

Consolidated Financial Results for the First Quarter of FY2010

August 7, 2009

Listed company name: Ariake Japan Co., Ltd.
 Code number: 2815 URL: <http://www.ariakejapan.com> Listing exchange: Tokyo, 1st Section
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 Date to submit the quarterly securities report: August 7, 2009
 Date to start dividends distribution: -

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the First Quarter of FY2010 (April 1, 2009 – June 30, 2009)

(1) Consolidated Business Results (cumulative)

(Percentage figures represent changes compared with the same period in 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 FY2010	5,008	(1.3)	574	(28.3)	713	16.2	305	7.1
First Quarter of FY2009	5,072	-	801	-	613	-	285	-

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
First Quarter of FY2010	9.61		-	
First Quarter of FY2009	8.97		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
First Quarter of FY2010	49,864		41,580		82.9		1,298.44	
FY2009	49,247		41,308		83.4		1,290.55	

(Reference) Equity capital: First Quarter of FY2010: ¥41,328 million; FY2009: ¥41,077 million

2. Dividends

(Record date)	Dividends per share				
	First quarter	First half	Third quarter	Year-end	Annual
	Yen				
FY2009	-	20.00	-	20.00	40.00
FY2010	-	-	-	-	-
FY2010 (Forecast)	-	20.00	-	20.00	40.00

(Note) Adjustment for the forecast of dividends in the current quarter: None

3. Forecast of the Consolidated Financial Results for the Year Ending March 31, 2010 (April 1, 2009 - March 31, 2010)

(Full year percentage figures indicate the rates of changes from the previous fiscal year, and first half figures indicate the rates 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	11,534	7.6	1,355	6.7	1,338	126.4	611	387.5	19.20
Full Year	26,089	20.0	3,578	23.8	3,522	92.4	1,861	135.8	58.47

(Note) The Company has not made revision to the above forecast in the current quarter.

4. Other Information

(1) Significant Changes in Subsidiaries during the Period (changes in specific subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of Simplified Accounting Methods and Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements: Yes

For details, please refer to “4. Others” of “Qualitative Information / Financial Statements” on Page 4.

(3) Changes in Accounting Principles, Procedures and the Display Method of Presentation Associated with Preparation of Quarterly Consolidated Financial Statements (matters to be included in the section, “Changes in the Basis for the Preparation of Quarterly Consolidated Financial Statements”)

1. Changes associated with revisions of accounting standards, etc.: None

2. Change other than those included in 1: None

(4) Number of Shares Outstanding (common stock)

1. Number of shares outstanding at period-end (including treasury stock): Q1 of FY10 32,808,683 shares; FY09 32,808,683 shares

2. Number of treasury stock at period-end: Q1 of FY10 979,401 shares; FY09 979,122 shares

3. Average number of shares (quarterly consolidated cumulative period): Q1 of FY10 31,829,332 shares; Q1 of FY09 31,830,594 shares

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

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.

[Qualitative Information / Financial Statements]

1. Qualitative Information on Consolidated Operating Results

In the Japanese economy during the first quarter of the current fiscal year (April 1, 2009 - June 30, 2009), many companies have cut their capital investments and showed weak earnings as the impact of the worldwide recession lingers which started since last year.

The food industry also faced a tough business environment marked by a weak consumer appetite, which was as a result of an increased awareness to save money and cut living costs amidst concerns about the above condition.

Under these circumstances, as a leading manufacturer in the field of natural seasonings, the Ariake Group strives to improve its profitability by enhancing the existing businesses while actively exploring new business fields. In addition, the Group takes effective quality control measures to achieve the highest standards of “food safety” and “high quality.”

Concretely, we have started operation last year at the plants via two subsidiaries in Belgium and France, aiming for expanding our sales market in Europe through products manufactured based on our technology and experience accumulated over the past years. At the same time, we proactively seek for new business opportunities by providing our customers in Japan with high quality products using inexpensive ingredients produced in Europe.

As a result of these efforts, the Group and the Company were able to record the following earnings for the first quarter of the current fiscal year.

Firstly, net sales of the Company (Ariake Japan Co., Ltd.) was slightly decreased compared to the previous consolidated accounting period to ¥4,456 million due to weak consumption, despite its efforts to expand sales through innovative strategies that anticipate customers’ current and future needs.

Consolidated net sales also decreased by 1.3% year-on-year to ¥5,008 million, due to a 10% decline year-on-year in sales from overseas subsidiaries.

Meanwhile, ordinary income increased by ¥157 million (+20%) year-on-year to ¥943 million, thanks to stabilized energy costs as well as an increase in net unrealized gain on derivatives, which are for the purpose of hedging exchange rate risks on import, to ¥63 million compared with an unrealized loss of ¥31 million in the previous accounting period.

Consolidated ordinary income increased by ¥99 million (+16.2%) year-on-year to ¥713 million, mainly due to an increase from the Company’s income.

Net income of the Company for the first quarter increased ¥78 million year-on-year to ¥538 million. Furthermore, consolidated net income for the first quarter increased ¥20 million to ¥305 million.

2. Qualitative Information on Financial Position

Total assets for the first quarter of the current fiscal year reached ¥49,864 million, an increase of ¥617 million from the end of the previous fiscal year, buoyed by some positive factors such as an increase in tangible fixed assets.

Due to an increase in trade notes and accounts payable, liabilities were ¥8,284 million, an increase of ¥344 million compared to the previous consolidated accounting period.

Net assets, principally as a result of shrank in unrealized losses and adjustments stood at ¥41,580 million, an increase of ¥272 million compared to the previous consolidated accounting period.

As for cash flows from operating activities, there was net inflow of ¥908 million, an increase of ¥345 million compared to the previous consolidated accounting period, which was predominately because of decrease in income taxes paid and decrease in trade payables.

Cash flows from investing activities reached ¥775 million, an increase of ¥423 million compared to the previous consolidated accounting period, mainly because of capital investments.

For cash flows from financing activities, there was a net outflow of ¥561 million, an increase of ¥238 million compared to the previous consolidated accounting period, due substantially to payment of cash dividends.

As a result, the closing balance of cash and cash equivalents for the first quarter was ¥7,789 million, decreased ¥420 million from the same period of previous year.

3. Qualitative Information on Forecast of the Consolidated Financial Results

There have been no changes in the Company’s forecasts for the full fiscal year announced on May 14, 2009.

4. Others

(1) Significant Changes in Subsidiaries during the Period (changes in specific subsidiaries resulting in changes in the scope of consolidation)

There is no related information.

(2) Application of Simplified Accounting Methods and 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 assets valuation method

With respect to the calculation of inventory levels at the end of the first three quarters 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 period, including the current third 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.

Adjustments for income and other taxes are included in income taxes.

(3) Changes in Accounting Principles, Procedures and the Display Method of Presentation Associated with Preparation of Quarterly Consolidated Financial Statements

There is no related information.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	First Quarter of FY 2010 (As of June 30, 2009)	FY 2009 (As of March 31, 2009)
Assets		
Current assets		
Cash and time deposits	11,789,064	12,209,823
Notes and accounts receivable	4,208,563	4,551,662
Securities	–	87,470
Merchandise and finished goods	1,621,090	1,439,447
Work in process	501,009	442,564
Raw materials and supplies	1,916,849	1,889,528
Deferred tax assets	105,499	105,499
Others	382,899	169,686
Allowance for doubtful accounts	(10,586)	(10,022)
Total current assets	20,514,389	20,885,660
Fixed assets		
Tangible fixed assets		
Buildings and structures	18,913,735	17,695,650
Accumulated depreciation	(6,831,847)	(6,569,131)
Buildings and structures (net)	12,081,888	11,126,518
Machines, devices, and delivery equipment	19,874,063	19,373,308
Accumulated depreciation	(13,115,902)	(12,762,939)
Machines, devices, and delivery equipment (net)	6,758,161	6,610,368
Land	4,507,563	4,499,335
Construction in progress	1,468,260	2,365,977
Others	830,054	806,823
Accumulated depreciation	(707,890)	(693,056)
Others (net)	122,163	113,767
Total tangible fixed assets	24,938,037	24,715,967
Intangible fixed assets	83,841	88,427
Investments and other assets		
Investment securities	2,665,388	2,035,486
Long-term loans receivable	437,567	90,009
Investments in real estates	555,869	557,386
Deferred tax assets	90,686	291,678
Others	579,230	583,382
Allowance for doubtful accounts	(265)	(265)
Total investments and other assets	4,328,477	3,557,678
Total fixed assets	29,350,356	28,362,072
Total assets	49,864,745	49,247,733

(Thousands of yen)

	First Quarter of FY 2010 (As of June 30, 2009)	FY 2009 (As of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable	1,918,463	1,799,221
Short-term loans payable	2,646,876	2,447,666
Income taxes payable	432,113	231,125
Allowance for employee bonuses	48,529	146,800
Allowance for directors' bonuses	—	59,700
Others	1,928,190	1,916,545
Total current liabilities	6,974,173	6,601,059
Fixed liabilities		
Allowance for employee retirement benefits	572,560	584,751
Allowance for directors' retirement benefits	269,522	280,355
Deferred tax liabilities	98,796	98,796
Others	369,299	374,535
Total fixed liabilities	1,310,179	1,338,438
Total liabilities	8,284,352	7,939,498
Net assets		
Shareholders' equity		
Common stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	28,710,980	29,041,642
Treasury stock	(2,058,105)	(2,057,727)
Total shareholders' equity	41,581,840	41,912,879
Unrealized gains and adjustments		
Unrealized gains (losses) on other securities	374,350	70,337
Adjustment account for foreign currency exchange	(627,624)	(905,512)
Total unrealized gains (losses) and adjustments	(253,274)	(835,175)
Minority interests	251,828	230,531
Total net assets	41,580,393	41,308,234
Total liabilities and net assets	49,864,745	49,247,733

(2) Quarterly Consolidated Statements of Income
(First Quarter Cumulative Consolidated Accounting Period)

(Thousands of yen)

	First Quarter of FY2009 (April 1, 2008 to June 30, 2008)	First Quarter of FY2010 (April 1, 2009 to June 30, 2009)
Net sales	5,072,105	5,008,636
Cost of sales	3,306,403	3,442,664
Gross profit	1,765,702	1,565,972
Selling, general and administrative expenses	963,848	991,368
Operating income	801,853	574,604
Non-operating income		
Interest income	9,978	12,484
Dividend income	26,066	28,799
House-rent received	6,989	7,597
Gain on foreign exchange	20,231	–
Gain on sales of securities	17,924	14,803
Gain on derivatives	–	63,341
Others	47,684	67,704
Total non-operating income	128,874	194,730
Non-operating expenses		
Interest paid	29,556	6,352
Loss on foreign exchange	–	16,603
Loss on derivatives	31,375	–
Expenses for new overseas businesses	233,549	13,961
Others	22,363	18,814
Total non-operating expenses	316,843	55,731
Ordinary income	613,884	713,603
Extraordinary income		
Gain on sale of fixed assets	1,784	–
Total extraordinary income	1,784	–
Quarterly income before income taxes	615,669	713,603
Income taxes	332,853	406,353
Minority interests	(2,821)	1,319
Quarterly net income	285,637	305,929

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First Quarter of FY2009 (April 1, 2008 to June 30, 2008)	First Quarter of FY2010 (April 1, 2009 to June 30, 2009)
Cash flows from operating activities		
Quarterly income before income taxes	615,669	713,603
Depreciation and amortization	485,053	478,508
Amortization of goodwill	4,915	4,915
Increase (decrease) in allowance for doubtful accounts	(1,375)	564
Increase (decrease) in allowance for employee retirement benefits	(7,690)	(12,190)
Increase (decrease) in allowance for directors' retirement benefits	4,237	(10,833)
Increase (decrease) in allowance for employee bonuses	(97,839)	(98,270)
Increase (decrease) in allowance for directors' bonuses	(59,700)	(59,700)
Interest and dividends received	(36,044)	(41,283)
Interest paid	29,556	6,352
Loss (gain) on foreign exchange	(12,605)	26,208
Loss (gain) on sales of securities	(17,924)	(14,803)
Loss (gain) on write-down of securities	2,579	–
Decrease (increase) in accounts receivable	356,256	372,578
Decrease (increase) in inventories	(396,468)	(228,636)
Increase (decrease) in accounts payable	(23,054)	113,309
Others	322,394	(179,343)
Subtotal	1,167,958	1,070,979
Interest and dividend income received	36,044	41,283
Interest expenses paid	(29,556)	(6,352)
Income taxes paid	(611,074)	(197,241)
Cash provided by operating activities	563,372	908,669
Cash flows from investing activities		
Payments for acquisition of securities	(300,620)	–
Proceeds from sale of securities	296,861	102,273
Payments for purchase of tangible fixed assets	(347,527)	(404,113)
Proceeds from sale of tangible fixed assets	1,934	–
Payments for acquisition of investment securities	–	(124,897)
Payments for loans receivable	(3,301)	(350,150)
Proceeds from collection of loans receivable	1,554	1,634
Others	(1,092)	–
Cash used in investing activities	(352,190)	(775,253)
Cash flows from financing activities		
Net increase in short-term loans payable	120,574	39,602
Payments for acquisition of treasury stock	(246)	(377)
Dividends paid	(444,017)	(601,141)
Cash used in financing activities	(323,689)	(561,916)
Exchange difference of cash and cash equivalents	(30,022)	7,741
Increase (decrease) in cash and cash equivalents	(142,530)	(420,759)
Cash and cash equivalents at beginning of term	11,620,276	8,209,823
Cash and cash equivalents at end of the quarter	11,477,746	7,789,064

(4) Notes on the Going Concern Assumption

There is no related information.

(5) Information by Segment

[Information by Industry Segment]

Cumulative Consolidated Accounting Period of the First Quarter of FY2009 (April 1, 2008 – June 30, 2008)

Information by industry segment has been omitted because net sales and operating income from the manufacturing and sales of natural seasonings account for more than 90% of total net sales and operating income.

Cumulative Consolidated Accounting Period of the First Quarter of FY2010 (April 1, 2009 – June 30, 2009)

Information by industry segment has been omitted because net sales and operating income from the manufacturing and sales of natural seasonings account for more than 90% of total net sales and operating income.

[Information by Geographic Segment]

Cumulative Consolidated Accounting Period of the 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 (loss)	780,295	(27,204)	753,091	48,762	801,853

Cumulative Consolidated Accounting Period of the First Quarter of FY2010 (April 1, 2009 – June 30, 2009)

(Thousands of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Net sales					
(1) External sales	4,535,071	473,565	5,008,636	–	5,008,636
(2) Internal sales to other segments or transfers	2,467	214,279	216,746	(216,746)	–
Total	4,537,538	687,844	5,225,383	(216,746)	5,008,636
Operating income (loss)	837,002	(251,792)	585,210	(88,573)	574,604

(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

[Overseas Sales]

Cumulative Consolidated Accounting Period of the 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.

Cumulative Consolidated Accounting Period of the First Quarter of FY2010 (April 1, 2009 – June 30, 2009)

Since the ratio of overseas sales is less than 10% of consolidated sales, description is omitted.

(6) Notes on Significant Changes in the Amount of Shareholders' Equity

There is no related information.