

Consolidated Financial Results for the First Quarter of FY2009

August 8, 2008

Listed company name: Ariake Japan Co., Ltd.

Code no.: 2815 URL: <http://www.ariakejapan.com>

Listing exchanges: Tokyo, 1st Section

Representative: Tomoki Tagawa, President (COO)

Contact: Akio Miyakawa, Manager of the Management Coordination Department

TEL: 03-3791-3301

Scheduled date of quarterly securities report submission: August 8, 2008

(Amounts under one million yen are rounded down.)

1. Consolidated Results for the First Quarter of FY2009 (April 1, 2008 - June 30, 2008)

(1) Business Results (Cumulative)

(% of changes of the first quarter of FY2009 from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter of FY2009	5,072	—	801	—	613	—	285	—
First Quarter of FY2008	5,320	4.2	962	(28.3)	990	(27.7)	628	(26.8)

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
First Quarter of FY2009	8.97		—	
First Quarter of FY2008	19.53		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
First Quarter of FY2009	50,453		42,586		83.9		1,330.04	
FY2008	51,416		43,251		84.1		1,349.94	

(Reference) Equity capital: First quarter of FY2009: ¥42,336 million; FY2008: ¥42,969 million

2. Dividends

(Record date)	Dividends per Share				
	First quarter	Second quarter	Third quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2007	—	15.00	—	15.00	30.00
FY2008	—	—	—	—	—
FY2009 (Projection)	—	20.00	—	20.00	40.00

(Note) Adjustment for the projected dividend in the current quarter: Yes

3. Forecast of the Consolidated Financial Results for FY 2009 (April 1, 2008 - March 31, 2009)

(% of changes from the same period of the previous 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
Half Year	11,423	—	1,738	—	1,619	—	742	—	23.31
Full Year	24,243	5.6	4,100	0.6	4,182	19.7	2,100	13.5	65.97

(Note) Adjustment for the projected consolidated financial results in the current quarter: None

4. Others

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of simplified accounting methods/specified accounting methods for preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to "4. Others" of "Qualitative Information on Financial Statements" on Page 3.

(3) Changes in accounting principles/procedures and indications associated with preparation of quarterly consolidated financial statements (as indicated in Changes in the Basis for the Preparation of Quarterly Consolidated Financial Statements)

1. Any change associated with revisions of accounting standards or the like: Yes

2. Any change other than those included in 1: Yes

(Note) For details, please refer to "4. Others" of "Qualitative Information on Financial Statements" on Page 3.

(4) Number of shares outstanding (common stock)

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

1Q of FY09 32,808,683 shares; FY08 32,808,683 shares

2. Number of treasury stock at fiscal year end: 1Q of FY09 978,112 shares; FY08 977,950 shares

3. Average number of shares (quarterly consolidated cumulative period): 1Q of FY09 31,830,594 shares; 1Q of FY08 32,161,481 shares

* Explanation regarding the appropriate use of projected financial results and other special instructions

1. Descriptions regarding the future, including the financial outlook contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable, and actual business results may significantly vary due to various factors. For assumptions used in projecting financial results and instructions to use projected financial results, please see Section 3, "Qualitative Information on Projected Consolidated Financial Results in Qualitative Information / Financial Statements" on Page 2.

2. "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) are applied from the current consolidated fiscal year. In addition, the Company prepared quarterly consolidated financial statements in accordance with the "Regulations on Quarterly Consolidated Financial Statements."

[Qualitative Information / Financial Statements]

1. Qualitative Information on Consolidated Operating Results

In the Japanese economy in this current first quarter (April 1, 2008 ~ June 30, 2008) not only did the price of energy and raw materials increase, but there were also increased concerns over the slowing economy and sluggish consumer spending within the continued turmoil in global financial markets triggered by the subprime problem in the United States.

In the food products industry there was, due to the impact of the above, an across the board increase in the cost of raw materials and equipment. Additionally, there were also a rash of incidents relating to “food safety and security” and a further increase in consumer distrust in food products resulting in acceleration in the downturn in consumption. Furthermore, competition within the industry stiffened and the company has been placed in an extremely difficult business environment.

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

Concretely, we started manufacturing at a plant in Europe in June and we commenced marketing overseas and in Japan based on the mass production of a distinctive new product. This new product has numerous uses both overseas and in Japan and the company is taking measures which should stimulate declining demand particularly in Japan.

As a result of all of these efforts, the Group and Company were able to record the following earnings for the first quarter (April 1, 2008 - June 30, 2008).

Firstly, although the company (Ariake Japan, Co., Ltd.) worked hard to expand sales in a very difficult environment, the dramatic decline in consumption due to price increases in various commodities accompanying the rapid increase in the cost of oil and the impact of the decline principally in the home meal replacement and instant noodle sectors caused by the intense marketing battle in the food products industry resulted in sales of ¥4,481 million, a 3.1% year-on-year decline.

On the other hand, in addition to Ariake Japan Co. Ltd.’s decline in sales, there was also a temporary decline in the sales of foreign subsidiaries. As a result, consolidated net sales were ¥5,072 million, a 4.7% year-on-year decline.

Ordinary income was ¥786 million yen, a year-on-year decline of ¥187 million (a decline of 19.2%), caused by the impact of such factors as increased (an approximate increase of ¥146 million) raw material expenses, etc., in addition to the decline in profits caused by the reduction in sales.

Due to the increase in expenses (an approximate ¥168 million yen) pre-operational expenses at two European plants in addition to the decline in profits of this Company, consolidated ordinary income was ¥613 million, a year-on-year decline of ¥376 million (a decline of 38.0%).

Net income for the Company in the current quarter amounted to ¥459 million and consolidated net income amounted to ¥285 million.

2. Qualitative Information on Financial Position

The financial condition of this first quarter saw a trend towards an increase in capital accompanying a stable increase in earnings due to the end of a round of a major investment in plant and equipment.

As a result of reduction in fixed assets, etc. accompanying the advance of depreciation, total assets stood at ¥50,453 million, a decline of ¥963 million compared to the previous consolidated accounting period.

Due to a reduction in trade notes and accounts payable, liabilities were ¥7,866 million, a decline of ¥297 million compared to the previous consolidated accounting period.

Net assets, principally as a result of the payment of dividends, stood at ¥42,586 million, a decline of ¥665 million compared to the previous consolidated accounting period.

As for cash flows from operating activities, there was net inflow of ¥563 million, which was predominately because of profits from a healthy business operation.

Regarding cash flows from investing activities, there was a net outflow of ¥352 million, and this was chiefly the result of an increase in fixed assets accompanying capital investments.

For cash flows from financing activities, there was a net outflow of ¥323 million due substantially to payment of cash dividends.

As a result, the closing balance of cash and cash equivalents for the first quarter was ¥11,477 million.

3. Qualitative Information on Projected Consolidated Financial Results

There have been no changes in the Company’s forecasts for the full fiscal year announced on May 16, 2008.

4. Others

- (1) Changes in significant subsidiaries (changes of specified subsidiaries affecting the scope of consolidation) during the current term.

There is no related information.

- (2) Application of simplified accounting methods/specified accounting methods for preparation of quarterly consolidated financial statements

1. Calculation method of the depreciation expenses for fixed assets

With respect to assets for which the declining balance method has been adopted, the method of calculation is based on a proportional division over the term of the depreciation expenses relating to the consolidated accounting period.

2. Inventory valuation method

With respect to the calculation of inventory levels at the end of the first quarter of the consolidated accounting period, physical inventory is omitted and the method of calculation is based on a rational method on the foundation of levels of physical inventory at the end of the preceding consolidated accounting period.

Additionally, with respect to the depreciation of the book value of inventory assets, an estimate is made of the net sales price only of those goods which have clearly lost profitability and the method is based on undertaking a depreciation of book value.

3. Calculation of tax expenses

With respect to tax expenses, the effective tax rate after the application of tax effect accounting on current term pre-tax net profits of the consolidated accounting term, including the current first quarter consolidated accounting period were rationally estimated and tax expenses were calculated multiplying current term pre-tax net profits by said estimated effective tax rate.

- (3) Changes in accounting principles/procedures and indications associated with preparation of quarterly consolidated financial statements

1. "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) are applied from the current consolidated fiscal year. In addition, the Company prepared quarterly consolidated financial statements in accordance with the "Regulations on Quarterly Consolidated Financial Statements."

2. Changes in the valuation standards and valuation method of important assets

Inventory assets

In the past the valuation of inventory assets held for the purpose of normal sales was based on the cost method, principally pursuant to the specific identification method, but from this first quarter consolidated accounting period the calculation will, accompanying the application of "Accounting Standards relating to the Valuation of Inventory Assets" (Company Accounting Standards No. 9, July 5, 2006), be based on the cost method, principally pursuant to the specific identification method (with respect to the balance sheet amount, a method of depreciating book value based on a decline in profitability).

Note that this has no impact on the financial statements.

3. Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006) is applied from the current first quarter consolidated accounting period to make modifications required for consolidated accounting.

Note that this has no impact on the financial statements.

4. Method of important hedge accounting

With respect to trading in forward foreign exchange contracts pertaining to foreign currency denominated claims and obligations meeting the requirements of hedge accounting, in the past deferred hedge processing was employed with respect to forward foreign exchange contracts pertaining to forecasted transactions and designated processing with respect to forward foreign exchange contracts meeting the requirements of designated processing. However, on the basis of a investigation into financial management systems, this has been changed from this first quarter consolidated accounting period to fundamental processing pursuant to the "Accounting Standards relating to Financial Products" in order to more properly reflect the current state of derivative transactions and foreign currency denominated claims and obligations in the consolidated financial statements.

Note that this application has just a minor impact on the financial statements.

(Additional information)

Change in the useful life of tangible fixed assets

With respect to the company's machinery and equipment, in the past the useful life was set at 9 years, but from this first quarter consolidated accounting period this has been set at 10 years. This change is pursuant to a partial revision of the "Ministerial Ordinance Concerning the Useful Life, Etc. of Depreciated Assets."

Note that this application has just a minor impact on the financial statements.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Thousands of yen)	
	As of the end of the current first quarter consolidated accounting period (June 30, 2008)	Summarized consolidated balance sheets as of the end of the prior consolidated fiscal year (March 31, 2008)
Assets		
Current assets		
Cash and time deposits	11,477,746	11,620,276
Notes and accounts receivable	4,239,206	4,637,999
Securities provided as collateral	*3 30,280	*3 126,949
Merchandise	102,251	79,424
Finished goods	1,779,866	1,560,219
Raw materials	1,179,998	1,031,260
Work in progress	428,617	485,944
Deferred tax assets	110,506	98,019
Consumption taxes receivable	342,645	342,645
Others	*3 682,967	*3 540,773
Allowance for doubtful accounts	(6,893)	(8,232)
Total current assets	20,367,193	20,515,281
Fixed assets		
Tangible fixed assets		
(1) Buildings and structures	19,289,456	18,765,575
Accumulated depreciation	(6,147,273)	(6,043,107)
Buildings and structures (net)	13,142,183	12,722,468
(2) Machines, devices, and delivery equipment	19,720,973	20,019,801
Accumulated depreciation	(12,053,274)	(12,050,484)
Machines, devices, and delivery equipment (net)	7,667,699	7,969,317
Land	4,557,647	4,577,379
Construction in progress	1,088,827	1,767,172
Others	854,654	892,950
Accumulated depreciation	(712,110)	(710,690)
Others (net)	142,543	182,259
Total tangible fixed assets	26,598,901	27,218,597
Intangible fixed assets	108,638	116,936
Investments and other assets		
Investment securities	*1 1,857,308	*1 1,765,954
Long-term loans receivable	98,881	97,222
Investments in real estate	*2 562,088	*2 563,656
Deferred tax assets	212,068	487,612
Others	648,342	651,442
Allowance for doubtful accounts	(235)	(272)
Total investments and other assets	3,378,455	3,565,618
Total fixed assets	30,085,995	30,901,151
Total assets	50,453,189	51,416,433

(Thousands of yen)

	As of the end of the current first quarter consolidated accounting period (June 30, 2008)	Summarized consolidated balance sheets as of the end of the prior consolidated fiscal year (March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable	1,880,600	1,924,413
Short-term loans payable	2,772,191	2,693,236
Income taxes payable	361,900	667,008
Allowance for employee bonuses	45,857	143,697
Allowance for directors' bonuses	-	59,700
Others	*3 1,461,956	*3 1,018,342
Total current liabilities	6,522,506	6,506,398
Fixed liabilities		
Allowance for employee retirement benefits	596,680	604,370
Allowance for retirement benefits for directors	267,256	263,019
Deferred tax liabilities	-	98,796
Others	480,409	691,931
Total fixed liabilities	1,344,346	1,658,118
Total liabilities	7,866,852	8,164,516
Net assets		
Shareholders' equity		
Common stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	29,174,565	29,366,388
Treasury stock	(2,056,111)	(2,055,864)
Total shareholders' equity	42,047,419	42,239,489
Unrealized gains and adjustments		
Unrealized gains on other securities	25,761	(9,228)
Deferred gain (loss) on hedges	-	(224,189)
Adjustment account for foreign currency exchange	262,902	963,503
Total unrealized gains and adjustments	288,664	730,085
Minority interests	250,251	282,342
Total net assets	42,586,336	43,251,917
Total liabilities and net assets	50,453,189	51,416,433

(2) Quarterly Consolidated Statements of Income

[First Quarter Consolidated Cumulative Period]

	(Thousands of yen)	
	Current first quarter consolidated cumulative period (April 1, 2008 – June 30, 2008)	
Net sales		5,072,105
Cost of sales		3,306,403
Gross profit		1,765,702
Selling, general and administrative expenses	*1, *2	963,848
Operating income		801,853
Non-operating income		
Interest income		9,978
Dividends income		26,066
House-rent received		6,989
Gain on foreign exchange		20,231
Gain on sales of securities		17,924
Others		47,684
Total non-operating income		128,874
Non-operating expenses		
Interest paid		29,556
Loss on derivatives		31,375
Expenses for new overseas businesses		233,549
Others		22,363
Total non-operating expenses		316,843
Ordinary income		613,884
Extraordinary income		
Gain on sale of fixed assets	*3	1,784
Total extraordinary income		1,784
Income before income taxes		615,669
Income, inhabitant and business taxes		332,853
Minority interests		(2,821)
Net income		285,637

(3) Quarterly Consolidated Cash Flows

	(Thousands of yen)
	Current first quarter consolidated cumulative period (April 1, 2008 – June 30, 2008)
Cash flows from operating activities	
Income before income taxes	615,669
Depreciation and amortization	485,053
Amortization for goodwill	4,915
Decrease in allowance for doubtful accounts	(1,375)
Decrease in allowance for employee retirement benefits	(7,690)
Increase in allowance for retirement benefits for directors	4,237
Decrease in allowance for employee bonuses	(97,839)
Decrease in allowance for directors' bonuses	(59,700)
Interest and dividends received	(36,044)
Interest paid	29,556
Gain on foreign exchange	(12,605)
Gain on sale of securities	(17,924)
Loss on write-down of securities	2,579
Decrease in accounts receivable	356,256
Increase in inventories	(396,468)
Decrease in accounts payable	(23,054)
Others	322,394
Subtotal	<u>1,167,958</u>
Interest and dividend income received	36,044
Interest expenses paid	(29,556)
Income tax and other taxes paid	(611,074)
Cash flows provided by operating activities	<u>563,372</u>
Cash flows from investing activities	
Payments for acquisition of securities	(300,620)
Proceeds from sale of securities	296,861
Payments for purchase of tangible fixed assets	(347,527)
Proceeds from sale of tangible fixed assets	1,934
Payment for loans receivable	(3,301)
Proceeds from collection of loans receivable	1,554
Others	(1,092)
Cash flows used in investing activities	<u>(352,190)</u>
Cash flows from financing activities	
Net increase in short-term loans payable	120,574
Payments for acquisition of treasury stock	(246)
Dividends paid	(444,017)
Cash flows used in financing activities	<u>(323,689)</u>
Exchange difference of cash and cash equivalents	(30,022)
Decrease in cash and cash equivalents	<u>(142,530)</u>
Cash and cash equivalents at beginning of term	<u>11,620,276</u>
Cash and cash equivalents at end of term	<u>*1 11,477,746</u>

“Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) are applied from the current consolidated fiscal year. In addition, the Company prepared quarterly consolidated financial statements in accordance with the “Regulations on Quarterly Consolidated Financial Statements.”

(4) Notes on the going concern assumption

There is no related information.

(5) Information by Segment

a. Information by business segment

First quarter of FY2009 (April 1, 2008 – June 30, 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

First quarter of FY2009 (April 1, 2008 – June 30, 2008)

(Thousands of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Net sales					
(1) External sales	4,576,589	495,516	5,072,105	-	5,072,105
(2) Internal sales to other segments or transfers	6,621	254,054	260,675	(260,675)	-
Total	4,583,210	749,570	5,332,781	(260,675)	5,072,105
Operating income	780,295	(27,204)	753,091	48,762	801,853

(Notes) 1. Country and regional categories are based on similarities in economic activity.
2. Main countries and regions outside of Japan
Other regions: The U.S., People's Republic of China, Taiwan, France and Belgium,

c. Overseas sales

First quarter of FY2009 (April 1, 2008 – June 30, 2008)

(Thousands of yen)

	North America	Asia	Total
I. Overseas net sales	157,711	359,548	517,260
II. Consolidated net sales	-	-	5,072,105
III. Overseas sales /Total consolidated net sales (%)	3.1	7.1	10.2

(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.

(6) Notes on significant changes in the amount of shareholders' equity

There is no related information.

[Reference]

1. Financial statements for the prior first quarter

(Summary) Quarterly Consolidated Statements of Income

Prior First Quarter Consolidated Cumulative Period (April 1, 2007 – June 30, 2007)

(Thousands of yen)

Account	Prior First Quarter (1Q of FY ended March 2008)
	Amount
I. Net sales	5,320,082
II. Cost of sales	3,375,475
Gross profit on sales	1,944,606
III. Selling, general and administrative expenses	982,324
Operating income	962,282
IV. Non-operating income	114,504
Interest and dividends received	35,473
V. Non-operating expenses	86,093
Interest paid and discounts	10,565
Ordinary income	990,692
. Extraordinary income	-
. Extraordinary losses	892
Income before income taxes	989,800
Income, inhabitant and business taxes	356,403
Minority interests	(5,216)
Net income	628,179

(2) (Summary) Quarterly Consolidated Cash Flows

(Thousands of yen)

	Prior first quarter (1Q of FY ended March 2008)
	Amount
I. Cash flows from operating activities	
Income before income taxes	989,800
Depreciation and amortization	491,527
Interest and dividends received	(35,473)
Interest paid	10,565
Decrease in accounts receivable-trade	74,402
Increase in inventories	(297,603)
Increase in accounts payable	78,498
Others	17,946
Subtotal	1,329,663
Interest and dividend income received	35,473
Interest expenses paid	(10,565)
Income tax and other taxes paid	(810,122)
Cash flows provided by operating activities	544,449
II. Cash flows from investing activities	
Payments for purchase of tangible fixed assets	(1,617,405)
Payments for acquisition of investment securities	(1,579)
Proceeds from collection of loans receivable	1,476
Others	(7,757)
Cash flows used in investing activities	(1,625,266)
III. Cash flows from financing activities	
Net increase in short-term loans payable	1,651,042
Payments for acquisition of treasury stock	(251,526)
Dividends paid	(450,317)
Cash flows used in financing activities	949,199
IV. Exchange difference of cash and cash equivalents	(558)
V. Decrease in cash and cash equivalents	(132,176)
VI. Cash and cash equivalents at beginning of term	12,928,393
VII. Cash and cash equivalents at end of term	12,796,217

(3) Information by Segment

a. Information by business segment

First quarter of FY2008 (April 1, 2007 – June 30, 2007)

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

First quarter of FY2008 (April 1, 2007 – June 30, 2007)

(Thousands of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Net sales					
(1) External sales	4,736,771	583,311	5,320,082	—	5,320,082
(2) Internal sales to other segments or transfers	14,351	303,190	317,542	(317,542)	—
Total	4,751,123	886,501	5,637,624	(317,542)	5,320,082
Operating expenses	3,912,097	816,767	4,728,865	(371,064)	4,357,800
Operating income	839,025	69,733	908,759	53,522	962,282

- (Notes)
- Country and regional categories are based on similarities in economic activity.
 - Main countries and regions outside of Japan
Other regions: The U.S., People's Republic of China, Taiwan, France and Belgium