

Consolidated Financial Results

for the Second Quarter of FY2011 ending March 31, 2011

(J-GAAP)

November 10, 2010

Listed company name: Ariake Japan Co., Ltd.
 Code number: 2815 URL: <http://www.ariakejapan.com> Listing exchange: Tokyo, 1st Section
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 Filing of quarterly financial report: November 10, 2010
 Start of cash dividend payments: December 10, 2010
 Supplementary quarterly materials prepared: Yes
 Quarterly results information meeting held: Yes (for analysts)

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

1. Consolidated Financial Results for the Second Quarter of FY2011 Ending March 31, 2011 (April 1, 2010 – September 30, 2010)

(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	%
Second Quarter of FY2011	12,442	17.1	1,629	32.4	1,204	9.1	482	21.8
Second Quarter of FY2010	10,622	(0.9)	1,230	(3.1)	1,104	86.8	396	216.3

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
Second Quarter of FY2011	15.17		-	
Second Quarter of FY2010	12.45		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Second Quarter of FY2011	50,466	40,716	80.2	1,272.10
FY2010	52,561	42,088	79.6	1,314.97

(Reference) Equity capital: Second Quarter of FY2011: ¥40,489 million; FY2010: ¥41,854 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen				
FY2010	-	20.00	-	20.00	40.00
FY2011	-	20.00			
FY2011 (Forecast)			-	20.00	40.00

(Note) Revisions to the above forecast of dividends in the current quarter under review: None

3. Forecast of the Consolidated Financial Results for FY2011 Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(Figures indicate the rates of changes from 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
Full Year	27,600	20.6	4,130	42.3	4,100	38.2	2,060	59.2	64.72

(Note) Revisions to the above forecast of the consolidated financial results in the current quarter under review: None

4. Other Information (For more details, refer to “2. Other Information” on Page 3.)

(1) Significant Changes in Subsidiaries during the Period: None

(Note) This refers to changes in specified subsidiaries resulting in change of scope of consolidation during the quarter.

(2) Application of Simplified Accounting Methods and Specified Accounting Methods: Yes

(Note) This refers to the application of simplified accounting methods and specified accounting methods for preparing quarterly consolidated financial statements.

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

1. Changes associated with revisions of accounting standards, etc.: Yes

2. Change other than those included in 1: None

(Note) This refers to changes in accounting principles, procedures and method of presentation associated with quarterly consolidated financial statement preparation (entries of changes in important matters that are basic to preparation of quarterly consolidated financial statements).

(4) Number of Shares Outstanding (common stock)

1. Number of shares outstanding at period-end (including treasury stock):

Second quarter of FY2011: 32,808,683 shares; FY2010: 32,808,683 shares

2. Number of treasury stock at period-end:

Second quarter of FY2011: 979,802 shares; FY2010: 979,644 shares

3. Average number of shares (quarterly consolidated cumulative period):

Second quarter of FY2011: 31,828,978 shares; Second quarter of FY2010: 31,829,294 shares

* Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these Consolidated Financial Results and the procedure based on this Act had been completed. The quarterly review report was received as of the release of these Consolidated Financial Results.

* 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.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Qualitative Information on Consolidated Business Results

The first half of the fiscal year ending March 31, 2011 (April 1, 2010 – September 30, 2010) saw some indications of economic recovery in Japan. These were supported by consumer spending underpinned by government economic policies, solid business capital expenditures, and growth in exports. Nevertheless, with ongoing stock market weakness driven by persistent yen appreciation, a full-scale recovery remained elusive.

The food industry, meanwhile, was hit by the negative impact of an extremely hot summer that, when combined with consumers focused on saving money, meant the continuation of difficult business conditions.

Against that background, the Ariake Group, as a leading manufacturer in the field of natural seasonings, worked to expand its existing businesses and actively develop new businesses. While striving to maintain and improve the quality of its products which can deliver better taste, good health, and food safety, the Group also moved forward with efforts to further develop its markets in order to ensure its earnings.

As a result of these efforts, the Group and the Company (Ariake Japan Co., Ltd.) were able to record the following earnings for the second quarter of the current fiscal year.

Net sales for the Company (Ariake Japan Co., Ltd.) increased by ¥1,291 million, or 13.6% year on year, to ¥10,787 million as sales activities by top management and the building of an R&D organization focused primarily on customer convenience continued to pay off.

By segment, while sales from instant noodles seasonings rose by a slight 1.8% year on year, those from processed foods and restaurant seasonings showed a big increase of 14.2% and 17.3%, respectively.

Consolidated net sales increased by 17.1% year on year to ¥12,442 million, on the strength of higher sales at the U.S., Asian, and European subsidiaries.

Ordinary income at the Company was helped by higher net sales, but a hike in raw material cost (approx. ¥174 million) together with a greater valuation loss on derivatives for hedging exchange rate risk in import transactions (¥280 million loss for the current period compared with ¥127 million loss for the same period a year ago) resulted in a ¥31 million, or 1.9%, year-on-year decline to ¥1,605 million.

Consolidated ordinary income, meanwhile, benefited from slightly better results at overseas subsidiaries to rise by ¥100 million year on year, or 9.1%, to ¥1,204 million.

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the current second quarter decreased by ¥2,095 million from the end of the previous fiscal year to ¥50,466 million.

Total liabilities declined by ¥724 million from the end of the previous fiscal year to ¥9,749 million, mainly because of decreases in short-term loans payable and income taxes payable. Net assets decreased by ¥1,371 million from the end of the previous fiscal year to ¥40,716 million, due to factors like a decrease in the adjustment account for foreign currency exchange.

(Qualitative information on consolidated cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the current second quarter was ¥12,154 million, an increase of ¥2,640 million from the end of the previous fiscal year, due to ¥1,197 million of quarterly income before income taxes and minority interests by 8.5% up compared to the previous fiscal year end, as well as depreciation and amortization.

Each cash flow and factors affecting them through the first half were as follows.

Cash provided by operating activities stood at ¥611 million, a decrease of ¥1,236 million year on year. The key factor here was a significant jump in income taxes paid to ¥1,208 million.

Cash provided by investing activities came to ¥2,866 million, an increase of ¥4,104 million year on year, after considering factors like ¥5,162 million in cash provided from the withdrawal of time deposits and ¥2,011 million in cash used to acquire held-to-maturity bonds.

Cash used in financing activities totaled ¥574 million, an increase of ¥211 million year on year, mainly because of a decrease in short-term loans payable.

(3) Qualitative Information on Forecast of the Consolidated Financial Results

We have not revised our forecast of the consolidated financial results which were announced on May 13, 2010.

2. Other Information

(1) Overview of Significant Changes in Subsidiaries

There is no related information.

(2) Overview of Simplified Accounting Methods and Specified Accounting Methods

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 second quarter of the current fiscal year, 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.

3. Calculation of tax expenses

With respect to tax expenses, the effective tax rate after the application of tax effect accounting on income before income taxes of the consolidated accounting period, including the current second quarter consolidated accounting period were rationally estimated and tax expenses were calculated multiplying quarterly income before income taxes by said estimated effective tax rate.

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

(3) Overview of Accounting Principles, Procedures and the Method of Presentation

Application of the “Accounting Standards for Asset Retirement Obligations”

Effective April 1, 2010, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18 issued on March 31, 2008) and the “Implementation Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No.21 issued on March 31, 2008) have been applied.

Note that this application had no impact on operating income, ordinary income or quarterly income before income taxes.

(4) Important Events Regarding Going Concern Assumption

There is no related information.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets**

(Thousands of yen)

	Second Quarter of FY 2011 (As of September 30, 2010)	FY 2010 (As of March 31, 2010)
Assets		
Current assets		
Cash and time deposits	12,154,859	14,716,688
Notes and accounts receivable	5,244,705	4,839,007
Securities	1,011,545	—
Merchandise and finished goods	1,578,586	1,466,383
Work in process	548,207	477,646
Raw materials and supplies	1,643,613	1,523,951
Deferred tax assets	160,229	160,229
Others	359,572	153,733
Allowance for doubtful accounts	(2,967)	(1,747)
Total current assets	22,698,354	23,335,892
Fixed assets		
Tangible fixed assets		
Buildings and structures	19,054,630	19,618,002
Accumulated depreciation	(7,571,917)	(7,330,835)
Buildings and structures, net	11,482,713	12,287,166
Machines, devices, and delivery equipment	20,022,008	20,105,024
Accumulated depreciation	(14,113,431)	(13,789,819)
Machines, devices, and delivery equipment, net	5,908,576	6,315,205
Land	4,406,492	4,507,186
Leased assets	6,100	6,100
Accumulated depreciation	(593)	(84)
Leased assets, net	5,506	6,015
Construction in progress	680,441	1,099,246
Others	810,891	818,326
Accumulated depreciation	(717,249)	(710,677)
Others, net	93,642	107,648
Total tangible fixed assets	22,577,372	24,322,469
Intangible fixed assets	113,428	125,598
Investments and other assets		
Investment securities	3,687,656	3,265,645
Long-term loans receivable	276,321	388,245
Investments in real estates, net	548,374	551,318
Deferred tax assets	63,644	—
Others	501,256	572,664
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	5,077,167	4,777,787
Total fixed assets	27,767,969	29,225,855
Total assets	50,466,323	52,561,748

(Thousands of yen)

	Second Quarter of FY 2011 (As of September 30, 2010)	FY 2010 (As of March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable	2,352,721	2,293,803
Short-term loans payable	3,399,563	3,654,718
Lease liabilities	996	977
Income taxes payable	728,095	1,258,123
Allowance for employees' bonuses	160,779	152,517
Allowance for directors' bonuses	—	52,700
Others	1,984,572	1,688,315
Total current liabilities	8,626,729	9,101,156
Long-term liabilities		
Allowance for employees' retirement benefits	568,369	570,552
Allowance for directors' retirement benefits	289,690	281,474
Lease liabilities	4,883	5,386
Deferred tax liabilities	—	175,488
Others	259,713	339,454
Total long-term liabilities	1,122,656	1,372,356
Total liabilities	9,749,385	10,473,513
Net assets		
Shareholders' equity		
Common stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	28,908,405	29,062,185
Treasury stock	(2,058,468)	(2,058,368)
Total shareholders' equity	41,778,901	41,932,782
Unrealized gains (losses) and adjustments		
Unrealized gains (losses) on other securities	289,008	635,334
Adjustment account for foreign currency exchange	(1,578,489)	(713,897)
Total unrealized gains (losses) and adjustments	(1,289,481)	(78,563)
Minority interests	227,518	234,015
Total net assets	40,716,938	42,088,234
Total liabilities and net assets	50,466,323	52,561,748

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

(Thousands of yen)

	Second Quarter of FY2010 (April 1, 2009 to September 30, 2009)	Second Quarter of FY2011 (April 1, 2010 to Sep 30, 2010)
Net sales	10,622,318	12,442,540
Cost of sales	7,348,265	8,567,670
Gross profit	3,274,053	3,874,870
Selling, general and administrative expenses	2,043,586	2,245,761
Operating income	1,230,467	1,629,108
Non-operating income		
Interest income	22,592	22,978
Dividend income	29,640	31,625
Rent received	13,875	13,984
Gain on valuation of derivatives	14,803	—
Others	93,677	96,737
Total non-operating income	174,588	165,325
Non-operating expenses		
Interest paid	20,328	29,638
Loss on foreign exchange	93,469	246,958
Loss on valuation of derivatives	127,325	280,516
Expenses for new overseas businesses	26,012	—
Others	33,814	32,809
Total non-operating expenses	300,950	589,923
Ordinary income	1,104,105	1,204,510
Extraordinary loss		
Loss on valuation of investment securities	—	2,695
Loss on retirement of fixed assets	—	3,836
Total extraordinary loss	—	6,532
Quarterly income before income taxes and minority interests	1,104,105	1,197,978
Income taxes	713,065	713,772
Quarterly income before minority interests	—	484,205
Minority interests	(5,310)	1,404
Quarterly net income	396,350	482,800

(Second Quarter Consolidated Accounting Period)

(Thousands of yen)

	Second Quarter of FY2010 (July 1, 2009 to September 30, 2009)	Second Quarter of FY2011 (July 1, 2010 to September 30, 2010)
Net sales	5,613,681	6,402,817
Cost of sales	3,905,601	4,384,683
Gross profit	1,708,080	2,018,134
Selling, general and administrative expenses	1,052,217	1,147,592
Operating income	655,862	870,541
Non-operating income		
Interest income	10,108	14,869
Dividend income	840	870
Rent received	6,277	6,348
Gain on valuation of derivatives	—	123,506
Others	25,972	29,378
Total non-operating income	43,198	174,974
Non-operating expenses		
Interest paid	13,976	13,861
Loss on foreign exchange	76,866	65,874
Loss on valuation of derivatives	190,666	—
Expenses for new overseas businesses	12,051	—
Others	14,999	20,360
Total non-operating expenses	308,559	100,096
Ordinary income	390,502	945,419
Extraordinary loss		
Loss on valuation of investment securities	—	2,171
Loss on retirement of fixed assets	—	3,836
Total extraordinary loss	—	6,007
Quarterly income before income taxes and minority interests	390,502	939,411
Income taxes	306,711	471,598
Quarterly income before minority interests	—	467,812
Minority interests	(6,630)	(1,320)
Quarterly net income	90,420	469,133

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Second Quarter of FY2010 (April 1, 2009 to September 30, 2009)	Second Quarter of FY2011 (April 1, 2010 to September 30, 2010)
Cash flows from operating activities		
Quarterly income before income taxes and minority interests	1,104,105	1,197,978
Depreciation and amortization	980,887	875,381
Amortization of goodwill	9,831	9,831
Increase (decrease) in allowance for doubtful accounts	800	1,219
Increase (decrease) in allowance for employees' retirement benefits	(10,685)	(2,182)
Increase (decrease) in allowance for directors' retirement benefits	(6,849)	8,216
Increase (decrease) in allowance for employees' bonuses	(1,170)	8,261
Increase (decrease) in allowance for directors' bonuses	(59,700)	(52,700)
Interest and dividends received	(52,232)	(54,603)
Interest paid	20,328	29,638
Loss (gain) on foreign exchange	109,271	261,896
Loss (gain) on sales of securities	(14,803)	—
Loss (gain) on valuation of investment securities	—	2,695
Decrease (increase) in accounts receivable—trade	(19,795)	(435,399)
Decrease (increase) in inventories	50,485	(340,338)
Increase (decrease) in accounts payable—trade	104,174	64,774
Others	(216,981)	227,825
Subtotal	1,997,667	1,802,494
Interest and dividend income received	52,232	46,829
Interest expenses paid	(20,328)	(29,638)
Income taxes paid	(181,214)	(1,208,309)
Cash provided by operating activities	1,848,356	611,376
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	5,162,232
Purchase of securities	—	(1,011,545)
Proceeds from sales of securities	102,273	—
Payments for purchase of tangible fixed assets	(737,045)	(303,074)
Payments for acquisition of investment securities	(264,922)	(1,000,000)
Payments for loans receivable	(355,150)	(2,780)
Proceeds from collection of loans receivable	21,908	26,103
Others	(5,431)	(4,918)
Cash used in investing activities	(1,238,367)	2,866,017
Cash flows from financing activities		
Increase in short-term loans payable	274,849	62,450
Payments for acquisition of treasury stock	(511)	(442)
Proceeds from sale of treasury stock	—	280
Dividends paid	(637,456)	(636,442)
Cash used in financing activities	(363,118)	(574,155)
Exchange difference of cash and cash equivalents	(79,545)	(262,251)
Increase (decrease) in cash and cash equivalents	167,324	2,640,987
Cash and cash equivalents at beginning of term	8,209,823	9,513,872
Cash and cash equivalents at end of the quarter	8,377,147	12,154,859

(4) Notes on the Going Concern Assumption

There is no related information.

(5) Segment Information

[Information by Business Segment]

Second Quarter of FY2010 (April 1, 2009 – September 30, 2009)

Information by business 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]

Second Quarter of FY2010 (April 1, 2009 – September 30, 2009)

(Thousands of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Net sales					
(1) External sales	9,698,328	923,989	10,622,318	—	10,622,318
(2) Internal sales to other segments or transfers	2,486	430,716	433,203	(433,203)	—
Total	9,700,815	1,354,706	11,055,522	(433,203)	10,622,318
Operating income (loss)	1,803,070	(557,059)	1,246,011	(15,543)	1,230,467

(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., China, Taiwan, France and Belgium

[Overseas Sales]

Second Quarter of FY2010 (April 1, 2009 – September 30, 2009)

Overseas sales are omitted because they are less than 10% of consolidated net sales.

[Segment Information]

Second Quarter of FY2010 (April 1, 2009 – September 30, 2009)

Segment information is omitted because natural seasoning business is our only segment.

(Additional Information)

Effective from the first quarter of the current fiscal year, the Company has applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 issued on March 21, 2008).

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

There is no related information.