacture natural soup stocks and sell them mainly to customers in Europe and the U.S.

Non-consolidated Domestic Subsidiaries

We established Ariake Farm Co., Ltd. capitalized at 15 million yen (9.9% of which held by the Company) in August 9, 2005 to be engaged in the agricultural business of Ariake Japan Co., Ltd.

As of date that the financial report was submitted (May 14, 2008), the major companies of the Group and the relationships among them are shown in the diagram below.



3. Business Strategy

1. Basic Business Policy

As a leading company in the field of natural seasonings, the Group bases its activities on the following three management concepts:

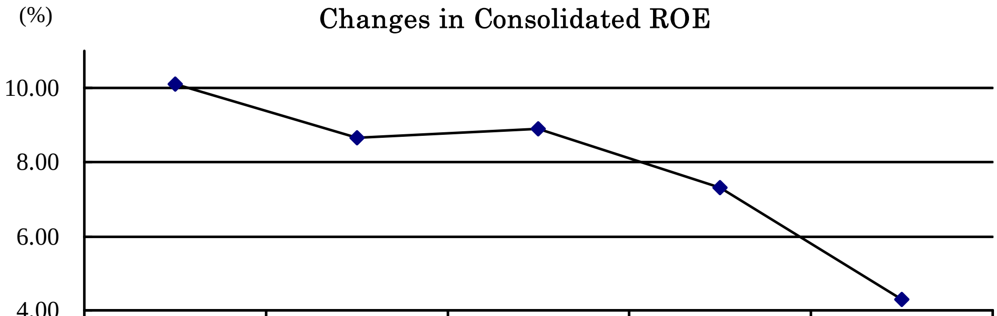
1. The Group will contribute to the world by supporting healthy and enjoyable food culture through the production of natural seasonings.
2. The Group will quickly and precisely develop businesses that meet the needs of the times, based on the concept of the customer creed.
3. The Group will aim to maximize shareholders' value through businesses to be always attractive to shareholders.

   The Group will endeavor to develop and foster the growth of products that take full advantage of the characteristic of natural seasonings, "excellent taste, good for health and easy to use" and try hard to improve quality of products by achieving technological reform while ensuring food safety by control of safety and hygiene. In this way, the Group will advance resolutely toward the goal of increasing profitability.

2. Key Management Indicator

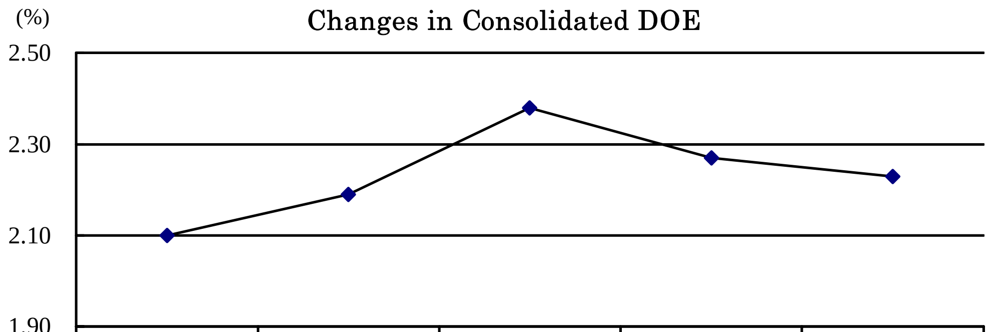
In order to ensure corporate management that is attractive to shareholders by maximizing return on capital investments, the Company uses return on equity (ROE) and Dividend on Equity (DOE) as its main management indicator for the medium term. For this reason, the Group will execute stable management based on the long term management plan and has set a long-term target of 12.0% for ROE and 2.5% for DOE.

Changes in Consolidated ROE



	FY2004	FY2005	FY2006	FY2007	FY2008
ROE	10.11	8.66	8.91	7.32	4.30

Changes in Consolidated DOE



	FY2004	FY2005	FY2006	FY2007	FY2008
DOE	2.10	2.19	2.38	2.27	2.23

3. Mid- and Long-term Business Plan

The Group continues to operate on the basis of a mid- and long-term management plan. While the food industry in Japan is a mature market, the natural seasoning market is expected to expand as a result of various measures taken by the Company. In addition, as part of its basic business strategy, which is founded on the assumptions that there is insufficient domestic supply of raw materials to meet the expected increase in demand and there is a high potential of global expansion of the business, the Group constructed a new plant next to the No. 2 Kyushu Plant which has been in operation since April 2007.
Overseas, the Group owns natural seasonings manufacturing and sales companies in both the U.S. (ARIAKE U.S.A., Inc.) and China (Qingdao Ariake Foodstuff Co., Ltd.), and with an eye on European markets, it has decided to expand into the manufacturing and sales of natural soup stock. The Group established the wholly-owned subsidiary F.P. Natural Ingredients S.A.S. in France, and created the wholly-owned subsidiary F.P.N.I. BELGIUM N.V. in Belgium. At present, construction is underway, and operations are expected to be fully launched in the second half of this year. In addition, in order to handle the rapidly expanding Chinese and Southeast Asian markets, a new business base (Taiwan Ariake Foods Co., Ltd.) was established in Taiwan to contribute to the expansion of the businesses. Dear. SOUP Co., Ltd. was also established to manufacture natural soup for sales to the users in rapidly growing overseas and domestic markets.

The main points of the mid- and long-term business plan are as follows:

1. Extend our operations from a natural seasonings-specialized manufacturer to a comprehensive seasonings manufacturer in order to increase corporate value
2. Expand demand by thoroughly pursuing the domestic market and develop the global market
3. Grow into a world class leading company through technological innovation

Specifically, this plan involves the following four items.

(1) Stimulate domestic demand as a comprehensive seasonings manufacturer in the contracting market due to a declining birthrate and a growing proportion of elderly people
(2) Achieve high-quality products through aggressive capital investment with technological innovation and low-cost
(3) Aggressively promote our overseas strategy
(4) Implement effective capital policies which increases corporate value

We believe that our responsibility to the investors that have invested in the Company is to increase shareholders' value with the steady accumulation of results by yearly plans based on this long-term vision and the establishment of a profit foundation. This approach represents the essence of our management policies.

4. Issues which the Company Needs to Address

Recognizing that the natural seasoning industry will be a growth industry both in Japan and overseas in the future, the Group has made capital investments worth 20.0 billion yen throughout the world. We will consider the details of this required amount such as procurement through shareholder's equity and capital market depending on the situation. We emphasize that the success in this natural seasoning business will contribute to the broad food market and bring about a stable growth in the revenue base of the Company.
Accordingly, while temporally pressure for the Company's funds in hand, the Company has placed it as an important management issue to maintain the stock value to be in long-term good quality and high level, and we make efforts to diligently work towards the achievement of this goal.
Also, in order to increase corporate value and simultaneously operate stably, the Company draws up and promotes capital policies to develop continuously a large number of friendly investors.

5. Other Important Matters Relating to the Business of the Company

Not applicable.

4. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(In thousand yen)

Account	Annotation	FY2007 (As of Mar. 31, 2007) Amount		Ratio (%)	FY2008 (As of Mar. 31, 2008) Amount		Ratio (%)	Difference from previous year end
(Assets)								
I. Current assets								
1. Cash and time deposits			12,928,393			11,620,276		(1,308,117)
2. Notes and accounts receivable	*5		5,033,634			4,637,999		(395,634)
3. Securities provided as collateral	*3		—			126,949		126,949
4. Inventories			3,198,661			3,419,563		220,902
5. Deferred tax assets			124,596			98,019		(26,577)
6. Consumption taxes receivable			—			342,645		342,645
7. Other current assets			672,109			278,058		(394,050)
8. Allowance for doubtful accounts			(9,525)			(8,232)		1,293
Total current assets			21,947,868	43.2		20,515,281	39.9	(1,432,586)
II. Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structure		10,503,564			18,765,575			
Accumulated depreciation		5,385,581	5,117,983		6,043,107	12,722,468		7,604,484
(2) Machines, devices, and delivery equipment		13,333,112			20,019,801			
Accumulated depreciation		10,686,867	2,646,245		12,050,484	7,969,317		5,323,071
(3) Land			4,568,269			4,577,379		9,110
(4) Construction in progress			12,565,234			1,767,172		(10,798,062)
(5) Other fixed assets		796,300			892,950			
Accumulated depreciation		689,378	106,922		710,690	182,259		75,337
Total tangible fixed assets			25,004,655	49.2		27,218,597	53.0	2,213,941
2. Intangible fixed assets			139,937	0.3		116,936	0.2	(23,001)
3. Investments and other assets								
(1) Investments in securities	*1		2,064,574			1,765,954		(298,619)
(2) Long-term loans receivable			58,470			97,222		38,751
(3) Investments in real estate	*2		570,156			563,656		(6,500)
(4) Deferred tax assets			—			487,612		487,612
(5) Other investments			1,042,111			651,442		(390,668)
(6) Allowance for doubtful accounts			(254)			(272)		(18)
Total investments and other assets			3,735,060	7.3		3,565,618	6.9	(169,442)
Total fixed assets			28,879,654	56.8		30,901,151	60.1	2,021,497
Total assets			50,827,522	100.0		51,416,433	100.0	588,910

(In thousand yen)

Account	Annotation	FY2007 (As of Mar. 31, 2007) Amount		Ratio (%)	FY2008 (As of Mar. 31, 2008) Amount		Ratio (%)	Difference from previous year end
(Liabilities)								
I. Current liabilities								
1. Notes and accounts payable	*5		1,651,945			1,924,413		272,468
2. Short-term loans payable			1,397,154			2,693,236		1,296,081
3. Income taxes payable			899,302			667,008		(232,294)
4. Allowance for employee bonuses			166,410			143,697		(22,713)
5. Allowance for directors' bonuses			52,300			59,700		7,400
6. Other current liabilities			2,225,118			1,018,342		(1,206,775)
Total current liabilities			6,392,230	12.6		6,506,398	12.7	114,167
II. Fixed liabilities								
1. Long-term loans payable			20,000			—		(20,000)
2. Allowance for employee retirement benefits			605,346			604,370		(975)
3. Allowance for retirement benefits for directors			—			263,019		263,019
4. Deferred tax liabilities			188,542			98,796		(89,745)
5. Other fixed liabilities			225,067			691,931		466,863
Total fixed liabilities			1,038,955	2.0		1,658,118	3.2	619,162
Total liabilities			7,431,186	14.6		8,164,516	15.9	733,329
(Net assets)								
I. Shareholders' equity								
1. Common stock			7,095,096	14.0		7,095,096	13.8	
2. Capital surplus			7,833,869	15.4		7,833,869	15.3	
3. Retained earnings			28,481,472	56.0		29,366,388	57.1	884,916
4. Treasury stock			(1,284,247)	(2.5)		(2,055,864)	(4.0)	(771,617)
Total shareholders' equity			42,126,189	82.9		42,239,489	82.2	113,299
II. Unrealized gains and adjustments								
1. Unrealized gains on other securities			217,960	0.4		(9,228)	(0.0)	(227,188)
2. Deferred gains (loss) on hedges			280,295	0.6		(224,189)	(0.5)	(504,484)
3. Adjustment account for foreign currency exchange			577,703	1.1		963,503	1.9	385,799
Total unrealized gains and adjustments			1,075,959	2.1		730,085	1.4	(345,874)
III. Minority interests			194,187	0.4		282,342	0.5	88,155
Total net assets			43,396,336	85.4		43,251,917	84.1	(144,419)
Total liabilities and net assets			50,827,522	100.0		51,416,433	100.0	588,910

(2) Consolidated Statements of Income

(In thousand yen)

Account	Annotation	FY2007 (From April 1, 2006 to March 31, 2007) Amount		Ratio (%)	FY2008 (From April 1, 2007 to March 31, 2008) Amount		Ratio (%)	Difference from previous year end
I. Net sales			22,449,081	100.0		22,961,851	100.0	512,770
II. Cost of sales			13,104,269	58.4		14,765,216	64.3	1,660,947
Gross profit			9,344,812	41.6		8,196,635	35.7	(1,148,176)
III. Selling, general and administrative expenses	*1&2		3,878,654	17.3		4,122,583	18.0	243,928
Operating income			5,466,157	24.3		4,074,052	17.7	(1,392,105)
IV. Non-operating income								
1. Interest income and dividends		38,147			77,161			
2. Exchange gain on foreign currency		52,877			—			
3. House-rent received		25,522			30,116			
4. Gain on sales of securities		—			28,581			
5. Other non-operating incomes		47,399	163,947	0.7	64,952	200,811	0.9	36,864
V. Non-operating expenses								
1. Interest paid		17,224			141,505			
2. Expenses for new overseas business		139,885			557,835			
3. Expenses for new overseas branch		67,956			—			
4. New factory expenses		60,591			—			
5. Other non-operating expenses		43,984	329,642	1.4	81,667	781,008	3.4	451,366
Ordinary income			5,300,462	23.6		3,493,855	15.2	(1,806,607)
VI. Extraordinary gains								
1. Gain on sales of property, plant and equipment	*3	781			832			
2. Gain on sales of investment securities		28,639			—			
3. Gain on change in equity		—			1,730			
4. Subsidy for promotion costs in corporate location		—			200,000			
5. Subsidy for capital investments		—	29,421	0.1	33,109	235,672	1.0	206,251
VII. Extraordinary losses								
1. Loss on retirement of fixed assets	*4	41,167			22,985			
2. Loss on revaluation of investment securities		17,366			3,407			
3. Increase in allowance for retirement benefits for directors		—			246,071			
4. Loss on asset impairment		—			20,043			
5. Loss on maintenance of overseas sale network		2,896			—			
6. Loss on cancellation of executive insurance policies		8,016			—			
7. Loss on prior period adjustment		—	69,446	0.3	15,982	308,489	1.3	239,042
Income before income taxes			5,260,436	23.4		3,421,038	14.9	(1,839,398)
Income, inhabitant and business taxes		2,089,588			1,608,293			
Adjustments for income and other taxes		34,577	2,124,166	9.4	(53,297)	1,554,996	6.8	(569,169)
Minority interest			25,552	0.1		14,889	0.0	(10,662)
Net income			3,110,718	13.9		1,851,152	8.1	(1,259,565)

(3) Consolidated Statements of Changes in Shareholder's Equity

FY2007 (from April 1, 2006 to March 31, 2007)

(In thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance as of March 31, 2006	7,095,096	7,833,869	26,405,408	(109,089)	41,225,284
Amount of fluctuation during the consolidated fiscal year					
Dividend from retained earnings (Note 1)			(983,352)		(983,352)
Bonuses for directors (Note 2)			(51,100)		(51,100)
Net income			3,110,718		3,110,718
Acquisition of treasury stock				(1,176,174)	(1,176,174)
Disposal of treasury stock			(202)	1,015	813
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)					
Total amount of fluctuation during the consolidated fiscal year	—	—	2,076,063	(1,175,158)	900,904
Balance as of March 31, 2007	7,095,096	7,833,869	28,481,472	(1,284,247)	42,126,189

	Unrealized gains and adjustments				Minority interests	Total net assets
	Unrealized gains on other securities	Deferred gains on hedges	Adjustment account for foreign currency exchange	Total unrealized gains and adjustments		
Balance as of March 31, 2006	450,873	—	(111,756)	339,117	152,228	41,716,630
Amount of fluctuation during the consolidated fiscal year						
Dividend from retained earnings (Note 1)						(983,352)
Bonuses for directors (Note 2)						(51,100)
Net income						3,110,718
Acquisition of treasury stock						(1,176,174)
Disposal of treasury stock						813
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)	(232,913)	280,295	689,459	736,841	41,959	778,801
Total amount of fluctuation during the consolidated fiscal year	(232,913)	280,295	689,459	736,841	41,959	1,679,706
Balance as of March 31, 2007	217,960	280,295	577,703	1,075,959	194,187	43,396,336

Notes:

1. Dividend from retained earnings of 491,681 thousand yen and interim dividend of 491,671 thousand yen as appropriation of surplus at the annual general meeting of shareholders in June, 2006.
2. The items as appropriation of surplus at the annual general meeting of shareholders in June, 2006.

FY2008 (from April 1, 2007 to March 31, 2008)

(In thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance as of March 31, 2007	7,095,096	7,833,869	28,481,472	(1,284,247)	42,126,189
Amount of fluctuation during the consolidated fiscal year					
Dividend from retained earnings			(966,232)		(966,232)
Net income			1,851,152		1,851,152
Acquisition of treasury stock				(772,422)	(772,422)
Disposal of treasury stock			(2)	804	802
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)					
Total amount of fluctuation during the consolidated fiscal year	—	—	884,916	(771,617)	113,299
Balance as of March 31, 2008	7,095,096	7,833,869	29,366,388	(2,055,864)	42,239,489

	Unrealized gains and adjustments				Minority interests	Total net assets
	Unrealized gains on other securities	Deferred gains (loss) on hedges	Adjustment account for foreign currency exchange	Total unrealized gains and adjustments		
Balance as of March 31, 2007	217,960	280,295	577,703	1,075,959	194,187	43,396,336
Amount of fluctuation during the consolidated fiscal year						
Dividend from retained earnings				—		(966,232)
Net income				—		1,851,152
Acquisition of treasury stock				—		(772,422)
Disposal of treasury stock				—		802
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)	(227,188)	(504,484)	385,799	(345,874)	88,155	(257,718)
Total amount of fluctuation during the consolidated fiscal year	(227,188)	(504,484)	385,799	(345,874)	88,155	(144,419)
Balance as of March 31, 2008	(9,228)	(224,189)	963,503	730,085	282,342	43,251,917

(4) Consolidated Statements of Cash Flows

(In thousand yen)

Account	Annotation	FY2007 (From April 1, 2006 to March 31, 2007) Amount	FY2008 (From April 1, 2007 to March 31, 2008) Amount
I. Cash flows from operating activities			
Net income before income taxes		5,260,436	3,421,038
Depreciation and amortization		973,019	2,199,880
Amortization for goodwill		19,662	19,662
Loss on asset impairment		—	20,043
Subsidy for promotion costs in corporate location		—	(200,000)
Decrease in allowance for doubtful accounts		(2,045)	(1,275)
Increase or decrease in allowance for employee retirement benefits		40,858	(975)
Increase in allowance for retirement benefits for directors		—	263,019
Increase or decrease in allowance for employee bonuses		20,561	(22,713)
Increase in allowance for directors' bonuses		52,300	7,400
Interest and dividends received		(38,147)	(77,161)
Interest paid		17,224	141,505
Gain or loss on foreign exchange		(102,388)	(30,612)
Gain on sales of securities		—	(30,561)
Gain on sales of investment securities		(28,639)	—
Loss on disposal of fixed assets		41,167	22,985
Loss on sales of securities		—	9,916
Loss on sales of investment securities		17,366	3,407
Increase or decrease in accounts receivable		(274,430)	391,856
Increase or decrease in inventories		4,440	(228,596)
Increase or decrease in accounts payable		44,067	268,087
Increase or decrease in consumption tax and other taxes payable		(274,394)	307,985
Increase in other assets		(109,216)	(341,209)
Increase in other liabilities		47,919	120,888
Payments of bonuses to directors and auditors		(51,100)	—
Subtotal		5,658,662	6,264,572
Interest and dividend income received		38,147	77,161
Interest expenses paid		(17,224)	(141,505)
Income tax and other taxes paid		(2,466,181)	(1,835,712)
Cash flows provided by operating activities		3,213,404	4,364,515
II. Cash flows from investing activities			
Payments for the acquisition of securities		—	(709,661)
Proceeds from the sales of securities		—	680,030
Payments for purchase of tangible fixed assets		(9,909,347)	(5,506,975)
Payments for purchase of intangible fixed assets		(9,819)	(3,783)
Proceeds from sales of fixed assets		1,060	—
Payments for purchase of investment securities		(17,838)	(82,566)
Proceeds from sales of investment securities		39,473	(389)
Payment for purchase of shares of subsidiaries	*2	(595,702)	—
Payment for transfer of business	*3	(211,104)	—
Payment for loans receivable		(2,082)	(50,947)
Proceeds from collection of loans receivable		20,149	12,506
Proceeds from subsidy		220,981	296,931
Others		79,648	(74,951)
Cash flows used in investing activities		(10,384,580)	(5,439,808)

		FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
Account	Annotation	Amount	Amount
III. Cash flows from financing activities			
Net decrease or increase in short-term loans payable		1,217,147	1,270,015
Proceeds from long-term loans payable		20,000	—
Proceeds from sales of treasury stock		813	804
Payments for acquisition of treasury stock		(1,176,174)	(772,422)
Proceeds from the issue of shares to minority shareholders		—	60,023
Dividends paid		(983,346)	(965,955)
Cash flows used in financing activities		(921,559)	(407,532)
IV. Exchange difference of cash and cash equivalents		685,671	174,708
V. Decrease in cash and cash equivalents		(7,407,064)	(1,308,117)
VI. Cash and cash equivalents at beginning of term		20,335,457	12,928,393
VII. Cash and cash equivalents at end of term	*1	12,928,393	11,620,276

Basic Conditions to Prepare Consolidated Financial Statements

Term	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
1. Matters relating to the scope of consolidation	(1) Consolidated subsidiary companies are the following seven: A.C.C. Co., Ltd. ARIAKE U.S.A., Inc. Qingdao Ariake Foodstuff Co., Ltd. F. P. Natural Ingredients S.A.S. F. P. N.I. BELGIUM N.V. Taiwan Ariake Foods Co., Ltd. (Former Taiwan Tong Hsing Foods Co., Ltd.) Dear. SOUP Co., Ltd. As we acquired new shares in Taiwan Ariake Foods Co., Ltd. and newly established Dear. SOUP Co., Ltd in the current consolidated fiscal year, these companies are included in the consolidation. (2) Main non-consolidated subsidiaries: Ariake Farm Co., Ltd. Reason excluded from the scope of consolidation: The non-consolidated subsidiary Ariake Farm is a small firm, and their total assets, net sales, net income and retained earnings (corresponding to equity) do not have a significant influence on the consolidated financial statements.	(1) Consolidated subsidiary companies are the following seven: A.C.C. Co., Ltd. ARIAKE U.S.A., Inc. Qingdao Ariake Foodstuff Co., Ltd. F. P. Natural Ingredients S.A.S. F. P. N.I. BELGIUM N.V. Taiwan Ariake Foods Co., Ltd. Dear. SOUP Co. Ltd. (2) Main non-consolidated subsidiaries: Ariake Farm Co., Ltd. Reason excluded from the scope of consolidation: Same as left
2. Matters related to subsidiaries and affiliates adopting the equity method	(1) Number and names of companies adopting equity method: None Affiliated companies: None (2) Non-consolidated subsidiaries that are not using the equity method: Considering the net income (corresponding to equity) and retained earnings (corresponding to equity), Ariake Farm has an insignificant influence on consolidated financial statements. Since it is not financially important overall, it has been excluded from the scope of application of the equity method.	(1) Number and names of companies adopting equity method: None Affiliated companies: None (2) Non-consolidated subsidiaries that are not using the equity method: Same as left
3. Matters relating to business year of consolidated subsidiaries	The closing day of ARIAKE U.S.A., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients S.A.S., F. P. N. I.BELGIUM N.V. and Taiwan Ariake Foods Co., Ltd. is December 31. Although the Company uses all the subsidiaries' financial statements as of December 31 to prepare the consolidated financial statements, any significant transactions accrued from that date to the consolidated book closing day are adjusted according to consolidation requirements.	Same as left

Term	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
4. Matters relating to accounting standards	(1) Standard and method of evaluating important assets (i) Securities 1) Securities for sale 2) Other Securities (a) Securities with market price Mark-to-market method based on the market price as of the closing day of accounts (all the revaluation differences are incorporated directly into the net assets and costs for sale are computed with the moving average method) (b) Securities without market price Cost method under the moving average method (ii) Derivatives Mark-to-market method (iii) Major inventories (a) Products Mainly cost method under the identified cost method (b) Materials Mainly cost method under the moving average method (c) Work in progress Mainly cost method under the identified cost method (2) Methods of important depreciable assets (i) Tangible fixed assets (a) Domestic corporations : Declining balance method As for buildings (except incidental equipment) acquired or put into business use after April 1, 1998, however, straight-line method is available. Small-amount depreciable assets of which the acquisition price is 100,000 yen or more and less than 200,000 yen are depreciated evenly over 3 years. Useful lives of major assets are as follows: Buildings and structures: 7-50 years Machines, devices and delivery equipment: 4-9 years	(1) Standard and method of evaluating important assets (i) Securities 1) Securities for sale Mark-to-market method (costs for sale are computed with the moving average method; securities purchased on margin are accounted as securities for sale) 2) Other Securities (a) Securities with market price Same as left (b) Securities without market price Same as left (ii) Derivatives Same as left (iii) Major inventories (a) Products Same as left (b) Materials Same as left (c) Work in progress Same as left (2) Methods of important depreciable assets (i) Tangible fixed assets (a) Domestic corporations : Declining balance method Same as left (Additional information) Regarding assets acquired on or before March 31, 2007, the Company and domestic consolidated subsidiaries, in accordance with the amendment of the Corporate Tax Law, uniformly amortize the difference between 5% of the acquisition cost and memorandum value over five years from the next consolidated fiscal year of a consolidated fiscal year in which such assets are depreciated to 5% of their acquisition cost by application of the depreciation method based on the Corporate Tax Law before amendments and such expenses are recorded as depreciation expenses. As a result of this, operating income, ordinary income and net income before adjustments for taxes decreased by 45,925 thousand yen respectively. Note that its effect on the data in the segments is marginal.

Term	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
	(b) Overseas subsidiaries : Primarily straight-line method based on the estimated useful life	(b) Overseas subsidiaries Same as left
	(ii) Intangible fixed assets	(ii) Intangible fixed assets
	Straight-line method As for software for own use, straight-line method for internally available period (5 years) is applied	Same as left
	(iii) Investments in real estate	(iii) Investments in real estate
	Declining balance method	Same as left
	(3) Standards for important allowances	(3) Standards for important allowances
	(i) Allowance for doubtful accounts	(i) Allowance for doubtful accounts
	To prepare against losses from bad debts, the amount estimated based on the actual loss ratio is reserved for ordinary receivables, and the amount of possible losses is included in the reserve based on consideration of the collectibles of individual doubtful accounts.	Same as left
	(ii) Allowance for employee bonuses	(ii) Allowance for employee bonuses
	Except for the overseas subsidiaries, the Company reserves the estimated amount of the bonuses to prepare for payment to employees.	Same as left
	(iii) Reserve for directors' bonus	(iii) Reserve for directors' bonus
	The company has reserved and recorded as the current fiscal year's company's contribution a part of the estimated amount of directors' bonus to prepare for payment to directors.	Same as left
	(iv) Allowance for employee retirement benefits	(iv) Allowance for employee retirement benefits
	To prepare for payment of benefits to retired employees, the amount of actual payment is reserved based on estimation of retirement benefit liabilities and pension assets regarded as existing at the end of the consolidated current fiscal year. For the difference in actuarial calculation, the five-year proportionally-divided amount with the straight-line method based on a fixed number of years (5 years) within the average remaining service periods of employees at occurrence in each fiscal year shall be reported as expense from the following fiscal year. Past employment obligations are treated as expense, employing periodically fixed amount calculated on the basis of years (5 years) within average remaining employment period of an employee at the time of accruing.	Same as left
	(v) –	(v) Allowance for directors' retirement benefits To prepare for payment of directors' retirement benefits, the company has reserved and recorded the required amounts as of the end of the term on the internal regulations regarding directors' retirement benefits.

Term	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
	(4) Standards for converting important foreign currency denominated assets and liabilities into Japanese yen which is applied when preparing Consolidated Financial Statements Receivables and payables denominated in foreign currencies are converted to Japanese yen using the closing spot exchange rate for the closing day of the consolidated period, and differences are recorded as gains or losses. The assets and liabilities, as well as income and expenses, of overseas subsidiaries were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period and differences are included in the adjustment account for foreign currency exchange or minority interest under net assets. (5) Accounting of important lease transactions Financial lease transactions are accounted by the method similar to operating lease transactions, excluding financial lease transactions where ownership of the leased property may be transferred to the lessee. (6)Methods of important hedge accounting (i) Methods of hedge accounting Deferred hedge accounting is used. Allocation accounting is applied to foreign-currency-denominated liabilities with exchange contracts (ii) Measures of hedging and targets of hedging Measures of hedging : Currency swaps Targets of hedging : Purchase liabilities following imports of materials from overseas subsidiaries with possible losses due to exchange fluctuations. (iii) Policies on hedging Based on the basic policies approved by the Management Committee of the Company, the Management Administration Department is in charge of controlling and executing trading, and regularly reporting to the Management Committee. Counter-parties of trading are limited to high-quality financial institutions. (iv) Methods to assess effectiveness of hedging The accumulated total of price fluctuations or cash flow fluctuations of the targets of hedging is compared with the accumulated total of price fluctuations or cash flow fluctuations of the measures of hedging, and the effectiveness is assessed according to these fluctuations. (7) Other important matters to prepare financial statements (i) Accounting of the consumption tax The Company applies the tax-exclusion accounting method.	(4) Standards for converting important foreign currency denominated assets and liabilities into Japanese yen which is applied when preparing Consolidated Financial Statements Same as left (5) Accounting of important lease transactions Same as left (6) Methods of important hedge accounting (i) Methods of hedge accounting Same as left (ii) Measures of hedging and targets of hedging Measures of hedging : Same as left Targets of hedging : Same as left (iii) Policies on hedging Same as left (iv) Methods to assess effectiveness of hedging Same as left (7) Other important matters to prepare financial statements (i) Accounting of the consumption tax Same as left
5. Matters relating to the assessment of the assets and liabilities of consolidated subsidiaries	With regard to the assessment of the assets and liabilities of consolidated subsidiaries, the Company adopts the overall market value assessment method.	Same as left
6. Matters relating to the amortization of goodwill and negative goodwill	5 year period fixed amount is used for amortization of negative goodwill.	Same as left

Term	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
7. Scope of cash in consolidated statements of cash flows	Cash (cash and cash equivalents) in consolidated statements of cash flows consist of cash on hand, deposit which is at any time available for withdrawal and short-term investments convertible easily into cash and repayable within 3 months after acquisition, with little risk for price fluctuation.	Same as left

Change in Basic Conditions to Prepare Consolidated Financial Statements

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
Beginning in the current consolidated fiscal year, the Company adopted “Accounting Standards related to Presentation of Net Assets in the Balance Sheet” (Business Accounting Standards No.5, December 9, 2005) and “Application Guidelines for Accounting Standards related to Presentation of Net Assets in the Balance Sheet” (Business Accounting Standards Guidelines No.8, December 9, 2005). To date, the total amount in equity section is 42,921,853 thousand yen. Note that the section of the net assets in the consolidated balance sheet for the current consolidated fiscal year has been prepared in accordance with the amended rule on consolidated financial statements.	―――――――
Beginning in the current consolidated fiscal year, the Company adopted “Accounting Standards related to Directors’ Bonus” (Business Accounting Standards No.4, November 29, 2005). Therefore, operating income, ordinary income, and net income before taxes have each decreased by 52,300 thousand yen. Note that its effect on the data in the segments is marginal.	―――――――
	(Allowance for retirement benefits for directors) Retirement benefits for directors have traditionally been recorded at the time the payment was made. However, as a result of the release of “Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits “(the Japanese Institute of Certified Public Accountants ("JICPA") Auditing and Assurance Practice Committee report No. 42) and application of the accounting standard “Accounting for Directors’ Bonuses”(Accounting Standards Board of Japan (ASBJ), November 29, 2005), when accounting for directors’ bonuses, the amount that must be paid at the end of the fiscal year based on internal rules is recorded as allowance for retirement benefits for directors starting in the current fiscal year. As a result of these changes, operating income and ordinary income declined 16,948 thousand yen, and income before taxes fell 263,019 thousand yen. There are only minor effects on segment information.

Notes

(On the Consolidated Balance Sheets)

<table>
<tr><th>FY2007
(From April 1, 2006 to March 31, 2007)</th><th>FY2008
(From April 1, 2007 to March 31, 2008)</th></tr>
<tr><td>*1. Items accounted in non-consolidated subsidiaries and affiliated companions are as follows:
Investment securities (stock) 1,500 thousand yen
*2. Accumulated amount of depreciation of investments in real estates
89,625 thousand yen
*3. Asset provided as collateral
―――――――
*4. Contingent liabilities
(1) Loan guarantee
―――――――</td><td>*1. Items accounted in non-consolidated subsidiaries and affiliated companions are as follows:
Investment securities (stock) 1,500 thousand yen
*2. Accumulated amount of depreciation of investments in real estates
96,126 thousand yen
*3. Asset provided as collateral
Securities 126,949 thousand yen
Guarantees 5,113 thousand yen
Corresponding liabilities 76,672 thousand yen
*4. Contingent Liabilities
(1) Loan guarantee
The following affiliated company has received loan guarantees from a financial institution.
<table><tr><th>Guaranteed Company</th><th>Amount</th><th>Details</th></tr><tr><td>Ariake Farm Co., Ltd.</td><td>10,000 thousand yen</td><td>Loan liability</td></tr><tr><td>Total</td><td>10,000 thousand yen</td><td>–</td></tr></table></td></tr>
<tr><td>*5. Accounting treatment of bills at year-end maturity
Although the end date of the current consolidated fiscal year was a bank holiday, bills at year-end maturity were treated as though these were settled on maturity date. The amounts of bills at year-end maturity are as follows.
Bills receivable 104,928 thousand yen
Bills payable 115,836 thousand yen</td><td>*5.
―――――――</td></tr>
</table>

(On the Consolidated Statements of Income)

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
*1. Major items accounted in selling, general and administrative expenses are as follows: Salary, benefits and bonuses 671,380 thousand yen Packing and transportation expenses 1,098,464 thousand yen Depreciation expenses 86,717 thousand yen Provision of allowance for employee bonuses 49,338 thousand yen Provision of allowance for directors' bonuses 52,300 thousand yen Allowance for employee retirement benefits 24,931 thousand yen	*1. Major items accounted in selling, general and administrative expenses are as follows: Salary, benefits and bonuses 743,423 thousand yen Packing and transportation expenses 1,164,317 thousand yen Depreciation expenses 83,697 thousand yen Provision of allowance for employee bonuses 48,665 thousand yen Provision of allowance for directors' bonuses 59,700 thousand yen Allowance for employee retirement benefits 12,446 thousand yen Increase in allowance for retirement benefits for directors 16,948 thousand yen
*2. Research and development expenses included in general and administrative expenses 307,754 thousand yen	*2. Research and development expenses included in general and administrative expenses 313,644 thousand yen
*3. Gain on sales of fixed assets are as follows: Machines and devices 781 thousand yen	*3. Gain on sales of fixed assets are as follows: Machines, devices and delivery equipment 258 thousand yen Others 574 thousand yen
*4. Loss on disposal of fixed assets are as follows: Buildings 3,106 thousand yen Machines, devices and delivery equipment 34,439 thousand yen Others 3,620 thousand yen	*4. Loss on disposal of fixed assets are as follows: Buildings 19,965 thousand yen Machines, devices and delivery equipment 1,871 thousand yen Others 1,149 thousand yen

(On the Consolidated Statements of Changes in Shareholders' Equity)

FY2007 (From April 1, 2006 to March 31, 2007)

1. Items regarding the type and total number of outstanding shares as well as the type and number of shares of treasury stock

(In thousand stocks)

	Previous number of shares (As of March 31, 2006)	Increased number of shares (April 1, 2006 to March 31, 2007)	Decreased number of shares (April 1, 2006 to March 31, 2007)	Current number of shares (As of March 31, 2007)
Outstanding shares				
Common stock	32,808	—	—	32,808
Total	32,808	—	—	32,808
Treasury stock				
Common stock *(Note)	29	515	0	545
Total	29	515	0	545

Note: The increase in treasury stock in common stock for 515 thousand shares consists of 513 thousand shares through the board of directors' resolved acquisition of treasury stock and 1 thousand shares through purchase of fractional stock. The decrease in shares of treasury stock for common stock consists of decreases from the purchase of shares less than a full unit.

2. Matters regarding new share warrant including new treasury stocks

Not applicable.

3. Items regarding dividends

(1) Amount of paid dividends

Resolution	Type of stock	Total amount of dividends (thousand yen)	Amount of dividends (yen) per share	Base date	Effective date
June 16, 2006 Annual meeting of shareholders	Common stock	491,681	15.0	March 31, 2006	June 19, 2006
November 1, 2006 Board of directors meeting	Common stock	491,671	15.0	September 30, 2006	December 8, 2006

(2) Dividends for which the reference date falls in the current consolidated fiscal year and effective date in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Amount of dividends (yen) per share	Base date	Effective date
June 15, 2007 Annual meeting of shareholders	Common stock	483,950	Retained earnings	15.0	March 31, 2007	June 18, 2007

FY2008 (From April 1, 2007 to March 31, 2008)

1. Items regarding the type and total number of outstanding shares as well as the type and number of shares of treasury stock

(In thousand stocks)

	Previous number of shares (As of March 31, 2007)	Increased number of shares (April 1, 2007 to March 31, 2008)	Decreased number of shares (April 1, 2007 to March 31, 2008)	Current number of shares (As of March 31, 2008)
Outstanding shares				
Common stock	32,808	—	—	32,808
Total	32,808	—	—	32,808
Treasury stock				
Common stock	545	432	0	977
Total	545	432	0	977

Note: The increase in treasury stock in common stock for 432 thousand shares consists of 431 thousand shares through the board of directors' resolved acquisition of treasury stocks and 1 thousand shares through purchase of fractional stock. The decrease in shares of treasury stock for common stock consists of decreases from the purchase of shares less than a full unit.

2. Matters regarding new share warrant including new treasury stock

Not applicable.

3. Items regarding dividends

(1) Amount of paid dividends

Resolution	Type of stock	Total amount of dividends (thousand yen)	Amount of dividends (yen) per share	Base date	Effective date
June 15, 2007 Annual meeting of shareholders	Common stock	483,950	15.0	March 31, 2007	June 18, 2007
October 31, 2007 Board of directors meeting	Common stock	482,282	15.0	September 30, 2007	December 10, 2007

(2) Dividends for which the reference date falls in the current consolidated fiscal year and effective date in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Amount of dividends (yen) per share	Base date	Effective date
June 19, 2008 Annual meeting of shareholders	Common stock	477,460	Retained earnings	15.0	March 31, 2008	June 20, 2008

(On the Consolidated Statements of Cash Flows)

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
*1. Relation between the ending balance of cash and cash equivalents and the accounts on the consolidated balance sheets (As of March 31, 2007) (In thousand yen) Cash and time deposits 12,928,393 Time deposits with a deposit term exceeding 3 months — Cash and cash equivalents 12,928,393	*1. Relation between the ending balance of cash and cash equivalents and the accounts on the consolidated balance sheets (As of March 31, 2008) (In thousand yen) Cash and time deposits 11,620,276 Time deposits with a deposit term exceeding 3 months — Cash and cash equivalents 11,620,276
*2. The breakdown of assets and liabilities of the new consolidated subsidiary through acquisition of stock The followings are the breakdown of the assets and liabilities of Taiwan Ariake Foods Co., Ltd., a new consolidated subsidiary through acquisition of stock, as of commencement date of consolidation, and the acquisition price and spending (net) of shares of the company. (In thousand yen) Current assets 120,783 Fixed assets 610,742 Goodwill 98,312 Current liabilities (107,108) Fixed liabilities (99,473) Payments for acquisition 623,257 Cash and cash equivalents (27,554) Difference: expense for acquisition 595,702	*2 ———
*3. The followings are the breakdown of assets increased through transfer of business in the current consolidated fiscal year. (In thousand yen) Current assets 66,443 Fixed assets 146,915 Total assets 213,359	*3 ———

(On the Lease Transactions)

FY2007
(From April 1, 2006 to March 31, 2007)

1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee

(1) Amount equal to purchase price of, amount equal to accumulated depreciation cost of ,and amount equal to balance at end of term of leases

(In thousand yen)

	Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term
Other tangible fixed assets	81,773	28,124	53,648
Total	81,773	28,124	53,648

(2) Amount equal to balance of unexpired lease charges at end of term

(In thousand yen)

Within 1 year	14,970
More than 1 year	39,682
Total	54,653

(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense

(In thousand yen)

Lease charges paid	16,352
Amount equal to depreciation cost	15,253
Amount equal to interest expense	1,491

(4) Calculation of the amount equal to depreciation cost

The straight-line method is applied by assuming the lease period as the useful life, and setting the residual value to 0.

(5) Calculation of the amount equal to interest expense

The difference between the total of lease charges and the amount equal to the purchase price is regarded as the amount equal to interest expense, and the interest method is applied to allocation to each term.

2. Operating lease transaction

Prepaid lease charges

(In thousand yen)

Within 1 year	5,312
More than 1 year	20,009
Total	25,321

(Asset impairment losses)

There are no asset impairment losses attributed to leased assets.

FY2008
(From April 1, 2007 to March 31, 2008)

1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee

(1) Amount equal to purchase price of, amount equal to accumulated depreciation cost of ,and amount equal to balance at end of term of leases

(In thousand yen)

	Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term
Other tangible fixed assets	76,128	37,636	38,492
Total	76,128	37,636	38,492

(2) Amount equal to balance of unexpired lease charges at end of term

(In thousand yen)

Within 1 year	15,281
More than 1 year	24,401
Total	39,682

(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense

(In thousand yen)

Lease charges paid	16,243
Amount equal to depreciation cost	15,156
Amount equal to interest expense	1,272

(4) Calculation of the amount equal to depreciation cost

Same as left

(5) Calculation of the amount equal to interest expense

Same as left

2. Operating lease transaction

Prepaid lease charges

(In thousand yen)

Within 1 year	5,136
More than 1 year	14,211
Total	19,348

(Asset impairment losses)

Same as left

(On the Securities)

1. Securities for sale

(In thousand yen)

Amount reported on consolidated balance sheet	Valuation difference included in profit and loss for the current fiscal year
126,949	(9,913)

2. Other securities with market price

(In thousand yen)

Category	Item	FY2007 (From April 1, 2006 to March 31, 2007)			FY2008 (From April 1, 2007 to March 31, 2008)		
		Acquisition prices	Amount reported on consolidated balance sheets	Difference	Acquisition prices	Amount reported on consolidated balance sheets	Difference
Securities of which the amount recorded on the consolidated balance sheets exceeds acquisition cost	(1) Stocks	1,532,838	1,918,359	385,520	77,038	194,533	117,495
	(2) Bonds	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Sub Total	1,532,838	1,918,359	385,520	77,038	194,533	117,495
Securities of which the amount recorded on the consolidated balance sheet is less than acquisition cost	(1) Stocks	166,993	143,533	(23,460)	1,652,563	1,519,738	(132,825)
	(2) Bonds	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Sub Total	166,993	143,533	(23,460)	1,652,563	1,519,738	(132,825)
Total		1,699,832	2,061,892	362,060	1,729,602	1,714,272	(15,330)

3. Securities without market price

(In thousand yen)

	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
	Amount reported on consolidated balance sheet	Amount reported on consolidated balance sheet
(1) Other securities		
Unlisted stocks	1,182	50,182

(On the Derivative Transactions)

1. Matters concerning the status of transactions

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
1. Transaction details Currency swaps are undertaken. 2. Trading policy The Company has introduced derivative trading to efficiently carry out risk management while hedging the interest rate and foreign exchange risks that arise financially. 3. Objective of trading The Company utilizes derivative trading with the objective to stabilize raw material costs and to improve the yield on financial assets. Derivative trading is not used for speculative purposes. 4. Nature of the risks relating to trading In order to avoid credit risks to the greatest extent possible, the Company only trades with financial institutions that have high credit ratings. There is a market risk relating to future exchange fluctuations with regard to the currency swaps utilized by the Company. However, all of these transactions aim to hedge risks and the Company does not have any transactions which will have a major impact on the Company's business. 5. Risk management system relating to trading The Company has internal rules relating to decision making and reporting on derivative trading. Operations are strictly undertaken in accordance with these rules. 6. Supplemental explanation concerning transaction market value As the contract price does not necessarily reflect the derivative transaction risk, the notional principle in currency swap transactions does not express the market risk or credit risk.	1. Transaction details Same as left 2. Trading policy Same as left 3. Objective of trading Same as left 4. Nature of the risks relating to trading Same as left 5. Risk management system relating to trading Same as left 6. Supplemental explanation concerning transaction market value Same as left

2. Matters concerning the transaction market value

Hedge accounting is applied to all derivative transactions during previous and current fiscal year, so reporting has been omitted.

(Retirement Benefits)

1. Outline of the retirement benefits system employed by the Company

The Company uses a lump sum retirement system in combination with a defined benefits pension system.

Note that from the third year the Company adopted a qualified pension plan applicable only to retirees with more than 3 years of continuous employment, but the system was replaced by a defined benefits pension system in September 2006.

2. Retirement benefit obligations and their breakdown (In thousand yen)

	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
(1) Retirement benefit obligations	(1,050,497)	(1,027,594)
(2) Pension assets	560,930	585,359
(3) Unfunded retirement benefit Obligations (1)+(2)	(489,567)	(442,234)
(4) Unrecognized actuarial gain or loss	(97,173)	(147,743)
(5) Unrecognized past employment Obligations (obligation write down)	(18,604)	(14,392)
(6) Net amount reported in consolidated balance sheet (3)+(4)+(5)	(605,346)	(604,370)
(7) Prepaid retirement expenses	—	—
(8) Accrued retirement costs (6)-(7)	(605,346)	(604,370)

3. Breakdown of retirement benefits expenses (In thousand yen)

	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
(1) Employment expenses	74,979	77,429
(2) Interest expenses	21,692	21,009
(3) Expected return on plan assets	(7,873)	(8,413)
(4) Amortization of net actuarial gain or loss	24,136	(10,221)
(5) Amount of which past employment obligations are amortized	(2,457)	(4,212)
(6) Retirement benefits expenses (1)+(2)+(3)+(4)+(5)	110,477	75,592

4. Matters relating to the accounting foundations of retirement benefits obligations

	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
(1) Discount rate (%)	2.0	2.0
(2) Expected return on plan assets (%)	1.5	1.5
(3) Term distribution method of anticipated retirement benefits	Periodically fixed amount	Periodically fixed amount
(4) Years over which past employment obligations are amortized (years)	5	5
(5) Years over which actuarial gains or losses are amortized (years)	5	5

(Stock Option)

Not applicable.

(On the Tax Effect Accounting)

FY2007 (From April 1, 2006 to March 31, 2007)		FY2008 (From April 1, 2007 to March 31, 2008)	
1. Breakdown of the primary causes for deferred tax assets and liabilities		1. Breakdown of the primary causes for deferred tax assets and liabilities	
Deferred tax assets (current)	(In thousand yen)	Deferred tax assets (current)	(In thousand yen)
Disallowed accrued income tax	68,195	Disallowed accrued income tax	51,230
Excess allowance for employee bonuses	63,790	Excess allowance for employee bonuses	54,030
Others	7,285	Others	6,266
	139,272		111,528
Deferred tax assets (fixed)		Deferred tax assets (fixed)	
Amount of loss carried forward	253,541	Amount of loss carried forward	208,947
Excess over allowance for employee retirement benefits	240,927	Excess over allowance for employee retirement benefits	240,539
Impairment loss	18,005	Allowance for retirement benefits for directors	104,681
Unrealized gain from sale of fixed assets	863	Impairment loss	25,982
Others	7,592	Deferred gain or loss on hedges	148,218
Subtotal	520,929	Unrealized gain on other securities	6,101
Allowance account	(247,944)	Others	14,666
	272,985	Subtotal	749,137
		Allowance account	(208,947)
			510,189
Deferred tax liabilities (current)		Deferred tax liabilities (current)	
Special depreciation reserve	(14,675)	Special depreciation reserve	(13,508)
	(14,675)		(13,508)
Deferred tax liabilities (fixed)		Deferred tax liabilities (fixed)	
Special depreciation reserve	(32,592)	Special depreciation reserve	(51,924)
Unrealized losses on investment in securities	(144,175)	Valuation reserve for land, net of taxes	(99,449)
Valuation reserve for land, net of taxes	(99,449)		(151,373)
Deferred gain or loss on hedges	(185,311)		
	(461,527)		
Net deferred tax assets (current)	124,596	Net deferred tax assets (current)	98,019
Net deferred tax assets (fixed)	(188,542)	Net deferred tax assets (fixed)	388,816

FY2007

2. The breakdown of main items which caused the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting

Notes is omitted, as the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting is smaller than five hundredth of legal effective tax rate.

FY2008

2. The breakdown of main items which caused the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting

Legal effective tax rate	39.8%
(adjustments)	
Non-tax deductible expense	1.8
Unrecognized tax benefits related to losses carried forward	7.8
Difference in tax rate of overseas subsidiaries	(1.1)
Recognition of unrecognized tax benefits at the end of the previous fiscal year	(2.0)
Dividend-received not taxable	(0.3)
Others	(0.5)
Actual effective tax rate	45.5

(Information by Segment)

a. Information by business segment

Previous Consolidated Fiscal Year (April 1, 2006 - March 31, 2007) and Current Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)

Business segment information has been omitted because net sales and operating income and assets from the manufacturing and sales of natural seasonings account for more than 90% of total net sales and operating income for the assets of all segments.

b. Information by geographic segment

FY2007 (From April 1, 2006 to March 31, 2007) (In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
I. Net sales and operating income and losses					
Net sales					
(1) Sales to external customers	20,180,317	2,268,763	22,449,081	—	22,449,081
(2) Internal sales or transfers between segments	56,359	1,354,321	1,410,681	(1,410,681)	—
Total	20,236,677	3,623,085	23,859,763	(1,410,681)	22,449,081
Operating expenses	15,301,993	3,179,385	18,481,378	(1,498,454)	16,982,923
Operating income	4,934,684	443,700	5,378,384	87,772	5,466,157
II. Assets	42,282,705	8,711,764	50,994,470	(166,947)	50,827,522

Notes:
1. Nations or regions are distinguished based on the similarity of economic activities.
2. Main nations and regions other than Japan
 Other areas: U.S., People's Republic of China, Taiwan, France and Belgium

FY2008 (From April 1, 2007 to March 31, 2008) (In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
I. Net sales and operating income and losses					
Net sales					
(1) Sales to external customers	20,499,908	2,461,942	22,961,851	—	22,961,851
(2) Internal sales or transfers between segments	34,076	1,257,731	1,291,808	(1,291,808)	—
Total	20,533,985	3,719,674	24,253,660	(1,291,808)	22,961,851
Operating expenses	16,608,843	3,562,528	20,171,371	(1,283,572)	18,887,799
Operating income	3,925,142	157,146	4,082,288	(8,236)	4,074,052
II. Assets	38,687,659	13,001,319	51,688,979	(272,546)	51,416,433

Notes:
1. Nations or regions are distinguished based on the similarity of economic activities.
2. Main nations and regions other than Japan
 Other areas: U.S., People's Republic of China, Taiwan, France and Belgium.

c. Overseas sales

FY2007 (From April 1, 2006 to March 31, 2007)

	North America	Asia	Total
I. Overseas sales (in thousand yen)	1,182,278	1,233,495	2,415,773
II. Consolidated sales (in thousand yen)	—	—	22,449,081
III. Overseas sales /Total Consolidated net sales (%)	5.3	5.5	10.8

Notes:
1. The countries and regions are categorized based on geographical proximity.
2. The followings are the breakdown of the regions in the categories.
(1) North America ------The U.S.
(2) Asia ------People's Republic of China (including Hong Kong), Taiwan, and South Korea
3. Overseas sales represent the sales of the Company and consolidated subsidiaries in the countries or regions except for home countries of these companies.

FY2008 (From April 1, 2007 to March 31, 2008)

	North America	Asia	Total
I. Overseas sales (in thousand yen)	1,187,275	1,458,889	2,646,164
II. Consolidated sales (in thousand yen)	—	—	22,961,851
III. Overseas sales /Total Consolidated net sales (%)	5.2	6.4	11.5

Notes:
1. The countries and regions are categorized based on geographical proximity.
2. The followings are the breakdown of the regions in the categories.
(1) North America ------The U.S.
(2) Asia ------People's Republic of China (including Hong Kong), Taiwan, and South Korea
3. Overseas sales represent the sales of the Company and consolidated subsidiaries in the countries or regions except for home countries of these companies.

(Transactions with Related Parties)

FY2007 (From April 1, 2006 to March 31, 2007)
Directors

Position	Name	Address	Capital invested (in million yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship		Nature of business transaction	Transaction value (in thousand yen)	Item	The closing balance of debts and credits (in thousand yen)
						Other directorships	Commercial links				
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka-shi, Fukuoka	300	Operation of restaurant	None	—	Supplier of materials	Sales of commodities	247,972	Accounts receivable-trade	15,453
							Landlord of facilities	Receiving of rents	3,600	Advance receivable-trade	—
	Japan Food Business Co., Ltd.	Shibuya-ku, Tokyo	20	Operation of restaurant	(Company stake) Ditrct:16.61	Dual capacity:1	Landlord of facilities	Receiving of rents	3,210	Advance receivable-trade	210

Notes:
1. With regard to the amount listed, unlike the transacted amount for turnover, the closing balance of debts and credits includes consumption tax.
2. Same terms and conditions as those for general clients are applied.

FY2008 (From April 1, 2007 to March 31, 2008)
Directors

Position	Name	Address	Capital invested (in million yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship		Nature of business transaction	Transaction value (in thousand yen)	Item	The closing balance of debts and credits (in thousand yen)
						Other directorships	Commercial links				
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka-shi, Fukuoka	300	Operation of restaurant	None	—	Supplier of materials	Sales of commodities	295,474	Accounts receivable-trade	15,180
							Landlord of facilities	Receiving of rents	3,600	Advance receivable-trade	—
	Japan Food Business Co., Ltd.	Shibuya-ku, Tokyo	20	Operation of restaurant	(Company stake) Ditrct:16.61	Dual capacity:1	Landlord of facilities	Receiving of rents	2,400	Advance receivable-trade	210

Notes:
1. With regard to the amount listed, unlike the transacted amount for turnover, the closing balance of debts and credits includes consumption tax.
2. Same terms and conditions as those for general clients are applied.

Subsidiaries, etc.

Position	Name	Address	Capital invested (in thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship		Nature of business transaction	Transaction value (in thousand yen)	Item	The closing balance of debts and credits (in thousand yen)
						Other directorships	Commercial links				
Affiliated company	Ariake Farm Co., Ltd.	Sasebo-shi, Nagasaki	15,000	Farming	10.0	1 director	Purchaser of materials	Loan guarantee	10,000	Guaranteed loan	—

Note: The loan guarantee for Ariake Farm Co., Ltd. which is for bank loans, is provided by the Company.

(Per Share Data)

(In yen)

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
Net assets per share 1,339.05 Net income per share 95.50 Due to absence of residual shares with dilution effects, there is no indication of the net income after residual share adjustment. (Additional information) Following revisions to "Implementation Guidance, and Practical Solution for Earnings Per Share" (ASBJ Guidance No. 4) dated January 31, 2006, the amount of the deferred hedge gain (loss) (after tax effect accounting adjustments) is included in common stock under net assets at the end of the fiscal year starting the current fiscal year. Using the method employed for the previous fiscal year, the net assets per share at the end of the current fiscal year is 1,330.36 yen.	Net assets per share 1,349.94 Net income per share 57.65 Due to absence of residual shares with dilution effects, there is no indication of the net income after residual share adjustment.

Note: The amounts of the net income per share are based on the following data: (In thousand yen)

	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
Net income	3,110,718	1,851,152
Amount not attributable to common shareholders	—	—
(Bonuses to directors and auditors through surplus appropriation, included)	—	—
Net income available to common shares	3,110,718	1,851,152
Average number of shares outstanding during the term (in thousand shares)	32,572	31,112

(Important Subsequent Events)

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
(Acquisition of treasury stock) The Company passed a resolution regarding the acquisition of treasury stock and the detailed methodology of acquisition at the board of directors on May 16, 2007, based on the provision of Article 156 of the Corporation Law, and applied in accordance with the provision of Paragraph 3, Article 165 of the law, and acquired treasury stock as follows. 1. Reason for acquiring treasury stock Acquire treasury stock to make it possible to implement mobile capital in response to changes in the corporate climate and to pass on more profits to shareholders. 2. Details of acquisition (1) Type of stock acquired Common stock (2) Total number of shares acquired 2,000,000 shares (cap) (3) Timing of acquisition From May 17, 2007 to April 30, 2008 (4) Total amount of acquisition cost for stock 6 billion yen (cap) 3. Description of acquisition of treasury stock (as of May 31, 2007) Total number of acquired shares 50,200 shares Total acquisition costs 103,050 thousand yen (Issuance of new share warrants) The Company resolved to issue new share warrants as stock options representing stock compensation, and to authorize the board of directors to decide upon details of the offering based on the provisions of Article 236, Article 238 and Article 239 of the Corporation Law, at the 29th annual meeting of shareholders held on June 15, 2007 as follows: Therefore, actual issuance of such new share warrants shall be subject to a resolution for new share warrant issuance of the subsequent board of directors of the Company and such resolution of the board of directors of the Company has not been passed as of the submission date of this securities report. In addition, such new share warrants shall be expensed over target service periods as "Stock compensation expenses" based on "Accounting Standards concerning Stock Options" (Corporate Accounting Standards No. 8) and "Accounting Standards Guideline concerning Stock Options" (Corporate Accounting Standards Guideline No. 11). 1. Parties allocated the stock acquisition rights the Company's employee 2. Type and number of shares new share warrants are for Up to 100,000 shares of common stocks of the Company 3. Total number of new share warrant issued Up to 1,000 rights 4. Issuance price of new share warrant No consideration 5. Price of assets contributed upon execution of new share warrant 1 yen per share 6. Period for which new share warrant can be executed April 1, 2013 to March 31, 2016 7. Exercise conditions for new share warrant (1) The party allocated the stock acquisition right (referred to below as the rights holder) must be an employee of the Company when the rights are exercised. However, if there are justifiable reasons and the board of directors' approval is received, this condition may be waived. (2) Transfer, pawn or other disposition and inheritance of new share warrants shall not be permitted. (3) Other conditions are subject to the provisions of the new share warrant allotment contract to be concluded by and between the Company and the new share warrant holder based on this annual meeting of shareholders and the subsequent resolutions of the board of directors.	―――――

Previous Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)	Current Consolidated Fiscal Year (April 1, 2007 to March 31, 2008)
8. Causes and conditions of acquisition (1) When a proposal for permission for a merger agreement in which the Company shall become a defunct company is resolved at a meeting of shareholders, or when the proposal for permission for a share exchange agreement or an equity transfer agreement in which the Company shall be a wholly owned subsidiary is resolved at the meeting of shareholders, the Company can acquire all of the said new share warrants owned by the new share warrant holders, without consideration. (2) When the new share warrant holder cannot exercise the new share warrant due to a failure to satisfy conditions provided in exercise conditions for new share warrants before exercising the new share warrant or when the new share warrant holder renounces all or part of the new share warrants, the Company can acquire such new share warrants without consideration. (3) The Company can retire the new share warrants that the Company acquired and owns, without consideration at any time. 9. Restriction on transfer of new share warrants New share warrants shall not be transferred. 10. Matters regarding increased capital stock and capital surplus in the case of issuance of shares by the exercise of new share warrants (1) Amount of capital stock Based on Paragraph 1, Article 40 of Accounting Regulations, the amount is 1/2 of the calculated limit on increase in common stock (fractional yen portion is dropped). (2) Amount of capital surplus Increased capital amount mentioned in (1), less (1)	

5. Non-consolidated Financial Statement
(1) Non-consolidated Balance Sheets

(In thousand yen)

Account	Annotation	FY2007 (As of Mar. 31, 2007) Amount		Ratio (%)	FY2008 (As of Mar. 31, 2008) Amount		Ratio (%)	Difference from previous year end ( ) indicates decrease
(Assets)								
I. Current assets								
1. Cash and time deposits			12,432,356			10,502,588		(1,929,768)
2. Notes receivable	*5		598,200			613,182		14,982
3. Accounts receivable	*2		3,980,838			3,526,337		(454,500)
4. Securities provided as collateral	*3		—			126,949		126,949
5. Merchandise			57,532			39,027		(18,505)
6. Products			1,061,061			1,184,631		123,569
7. Materials			969,625			955,520		(14,104)
8. Work in progress			438,368			431,399		(6,969)
9. Stored products			207,121			215,084		7,963
10. Advance payments			43,044			66,525		23,481
11. Prepaid expenses			35,253			33,691		(1,561)
12. Deferred tax assets			124,596			98,019		(26,577)
13. Short-term loan to affiliated companies			150,000			150,000		—
14. Consumption taxes receivable			—			342,645		342,645
15. Other current assets			454,092			59,032		(395,059)
16. Allowance for doubtful accounts			(8,757)			(7,811)		946
Total current assets			20,543,335	43.1		18,336,826	39.4	(2,206,509)
II. Fixed assets								
1. Tangible fixed assets								
(1) Buildings		8,348,885			12,409,552			
Accumulated depreciation		4,351,545	3,997,339		4,843,707	7,565,845		3,568,505
(2) Structures		667,270			888,913			
Accumulated depreciation		524,348	142,922		574,646	314,266		171,344
(3) Machines and devices		10,162,335			14,273,439			
Accumulated depreciation		8,373,956	1,788,379		9,623,208	4,650,231		2,861,852
(4) Ships and vessels		17,344			17,344			
Accumulated depreciation		16,197	1,146		16,442	902		(244)
(5) Vehicles and delivery equipment		173,582			180,068			
Accumulated depreciation		139,794	33,788		148,972	31,095		(2,692)
(6) Tools, furniture and fixtures		680,361			693,389			
Accumulated depreciation		605,422	74,938		611,985	81,404		6,465
(7) Land			3,914,970			3,914,970		—
(8) Construction in progress			7,879,401			14,227		(7,865,174)
Total tangible fixed assets			17,832,887	37.4		16,572,944	35.6	(1,259,943)

(In thousand yen)

Account	Annotation	FY2007 (As of Mar. 31, 2007) Amount		Ratio (%)	FY2008 (As of Mar. 31, 2008) Amount		Ratio (%)	Difference from previous year end () indicates decrease
2. Intangible fixed assets								
(1) Software			15,106			13,480		(1,626)
(2) Telephone subscription right			7,139			7,139		—
Total intangible fixed assets			22,245	0.1		20,619	0.0	(1,626)
3. Investments and other assets								
(1) Investments in securities			2,063,074			1,764,454		(298,619)
(2) Stocks of affiliated companies			5,094,185			7,691,035		2,596,850
(3) Investments in affiliated companies			413,095			413,095		—
(4) Long term loans receivable			—			45,055		45,055
(5) Long-term loans to employees			58,470			52,167		(6,303)
(6) Long-term loans to affiliated companies			79,732			65,123		(14,609)
(7) Long-term prepaid expenses			36,631			91,681		55,049
(8) Investment in real estate	*1		570,156			563,656		(6,500)
(9) Insurance reserve			412,374			437,289		24,914
(10) Deferred tax assets			—			482,339		482,339
(11) Other investments			504,545			47,335		(457,210)
(12) Allowance for doubtful accounts			(254)			(272)		(18)
Total investments and other assets			9,232,013	19.4		11,652,960	25.0	2,420,946
Total fixed assets			27,087,147	56.9		28,246,525	60.6	1,159,377
Total assets			47,630,482	100.0		46,583,351	100.0	(1,047,131)
(Liabilities)								
I. Current liabilities								
1. Notes payable	*3		674,051			649,875		(24,176)
2. Accounts payable	*2		748,094			1,045,993		297,899
3. Other accounts payable			1,080,015			508,625		(571,390)
4. Accrued expenses			100,143			132,908		32,765
5. Income taxes payable			897,032			629,415		(267,617)
6. Consumption tax payable			91,189			—		(91,189)
7. Deposits payable			25,950			29,056		3,106
8. Allowance for employee bonuses			160,278			135,755		(24,522)
9. Allowance for directors' bonuses			52,300			59,700		7,400
10. Notes payable, equipment			693,400			—		(693,400)
11. Other current liabilities			7,990			19,590		11,600
Total current liabilities			4,530,446	9.5		3,210,921	6.9	(1,319,525)

(In thousand yen)

Account	Annotation	FY2007 (As of Mar. 31, 2007) Amount		Ratio (%)	FY2008 (As of Mar. 31, 2008) Amount		Ratio (%)	Difference from previous year end ( ) indicates decrease
II. Fixed liabilities								
1. Allowance for employee retirement benefits			605,346			604,370		(975)
2. Allowance for retirement benefits for directors			—			263,019		263,019
3. Deferred tax liabilities			94,331			—		(94,331)
4. Others fixed liabilities			4,060			372,467		368,407
Total fixed liabilities			703,737	1.5		1,239,857	2.7	536,120
Total liabilities			5,234,183	11.0		4,450,779	9.6	(783,404)
(Net assets)								
I. Shareholder's equity								
1. Common stock			7,095,096	14.9		7,095,096	15.2	—
2. Capital surplus								
(1) Capital reserve		7,833,869			7,833,869			—
Total capital surplus			7,833,869	16.5		7,833,869	16.8	—
3. Retained earnings								
(1) Legal reserve of retained earnings		441,000			441,000			—
(2) Other retained earnings								
Reserve for special depreciation		71,496			98,971			27,474
Special reserve fund		7,820,000			7,820,000			—
Retained earnings carried forward		19,920,829			21,132,918			1,212,089
Total retained earnings			28,253,326	59.3		29,492,890	63.3	1,239,564
4. Treasury stock			(1,284,247)	(2.7)		(2,055,864)	(4.4)	(771,617)
Total shareholders' equity			41,898,043	88.0		42,365,990	90.9	467,946
II. Unrealized gains and adjustments								
1. Unrealized gains on other securities			217,960	0.4		(9,228)	0.0	(227,188)
2. Deferred gains (loss) on hedges			280,295	0.6		(224,189)	(0.5)	(504,484)
Total unrealized gains and adjustments			498,255	1.0		(233,417)	(0.5)	(731,673)
Total net assets			42,396,298	89.0		42,132,572	90.4	(263,726)
Total liabilities and net assets			47,630,482	100.0		46,583,351	100.0	(1,047,131)

(2) Non-consolidated Statements of Income

(In thousand yen)

Account	Annotation	FY2007 (from April 1, 2006 to March 31, 2007) Amount		Ratio (%)	FY2008 (from April 1, 2007 to March 31, 2008) Amount		Ratio (%)	Difference from previous year end () indicates decrease
I. Net sales								
1. Product sales		18,644,409			19,008,528			
2. Merchandise sales		1,107,860	19,752,270	100.0	981,690	19,990,219	100.0	237,949
II. Cost of sales								
1. Product inventory at beginning of term		1,112,046			1,061,061			
2. Merchandise inventory at beginning of term		42,463			57,532			
3. Product cost of manufacture of the current term		10,516,699			12,225,787			
4. Cost of merchandise of the current term		995,242			782,829			
Total		12,666,452			14,127,211			
5. Product inventory at end of term		1,061,061			1,184,631			
6. Merchandise inventory at end of term		57,532	11,547,858	58.5	39,027	12,903,553	64.5	1,355,694
Gross profit			8,204,411	41.5		7,086,666	35.5	(1,117,745)
III. Selling, general and administrative expenses	*1&2		3,192,214	16.1		3,329,407	16.7	137,193
Operating income			5,012,197	25.4		3,757,258	18.8	(1,254,938)
IV. Non-operating income								
1. Interest income		5,313			32,749			
2. Dividend income		30,169			41,535			
3. Gain on sales of securities		—			28,581			
4. Exchange gain on foreign currency		52,877			—			
5. House-rent received		37,750			43,004			
6. Other non-operating income		31,251	157,361	0.8	29,215	175,086	0.9	17,724
V. Non-operating expenses								
1. Loss on foreign exchange translation		—			17,533			
2. Expenses for new overseas business		58,014			66,802			
3. Expenses for new overseas branch		67,956			—			
4. New factory expenses		60,591			1,509			
5. Industrial waste processing expenses		—			16,339			
6. Cost of rental revenue		—			14,858			
7. Other non-operating expenses		37,234	223,797	1.2	19,858	136,904	0.7	(86,893)
Ordinary income			4,945,761	25.0		3,795,441	19.0	(1,150,320)

(In thousand yen)

Account	Annotation	FY2007 (from April 1, 2006 to March 31, 2007) Amount		Ratio (%)	FY2008 (from April 1, 2007 to March 31, 2008) Amount		Ratio (%)	Difference from previous year end
VI. Extraordinary gains								
1. New business promotion subsidy	*3	—			200,000			
2. Gain on sales of investment securities		28,639	28,639	0.1	—	200,000	1.0	171,360
VII. Extraordinary losses								
1. Loss on retirement of fixed assets	*4	40,570			6,482			
2. Loss on sales of investment securities		17,366			3,407			
3. Loss on asset impairment		—			20,043			
4. Increase in allowance for retirement benefits for directors		—			246,071			
5. Loss on maintenance of overseas sale network		2,896			—			
6. Loss on cancellation of executive insurance policies		8,016	68,849	0.3	—	276,003	1.4	207,154
Income before income taxes			4,905,551	24.8		3,719,437	18.6	(1,186,114)
Income, inhabitant and business taxes		2,014,000			1,580,000			
Adjustments for income and other taxes		19,006	2,033,006	10.3	(66,362)	1,513,637	7.6	(519,369)
Net income			2,872,544	14.5		2,205,799	11.0	(666,744)

Breakdown of the Cost of Products Manufactured

(In thousand yen)

Account	Annotation	FY2007 (from April 1, 2006 to March 31, 2007) Amount	Ratio (%)	FY2008 (from April 1, 2007 to March 31, 2008) Amount	Ratio (%)	Difference from previous year end
I. Material costs		6,032,127	56.8	6,211,516	50.6	179,388
II. Labor costs		1,713,583	16.1	1,710,960	13.9	(2,622)
[of which are allowance for employee bonus]		[102,187]		[(87,089)]		[(15,097)]
[of which are retirement benefits expenses]		[79,107]		[57,449]		[(21,658)]
III. Expenses		2,880,492	27.1	4,353,843	35.5	1,473,351
[of which are depreciation and amortization]		[641,211]		[1,775,423]		[1,134,212]
[of which are sub contractor expenses]		[21,108]		[29,793]		[8,685]
Total manufacturing cost of the current term		10,626,203	100.0	12,276,321	100.0	1,650,117
Work in progress inventory at beginning of term		384,672		438,368		53,696
Total		11,010,876		12,714,690		1,703,813
Subtract: Work in progress inventory at end of term		438,368		431,399		(6,969)
Subtract: Transfer to other accounts	*1	55,807		57,502		1,694
Product cost of manufacture of the current term		10,516,699		12,225,787		1,709,088

Note:

FY2007 (from April 1, 2006 to March 31, 2007)	FY2008 (from April 1, 2007 to March 31, 2008)
(Cost accounting method) Separate cost accounting per individual lots based on actual cost. *1 (Transfer to other accounts) Among the transfer to other accounts, main transfer is recorded in selling, general and administrative expenses (advertising expenses, etc.).	(Cost accounting method) Same as left *1 (Transfer to other accounts) Same as left

(3) Non-consolidated Statements of Changes in Shareholders' Equity

FY 2007 (From April 1, 2006 to March 31, 2007) (In thousand yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Common stock	Capital reserve	Total capital surplus	Legal reserve of retained earnings	Special depreciation reserve	Special reserve fund	Earned surplus carried forward	Total retained earnings	Treasury stock	Total shareholder's equity
Balance as of March 31, 2006	7,095,096	7,833,869	7,833,869	441,000	87,578	7,820,000	18,066,857	26,415,436	(109,089)	41,235,312
Amount of fluctuation during the consolidated fiscal year										
Allowance of special depreciation reserve (Note 3)					32,366		(32,366)	—		—
Withdrawal of special depreciation reserve (Note 4)					(48,448)		48,448	—		—
Dividend from retained earnings (Note 1)							(983,352)	(983,352)		(983,352)
Bonuses for directors (Note 2)							(51,100)	(51,100)		(51,100)
Net income							2,872,544	2,872,544		2,872,544
Acquisition of treasury stock									(1,176,174)	(1,176,174)
Disposal of treasury stock							(202)	(202)	1,015	813
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)										
Total amount of fluctuation during the consolidated fiscal year	—	—	—	—	(16,081)	—	1,853,971	1,837,889	(1,175,158)	662,730
Balance as of March 31, 2007	7,095,096	7,833,869	7,833,869	441,000	71,496	7,820,000	19,920,829	28,253,326	(1,284,247)	41,898,043

	Unrealized gains and adjustments			Total net assets
	Unrealized gains on other securities	Deferred gains on hedges	Total unrealized gains and adjustments	
Balance as of March 31, 2006	450,873		450,873	41,686,186
Amount of fluctuation during the consolidated fiscal year				
Allowance of special depreciation reserve (Note 3)				—
Withdrawal of special depreciation reserve (Note 4)				—
Dividend from retained earnings (Note 1)				(983,352)
Bonuses for directors (Note 2)				(51,100)
Net income				2,872,544
Acquisition of treasury stock				(1,176,174)
Disposal of treasury stock				813
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)	(232,913)	280,295	47,381	47,381
Total amount of fluctuation during the consolidated fiscal year	(232,913)	280,295	47,381	710,112
Balance as of March 31, 2007	217,960	280,295	498,255	42,396,298

Notes:

1. Dividend from retained earnings at the annual general meeting of shareholders in June, 2006: 491,681 thousand yen.
   Interim dividends paid; 491,671 thousand yen.
2. The items as appropriation of surplus at the annual general meeting of shareholders in June, 2006.
3. Allowance as appropriation of surplus at the annual general meeting of shareholders in June, 2006: 28,907 thousand yen.
   Allowance as settlement at the end of the current consolidated interim period; 3,459 thousand yen.
4. Withdrawal as appropriation of surplus at the annual general meeting of shareholders in June, 2006: 26,745 thousand yen.
   Withdrawal as settlement at the end of the current consolidated interim period; 21,703 thousand yen.

FY 2008 (From April 1, 2007 to March 31, 2008)

(In thousand yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Common stock	Capital reserve	Total capital surplus	Legal reserve of retained earnings	Special depreciation reserve	Special reserve fund	Earned surplus carried forward	Total retained earnings	Treasury stock	Total shareholder's equity
Balance as of March 31, 2007	7,095,096	7,833,869	7,833,869	441,000	71,496	7,820,000	19,920,829	28,253,326	(1,284,247)	41,898,043
Amount of fluctuation during the consolidated fiscal year										
Allowance of special depreciation reserve (Note 3)					47,907		(47,907)	—		—
Withdrawal of special depreciation reserve (Note 4)					(20,432)		20,432	—		—
Dividend from retained earnings							(966,232)	(966,232)		(966,232)
Net income							2,205,799	2,205,799		2,205,799
Acquisition of treasury stock									(772,422)	(772,422)
Disposal of treasury stock							(2)	(2)	804	802
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)										
Total amount of fluctuation during the consolidated fiscal year	—	—	—	—	27,474	—	1,212,089	1,239,564	(771,617)	467,946
Balance as of March 31, 2008	7,095,096	7,833,869	7,833,869	441,000	98,971	7,820,000	21,132,918	29,492,890	(2,055,864)	42,365,990

	Unrealized gains and adjustments			Total net assets
	Unrealized gains on other securities	Deferred gains (loss) on hedges	Total unrealized gains and adjustments	
Balance as of March 31, 2007	217,960	280,295	498,255	42,396,298
Amount of fluctuation during the consolidated fiscal year				
Allowance of special depreciation reserve				—
Withdrawal of special depreciation reserve				—
Dividend from retained earnings				(966,232)
Net income				(2,205,799)
Acquisition of treasury stock				(772,422)
Disposal of treasury stock				802
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)	(227,188)	(504,484)	(731,673)	(731,673)
Total amount of fluctuation during the consolidated fiscal year	(227,188)	(504,484)	(731,673)	(263,726)
Balance as of March 31, 2008	(9,228)	(224,189)	(233,417)	42,132,572

Important Accounting Policy

Term	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
1. Standard and method of valuating securities	(1) Securities for sale ―――――――― (2) Stocks of subsidiaries and affiliated companies Cost method under the moving average method (3) Other Securities Securities with any market price Mark-to-market method based on the market price as of the day of settlement of accounts (all the evaluation differences are incorporated directly into the capital stock and costs for sale are computed with the moving average method) Securities without any market price Cost method under the moving average method	(1) Securities for sale Mark-to-market method (costs for sale are computed with the moving average method; securities purchased on margin are accounted as securities for sale) (2) Stocks of subsidiaries and affiliated companies Same as left (3) Other Securities Securities with any market price Same as left Securities without any market price Same as left
2. Standard and method of valuating derivatives	(1) Derivatives Mark-to-market method	(1) Derivatives Same as left
3. Standard and method of valuating inventories	(1) Merchandise Identified cost method (2) Products Identified cost method (3) Materials Cost method under the moving average method (4) Work in progress Identified cost method (5) Supplies Last cost method	(1) Merchandise Same as left (2) Products Same as left (3) Materials Same as left (4) Work in progress Same as left (5) Supplies Same as left
4. Method of depreciation of fixed assets	(1) Tangible fixed assets Declining balance method As for buildings (except incidental equipment) acquired or put into business use after April 1, 1998, however, straight-line method is available. Small-amount depreciable assets of which the acquisition price is 100,000 yen or more and less than 200,000 yen are depreciated evenly over three years. Useful lives of major assets are as follows: Buildings: 15 – 50 years Machines and devices: 9 years (2) Intangible fixed assets Straight-line method As for software for own use, straight-line method for internally available period (5 years) is applied (3) Long-term prepaid expenses Straight-line method (4) Investments in real estate Declining balance method	(1) Tangible fixed assets Same as left (Additional information) Regarding assets acquired on or before March 31, 2007, the Company, in accordance with the amendment of the Corporate Tax Law, uniformly amortize the difference between 5% of the acquisition cost and memorandum value over five years from the next consolidated fiscal year of a consolidated fiscal year in which such assets are depreciated to 5% of their acquisition cost by application of the depreciation method based on the Corporate Tax Law before amendments and such expenses are recorded as depreciation expenses. As a result of this, operating income, ordinary income and net income before adjustments for taxes decreased by 45,925 thousand yen respectively. (2) Intangible fixed assets Same as left (3) Long-term prepaid expenses Same as left (4) Investments in real estate Same as left
5. Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen	Receivables and payables denominated in foreign currencies are converted to Japanese yen using the closing spot exchange rate for the final day of the fiscal year, and differences are recorded as gains or losses.	Same as left

Term	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
6. Standards for additions to allowances	(1) Allowance for doubtful accounts To prepare against losses from bad debts, the amount estimated based on the actual loss ratio is reserved for ordinary receivables, and the amount of possible losses is included in the reserve based on consideration of the collectibles of individual doubtful accounts. (2) Allowance for employee bonuses The Company reserves the estimated amount of the bonus to prepare for payment to employees. (3) Allowance for directors' bonuses The company has reserved and recorded as this fiscal year's company's contribution a part of the estimated amount of directors' bonus to prepare for payment to directors. (4) Allowance for employee retirement benefits To prepare for payment of benefits to retired employees, the amount of actual payment is reserved based on estimation of retirement benefit liabilities and pension assets regarded as existing at the end of the consolidated current fiscal year. For the difference in actuarial calculation, the five-year proportionally-divided amount with the straight-line method based on a fixed number of years (5 years) within the average remaining service periods of employees at occurrence in each fiscal year shall be reported as expense from the following fiscal year. Past employment obligations are treated as expense, employing periodically fixed amount calculated on the basis of years (5 years) within average remaining employment period of an employee at the time of accruing. (5) ――――――	(1) Allowance for doubtful accounts Same as left (2) Allowance for employee bonuses Same as left (3) Allowance for directors' bonuses Same as left (4) Allowance for employee retirement benefits Same as left (5) Allowance for retirement benefits for directors To prepare for payment of directors' retirement benefits, the company has reserved and recorded the required amounts as of the end of the term based on the internal regulations regarding directors' retirement benefits.
7. Accounting of lease transactions	Financial lease transactions are accounted by the method similar to operating lease transactions, excluding financial lease transactions where ownership of the leased property may be transferred to the lessee.	Same as left
8. Hedge accounting methods	(i) Hedge accounting methods Deferred hedge accounting is used. Allocation accounting is applied to foreign-currency-denominated liabilities with exchange contracts. (ii) Measures of hedging and targets of hedging Measures of hedging: Currency swaps Targets of hedging: Purchase liabilities following imports of materials from overseas subsidiaries with possible losses due to currency fluctuations. (iii) Policies on hedging Based on the basic policies approved by the Management Committee of the Company, the Management Administration Department is in charge of controlling and executing trading, and regularly reporting to the Management Committee. Counter-parties of trading are limited to high-quality financial-institutions.	(i) Hedge accounting methods Same as left (ii) Measures of hedging and targets of hedging Measures of hedging Same as left Targets of hedging Same as left (iii) Policies on hedging Same as left

Term	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
	(iv) Methods to assess effectiveness of hedging The accumulated total of price fluctuations or cash flow fluctuations of the targets of hedging is compared with the accumulated total of price fluctuations or cash flow fluctuations of the measures of hedging, and the effectiveness is assessed according to these fluctuations	(iv) Methods to assess effectiveness of hedging Same as left
9. Other important matters to prepare financial statements	Accounting of the consumption tax The Company applies the tax-exclusion accounting method.	Accounting of the consumption tax Same as left

Change in Accounting Method

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
Beginning in the current fiscal year, the Company adopted "Accounting Standards related to Presentation of Net Assets in the Balance Sheet" (Business Accounting Standards No.5, December 9, 2005) and "Application Guidelines for Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Application Guidelines for Business Accounting Standards No.8, December 9, 2005). To date, the total amount in equity section is 42,116,003 thousand yen. Note that the section of the net assets in the non-consolidated balance sheet for the current fiscal year has been prepared in accordance with the amended rule on non-consolidated financial statements.	――――――――
Beginning in the current fiscal year, the Company adopted "Accounting Standard for Directors' Bonus" (Business Accounting Standards No.4, November 29, 2005). Therefore, operating income, ordinary income, and net income before taxes have decreased by 52,300 thousand yen each.	――――――――
――――――――	(Allowance for retirement benefits for directors) Retirement benefits for directors have traditionally been recorded at the time the payment was made. However, as a result of the release of "Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" (the Japanese Institute of Certified Public Accountants ("JICPA") Auditing and Assurance Practice Committee report No. 42) and application of the accounting standard "Accounting for Directors' Bonuses" (Accounting Standards Board of Japan (ASBJ), November 29, 2005), when accounting for directors' bonuses, the amount that must be paid at the end of the fiscal year based on internal rules is recorded as allowance for retirement benefits for directors starting in the current fiscal year. As a result of these changes, operating income and ordinary income declined 16,948 thousand yen, and income before taxes fell 263,019 thousand yen.

Change in Notation Method

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
――――――――	Notes payable related to capital investments, which were listed separately until last fiscal year, are included in "Others" under current liabilities since they accounted for less than 1% of total liabilities and net assets. For the current fiscal year, notes payable related to capital investments totaled 11,494 thousand yen.

Notes

(On the Non-consolidated Balance Sheets)

FY2007
(From April 1, 2006 to March 31, 2007)

*1. Accumulated amount of depreciation of investments in real estates

89,625 thousand yen

*2. Major assets in and liabilities to affiliated companies are as follows. Accounts independently posted on the balance sheets are excluded.

Accounts receivable	33,185 thousand yen
Accounts payable	4,276 thousand yen

*3. Asset provided as collateral

*4. Contingent liabilities

*5. Accounting treatment of bills at year-end maturity

Although the end date of the current fiscal year was a bank holiday, bills at year-end maturity were treated as though these were settled on maturity date.

Bills receivable	104,928 thousand yen
Bills payable	115,836 thousand yen

FY2008
(From April 1, 2007 to March 31, 2008)

*1. Accumulated amount of depreciation of investments in real estates

96,126 thousand yen

*2. Major assets in and liabilities to affiliated companies are as follows. Accounts independently posted on the balance sheets are excluded.

Accounts receivable	19,369 thousand yen
Accounts payable	311 thousand yen

*3. Asset provided as collateral

Securities	126,949 thousand yen
Guarantees	5,113 thousand yen
Corresponding liabilities	76,672 thousand yen

*4. Contingent liabilities

(1) Guarantees for liabilities

The following affiliated companies have received loan guarantees from financial institutions.

Guaranteed Company	Amount	Details
F.P.N.I BELGIUM N.V.	4,350 thousand EUR	Loan liability
Ariake Farm Co., Ltd.	10,000 thousand yen	Loan liability
Total	4,350 thousand EUR 10,000 thousand yen	—

*5.

(On the Non-consolidated Statements of Income)

<table>
<tr><th>FY2007
(From April 1, 2006 to March 31, 2007)</th><th>FY2008
(From April 1, 2007 to March 31, 2008)</th></tr>
<tr><td>*1. Major items accounted in selling, general and administrative expenses are as follows:

Packing and transportation expenses 996,910 thousand yen
Warehousing costs 247,085 thousand yen
Salary, benefits and bonuses 389,663 thousand yen
Depreciation expenses 69,433 thousand yen
Provision of allowance for employee bonuses 49,338 thousand yen
Provision of allowance for directors' bonuses 52,300 thousand yen
Allowance for employee retirement benefits 24,931 thousand yen
Expenses included in selling expenses 40%
Expenses included in general and administrative expenses 60%</td><td>*1. Major items accounted in selling, general and administrative expenses are as follows:

Packing and transportation expenses 1,062,906 thousand yen
Warehousing costs 146,113 thousand yen
Salary, benefits and bonuses 418,330 thousand yen
Depreciation expenses 67,429 thousand yen
Provision of allowance for employee bonuses 41,013 thousand yen
Provision of allowance for directors' bonuses 59,700 thousand yen
Allowance for employee retirement benefits 12,446 thousand yen
Allowance for retirement benefits for directors 16,948 thousand yen
Expenses included in selling expenses 37%
Expenses included in general and administrative expenses 63%</td></tr>
<tr><td>*2. Research and development expenses including general and administrative expenses 305,451 thousand yen</td><td>*2. Research and development expenses including general and administrative expenses 311,451 thousand yen</td></tr>
<tr><td>*3. Losses on disposal of fixed assets are as follows:
Buildings 3,106 thousand yen
Machinery and equipment 33,635 thousand yen
Tools, furniture and fixtures 3,093 thousand yen
Others 734 thousand yen</td><td>*3. Losses on disposal of fixed assets are as follows:
Buildings 3,461 thousand yen
Machinery and equipment 1,610 thousand yen
Automobiles and transportation equipment 260 thousand yen
Tools, furniture and fixtures 1,149 thousand yen</td></tr>
</table>

(On the Non-consolidated Statements of Changes in Shareholders' Equity)

FY2007 (from April 1, 2006 to March 31, 2007)

Items regarding the type and number of shares of treasury stock

(In thousand yen)

	Number of Shares (As of March 31, 2006)	Increased number of Shares (April 1, 2006 to March 31, 2007)	Decreased number of Shares (April 1, 2006 to March 31, 2007)	Number of Shares (As of March 31, 2007)
Common Stock (Note)	29	515	0	545
Total	29	515	0	545

Note: The increase in treasury stocks in common stock for 515 thousand shares consists of 513 thousand shares through the board of directors' resolved acquisition of treasury stock and 1 thousand shares through purchase of fractional stock. The decrease in the number of shares of treasury stock for common shares consists of decreases from such purchases.

FY2008 (from April 1, 2007 to March 31, 2008)

Items regarding the type and number of shares of treasury stock

(In thousand yen)

	Number of Shares (As of March 31, 2007)	Increased number of Shares (April 1, 2007 to March 31, 2008)	Decreased number of Shares (April 1, 2007 to March 31, 2008)	Number of Shares (As of March 31, 2008)
Common Stock (Note)	545	432	0	977
Total	545	432	0	977

Note: The number of common share treasury stock rose 432 thousand shares, which consisted of 431 thousand shares purchased based on a board of directors resolution and 1 thousand shares through purchase of fractional stock. The decrease in the number of shares of treasury stock for common shares consists of decreases from such purchases.

(On the Lease Transactions)

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee	1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee
(1) Amounts equal to purchase price, accumulated depreciation costs and balance at end of term	(1) Amounts equal to purchase price, accumulated depreciation costs and balance at end of term

FY2007 (In thousand yen)

	Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term
Tools, furniture and fixtures	81,773	28,124	53,648
Total	81,773	28,124	53,648

FY2008 (In thousand yen)

	Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term
Tools, furniture and fixtures	76,128	37,636	38,492
Total	76,128	37,636	38,492

(2) Amount equal to balance of unexpired lease charges at end of term

(In thousand yen)

	FY2007	FY2008
Within 1 year	14,970	15,281
More than 1 year	39,682	24,401
Total	54,653	39,682

(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense

(In thousand yen)

	FY2007	FY2008
Lease charges paid	16,352	16,243
Amount equal to depreciation cost	15,253	15,156
Amount equal to interest expense	1,491	1,272

FY2007	FY2008
(4) Calculation of the amount equal to depreciation cost The straight-line method is applied by assuming the lease period as the useful life, and setting the residual value to 0.	(4) Calculation of the amount equal to depreciation cost Same as left
(5) Calculation of the amount equal to interest expense The difference between the total of lease charges and the amount equal to the purchase price is regarded as the amount equal to interest expense, and the interest method is applied to allocation to each term.	(5) Calculation of the amount equal to interest expense Same as left
2. Operating lease transaction Prepaid lease transaction	2. Operating lease transaction Prepaid lease transaction

(In thousand yen)

	FY2007	FY2008
Within 1 year	5,312	5,136
More than 1 year	20,009	14,211
Total	25,321	19,348

FY2007	FY2008
(Asset impairment losses) There are no asset impairment losses attributed to leased assets.	(Asset impairment losses) Same as left

(On the Securities)

In previous fiscal year (April 1, 2006 to March 31, 2007) and current fiscal year (April 1, 2007 to March 31, 2008), there are no shares of subsidiaries and affiliated companies with market value.

(On the Matters Related to Deferred Tax Accounting)

(In thousand yen)

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
1. Breakdown of deferred tax assets and liabilities Deferred tax assets Disapproval of accrued enterprise tax 68,195 thousand yen Excess over allowance for employee bonuses 63,790 thousand yen Excess over allowance for employee retirement benefits 240,927 thousand yen Asset impairment losses 18,005 thousand yen Disapproval of loss on revaluation of golf-club memberships 8,815 thousand yen Others 7,285 thousand yen Total deferred tax assets 407,020 thousand yen Deferred tax liabilities Special depreciation reserve (47,268 thousand yen) Unrealized gains on other securities (144,175 thousand yen) Deferred gains on hedges (185,311 thousand yen) Total deferred tax liabilities (376,755 thousand yen) Net deferred tax assets 30,265 thousand yen	1. Breakdown of deferred tax assets and liabilities Deferred tax assets Disapproval of accrued enterprise tax 51,230 thousand yen Excess over allowance for employee bonuses 54,030 thousand yen Excess over allowance for employee retirement benefits 240,539 thousand yen Allowance for retirement benefits for directors 104,681 thousand yen Asset impairment losses 25,982 thousand yen Disapproval of loss on revaluation of golf-club memberships 8,815 thousand yen Unrealized gains on other securities 6,101 thousand yen Deferred gains on hedges 148,218 thousand yen Others 6,190 thousand yen Total deferred tax assets 645,791 thousand yen Deferred tax liabilities Special depreciation reserve (65,432 thousand yen) Total deferred tax liabilities (65,432 thousand yen) Net deferred tax assets 580,358 thousand yen
2. The breakdown of main items which caused the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting Notes is omitted, as the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting is smaller than five hundredth of legal effective tax rate.	2. The breakdown of main items which caused the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting Same as left

(Per Share Data)

(In yen)

FY2007 (From April 1, 2006 to March 31, 2007)		FY2008 (From April 1, 2007 to March 31, 2008)	
Net assets per share	1,314.07	Net assets per share	1,323.64
Net income per share	88.19	Net income per share	68.19
Due to absence of residual shares with dilution effects, there is no indication of the net income after residual share adjustment.		Due to absence of residual shares with dilution effects, there is no indication of the net income after residual share adjustment.	
(Additional information) Following revisions to “Implementation Guidance, and Practical Solution for Earnings Per Share” (ASBJ Guidance No. 4) dated January 31, 2006, the amount of the deferred hedge gain (loss) (after tax effect accounting adjustments) is included in common stock under net assets at the end of the fiscal year starting the current fiscal year. Using the method employed for the previous fiscal year, the net assets per share at the end of the current fiscal year was 1,305.38 yen.			

Note: Bases for calculation of net income per share are as follows:

(Bases for Calculation of Net Income per Share)

(In thousand yen)

	FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
Net income	2,872,544	2,205,799
Amount not attributed to common shareholders	—	—
(Bonuses to directors and auditors as appropriation of surplus included)	—	—
Net income related to common stocks	2,872,544	2,205,799
Average number of shares outstanding during the fiscal years (thousand shares)	32,572	32,112
Outlines of the residual shares not taken into calculation of net income per share after residual shares due to absence of dilution effects	―――	―――

(Important Subsequent Events)

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
(Decision on items regarding the acquisition of treasury stock) The Company passed a resolution regarding the acquisition of treasury stock and the detailed methodology of acquisition at the board of directors on May 16, 2007, based on the provision of Article 156 of the Corporation Law, and applied in accordance with the provision of Paragraph 3, Article 165 of the law, and acquired treasury stock as follows. 1. Reason for acquiring treasury stock Acquire treasury stock to make it possible to implement mobile capital in response to changes in the corporate climate and to pass on more profits to shareholders. 2. Details of acquisition (1) Type of stock acquired Common stock (2) Total number of shares acquired 2,000,000 shares (cap) (3) Timing of acquisition From May 17, 2007 to April 30, 2008 (4) Total amount of acquisition cost for stock 6 billion yen (cap) 3. Description of Acquisition of Treasury Stock (as of May 31, 2007) Total number of acquired shares 50,200 shares Total acquisition costs 103,050 thousand yen	

FY2007 (From April 1, 2006 to March 31, 2007)	FY2008 (From April 1, 2007 to March 31, 2008)
(Issuance of new share warrants) The Company resolved to issue new share warrants as stock options representing stock compensation, and to authorize the board of directors to decide upon details of the offering based on the provisions of Article 236, Article 238 and Article 239 of the Corporation Law, at the 29th annual meeting of shareholders held on June 15, 2007 as follows: Therefore, actual issuance of such new share warrants shall be subject to a resolution for new share warrant issuance of the subsequent board of directors of the Company and such resolution of the board of directors of the Company has not been passed as of the submission date of this securities report. In addition, such new share warrants shall be expensed over target service periods as "Stock compensation expenses" based on "Accounting Standards concerning Stock Options" (Corporate Accounting Standards No. 8) and "Accounting Standards Guideline concerning Stock Options" (Corporate Accounting Standards Guideline No. 11). 1. Parties allocated the stock acquisition rights the Company's employee 2. Type and number of shares new share warrants are for Up to 100,000 shares of common stocks of the Company 3. Total number of new share warrant issued Up to 1,000 rights 4. Issuance price of new share warrant No consideration 5. Price of assets contributed upon execution of new share warrant 1 yen per share 6. Period for which new share warrant can be executed April 1, 2013 to March 31, 2016 7. Exercise Conditions for New Share Warrant (1) The party allocated the stock acquisition right (referred to below as the rights holder) must be an employee of the Company when the rights are exercised. However, if there are justifiable reasons and the board of directors' approval is received, this condition may be waived. (2) Transfer, pawn or other disposition and inheritance of new share warrants shall not be permitted. (3) Other conditions are subject to the provisions of the new share warrant allotment contract to be concluded by and between the Company and the new share warrant holder based on this annual meeting of shareholders and the subsequent resolutions of the board of directors. 8. Causes and conditions of acquisition (1) When a proposal for permission for a merger agreement in which the Company shall become a defunct company is resolved at a meeting of shareholders, or when the proposal for permission for a share exchange agreement or an equity transfer agreement in which the Company shall be a wholly owned subsidiary is resolved at the meeting of shareholders, the Company can acquire all of the said new share warrants owned by the new share warrant holders, without consideration. (2) When the new share warrant holder cannot exercise the new share warrant due to a failure to satisfy conditions provided in exercise conditions for new share warrants before exercising the new share warrant or when the new share warrant holder renounces all or part of the new share warrants, the Company can acquire such new share warrants without consideration. (3) The Company can retire the new share warrants that the Company acquired and owns, without consideration at any time. 9. Restriction on transfer of new share warrants New share warrants shall not be transferred. 10. Matters regarding increased capital stock and capital surplus in the case of issuance of shares by the exercise of new share warrants (1) Amount of capital stock Based on Paragraph 1, Article 40 of Accounting Regulations, the amount is 1/2 of the calculated limit on increase in common stock (fractional yen portion is dropped). (2) Amount of capital surplus Increased capital amount mentioned in (1), less (1)	

6. Others

(1) Changes in directors

There is nothing to report.

(2) Others

There is nothing to report.