

# Consolidated Financial Results

## for the Third Quarter of FY2011 ending March 31, 2011

### (J-GAAP)

February 9, 2011

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: February 9, 2011  
 Start of cash dividend payments: –  
 Supplementary quarterly materials prepared: No  
 Quarterly results information meeting held: No

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

#### 1. Consolidated Financial Results for the Third Quarter of FY2011 Ending March 31, 2011 (April 1, 2010 – December 31, 2010)

##### (1) Consolidated Operating Results (cumulative)

(Percentage figures represent changes compared with the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third Quarter of FY2011	20,072	18.1	2,867	29.6	2,266	(0.3)	1,004	3.4
Third Quarter of FY2010	17,001	1.0	2,213	(2.5)	2,273	242.0	971	645.1

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
Third Quarter of FY2011	31.57		–	
Third Quarter of FY2010	30.53		–	

##### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Third Quarter of FY2011	50,724	40,604	79.6	1,268.76
FY2010	52,561	42,088	79.6	1,314.97

(Reference) Equity capital: Third Quarter of FY2011: ¥40,382 million; FY2010: ¥41,854 million

##### 2. Dividends

	Annual Dividends (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year ended March 31, 2010	—	20.00	—	20.00	40.00
Year ending March 31, 2011	—	20.00	—		
Year ending March 31, 2011 (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 as of the period-end (including treasury stock)	As of December 31, 2010:	32,808,683 shares	As of March 31, 2010:	32,808,683 shares
2) Number of treasury stock as of the period-end	As of December 31, 2010:	980,109 shares	As of March 31, 2010:	979,644 shares
3) Average number of shares outstanding (quarterly consolidated cumulative period)	First nine months of FY2011:	31,828,574 shares	First nine months 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 February 7, 2011.

\* Explanation regarding the appropriate use of forecast of consolidated 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 Operating Results

During the first nine months of the fiscal year ending March 31, 2011 (April 1, 2010 – December 31, 2010), a mild but steady Japanese economic recovery was expected to be supported by factors like signs of an upturn in corporate earnings. However, as the effects of government's stimulus measures wore off, feelings of uncertainty regarding the country's economic future again took hold.

Regarding the food industry, in particular, a growing consumer focus on low prices fueled even more intense competition among companies, creating very difficult business conditions.

Against that background, Ariake Japan Co., Ltd. (the Company) and its Group companies (the Group) focused on expanding its sales and securing earnings, by accurately identifying customer needs.

Reflecting these efforts, the Company and the Group were able to record the following earnings for the first nine months of the current fiscal year.

Net sales for the Company increased by ¥2,051 million, or 13.5% year on year to ¥17,246 million as its aggressive customer-first sales initiatives continued to pay off.

Consolidated net sales, with the help of increases at all overseas subsidiaries, also rose by ¥3,071 million, or 18.1% year on year to ¥20,072 million.

Ordinary income for the Company got a boost from the increase in net sales. Nevertheless, higher raw material costs (approx. ¥269 million), a greater loss on valuation of derivatives for hedging exchange rate risk in import transactions (a ¥313 million loss for the current period compared with a gain on valuation of ¥19 million for the same period a year ago), and an increase in losses on foreign exchange (a ¥422 million loss for the current period compared with a ¥90 million loss for the same period a year ago) caused ordinary income to fall ¥177 million, or 5.9% year on year to ¥2,825 million.

At the consolidated level, higher results at overseas subsidiaries offset nearly all of the decline in the Company's ordinary income. At the end of nine months, therefore, consolidated ordinary income fell by only ¥7 million, or 0.3% year on year to ¥2,266 million.

Net income of the Company for the first nine months of the current fiscal year fell ¥100 million, or 5.9% year on year to ¥1,610 million, while consolidated net income rose ¥33 million, or 3.4% year on year to ¥1,004 million.

Results of net sales and ordinary income and losses by region were described below.

• Net sales

(Billions of yen)

	First nine months of FY2011	First nine months of FY2010	Difference
Ariake Japan Co., Ltd.	17.25	15.19	2.06
U.S.	0.83	0.47	0.36
Asia	1.22	0.95	0.27
Europe	0.44	0.10	0.34
Japan	0.33	0.29	0.04
Subsidiaries and affiliates	2.82	1.81	1.01
Total	20.07	17.00	3.07

• Ordinary income (loss)

(Billions of yen)

	First nine months of FY2011	First nine months of FY2010	Difference
Ariake Japan Co., Ltd.	2.83	3.00	(0.17)
U.S.	(0.08)	(0.14)	0.06
Asia	0.14	0.06	0.08
Europe	(0.63)	(0.65)	0.02
Japan	0.00	0.00	0.00
Subsidiaries and affiliates	(0.57)	(0.73)	0.16
Total	2.26	2.27	(0.01)

### (2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the current third quarter decreased by ¥1,837 million from the end of the previous fiscal year to ¥50,724 million.

Total liabilities declined by ¥354 million from the end of the previous fiscal year to ¥10,119 million, mainly because of decreases in short-term loans payable and income taxes payable. Net assets decreased by ¥1,483 million from the end of the previous fiscal year to ¥40,604 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 third quarter was ¥10,269 million, an increase of ¥755 million from the end of the previous fiscal year, due to ¥2,257 million of quarterly income before income taxes and minority interests by 0.6% down compared to the previous fiscal year end, as well as depreciation and amortization.

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

Cash provided by operating activities stood at ¥545 million, a decrease of ¥1,831 million year on year. The key factors here were quarterly income before income taxes and minority interests of ¥2,257 million, depreciation and amortization of ¥1,341 million, and income taxes paid of ¥2,072 million.

Cash provided by investing activities came to ¥1,768 million, compared with cash used in investing activities of ¥1,541 million for the same period a year ago, after considering factors like ¥383 million in payments for purchase of tangible fixed assets and ¥3,014 million in cash used to acquire held-to-maturity bonds.

Cash used in financing activities totaled ¥1,162 million, an increase of ¥503 million year on year, mainly because of dividends paid.

### **(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 November 9, 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 fiscal year.

#### **2. Inventory assets valuation method**

With respect to the calculation of inventory levels at the end of the third 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 previous fiscal year.

#### **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 and minority interests of the fiscal year, including the third quarter under review were rationally estimated and tax expenses were calculated multiplying quarterly income before income taxes and minority interests 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 “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 and minority interests.

### **(4) Significant Events Regarding Going Concern Assumption**

There is no related information.

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

(Thousands of yen)

	Third Quarter of FY 2011 (As of December 31, 2010)	FY 2010 (As of March 31, 2010)
<b>Assets</b>		
Current assets		
Cash and time deposits	10,269,411	14,716,688
Notes and accounts receivable	6,675,501	4,839,007
Securities	1,007,697	—
Merchandise and finished goods	1,688,083	1,466,383
Work in process	510,326	477,646
Raw materials and supplies	1,577,023	1,523,951
Deferred tax assets	160,229	160,229
Others	333,734	153,733
Allowance for doubtful accounts	(3,566)	(1,747)
Total current assets	22,218,441	23,335,892
Fixed assets		
Tangible fixed assets		
Buildings and structures	19,278,921	19,618,002
Accumulated depreciation	(7,734,896)	(7,330,835)
Buildings and structures, net	11,544,025	12,287,166
Machines, devices, and delivery equipment	20,112,006	20,105,024
Accumulated depreciation	(14,336,061)	(13,789,819)
Machines, devices, and delivery equipment, net	5,775,944	6,315,205
Land	4,405,841	4,507,186
Leased assets	6,100	6,100
Accumulated depreciation	(847)	(84)
Leased assets, net	5,252	6,015
Construction in progress	440,242	1,099,246
Others	812,474	818,326
Accumulated depreciation	(724,384)	(710,677)
Others, net	88,089	107,648
Total tangible fixed assets	22,259,396	24,322,469
Intangible fixed assets	103,759	125,598
Investments and other assets		
Investment securities	4,704,178	3,265,645
Long-term loans receivable	252,422	388,245
Investments in real estates, net	546,902	551,318
Deferred tax assets	145,898	—
Others	493,087	572,664
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	6,142,401	4,777,787
Total fixed assets	28,505,558	29,225,855
Total assets	50,724,000	52,561,748

(Thousands of yen)

	Third Quarter of FY 2011 (As of December 31, 2010)	FY 2010 (As of March 31, 2010)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	2,750,136	2,293,803
Short-term loans payable	3,357,777	3,654,718
Lease liabilities	1,005	977
Allowance for employees' bonuses	55,804	152,517
Income taxes payable	412,113	1,258,123
Allowance for directors' bonuses	—	52,700
Others	2,332,921	1,688,315
Total current liabilities	8,909,759	9,101,156
Long-term liabilities		
Allowance for employees' retirement benefits	570,014	570,552
Allowance for directors' retirement benefits	293,798	281,474
Lease liabilities	4,628	5,386
Deferred tax liabilities	77,030	175,488
Others	264,257	339,454
Total long-term liabilities	1,209,728	1,372,356
Total liabilities	10,119,487	10,473,513
<b>Net assets</b>		
Shareholders' equity		
Common stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	28,793,963	29,062,185
Treasury stock	(2,058,860)	(2,058,368)
Total shareholders' equity	41,664,067	41,932,782
Unrealized gains (losses) and adjustments		
Unrealized gains (losses) on other securities	283,126	635,334
Adjustment account for foreign currency exchange	(1,564,383)	(713,897)
Total unrealized gains (losses) and adjustments	(1,281,257)	(78,563)
Minority interests	221,701	234,015
Total net assets	40,604,512	42,088,234
Total liabilities and net assets	50,724,000	52,561,748

**(2) Quarterly Consolidated Statements of Income**

(Third Quarter Cumulative Consolidated Accounting Period)

(Thousands of yen)

	Third Quarter of FY2010 (April 1, 2009 to December 31, 2009)	Third Quarter of FY2011 (April 1, 2010 to December 31, 2010)
Net sales	17,001,609	20,072,675
Cost of sales	11,654,633	13,766,586
Gross profit	5,346,976	6,306,089
Selling, general and administrative expenses	3,133,829	3,438,895
Operating income	2,213,147	2,867,193
Non-operating income		
Interest income	31,945	34,975
Dividend income	58,069	60,625
Rent received	20,122	20,151
Gain on sales of securities	14,803	—
Others	151,414	118,276
Total non-operating income	276,355	234,028
Non-operating expenses		
Interest paid	29,947	41,407
Loss on foreign exchange	90,333	444,884
Loss on valuation of derivatives	—	313,441
Expenses for new overseas businesses	37,618	—
Others	57,955	35,428
Total non-operating expenses	215,855	835,162
Ordinary income	2,273,647	2,266,059
Extraordinary loss		
Loss on valuation of investment securities	2,137	546
Loss on retirement of fixed assets	—	7,746
Total extraordinary loss	2,137	8,292
Quarterly income before income taxes and minority interests	2,271,509	2,257,766
Income taxes	1,302,722	1,248,549
Quarterly income before minority interests	—	1,009,216
Minority interests	(2,823)	4,280
Quarterly net income	971,610	1,004,936



(Third Quarter Consolidated Accounting Period)

(Thousands of yen)

	Third Quarter of FY2010 (October 1, 2009 to December 31, 2009)	Third Quarter of FY2011 (October 1, 2010 to December 31, 2010)
Net sales	6,379,290	7,630,135
Cost of sales	4,306,368	5,198,916
Gross profit	2,072,922	2,431,219
Selling, general and administrative expenses	1,090,242	1,193,133
Operating income	982,679	1,238,085
Non-operating income		
Interest income	9,353	11,996
Dividend income	28,429	28,999
Rent received	6,247	6,166
Gain on valuation of derivatives	147,112	—
Others	41,085	21,539
Total non-operating income	232,228	68,702
Non-operating expenses		
Interest paid	9,619	11,768
Loss on foreign exchange	—	197,925
Loss on valuation of derivatives	—	32,925
Expenses for new overseas businesses	11,605	—
Others	24,140	2,619
Total non-operating expenses	45,365	245,239
Ordinary income	1,169,542	1,061,548
Extraordinary income		
Gain on valuation of investment securities	—	2,149
Total extraordinary income	—	2,149
Extraordinary loss		
Loss on valuation of investment securities	2,137	—
Loss on retirement of fixed assets	—	3,910
Total extraordinary loss	2,137	3,910
Quarterly income before income taxes and minority interests	1,167,404	1,059,788
Income taxes	589,657	534,776
Quarterly income before minority interests	—	525,011
Minority interests	2,486	2,875
Quarterly net income	575,260	522,135

**(3) Quarterly Consolidated Statements of Cash Flows**

(Thousands of yen)

	Third Quarter of FY2010 (April 1, 2009 to December 31, 2009)	Third Quarter of FY2011 (April 1, 2010 to December 31, 2010)
<b>Cash flows from operating activities</b>		
Quarterly income before income taxes and minority interests	2,271,509	2,257,766
Depreciation and amortization	1,471,686	1,341,989
Amortization of goodwill	14,746	14,746
Increase (decrease) in allowance for doubtful accounts	776	1,819
Increase (decrease) in allowance for employees' retirement benefits	(10,960)	(538)
Increase (decrease) in allowance for directors' retirement benefits	(2,865)	12,324
Increase (decrease) in allowance for employees' bonuses	(96,263)	(96,713)
Increase (decrease) in allowance for directors' bonuses	(59,700)	(52,700)
Interest and dividends received	(90,015)	(82,859)
Interest paid	29,947	41,407
Loss (gain) on foreign exchange	138,974	350,573
Loss (gain) on sales of securities	(14,803)	—
Loss (gain) on valuation of investment securities	2,137	546
Decrease (increase) in accounts receivable—trade	(1,246,754)	(1,878,737)
Decrease (increase) in inventories	360,921	(358,971)
Increase (decrease) in accounts payable—trade	526,132	467,585
Others	(282,635)	553,464
Subtotal	3,012,838	2,571,704
Interest and dividend income received	90,015	86,761
Interest expenses paid	(29,947)	(41,407)
Income taxes paid	(696,076)	(2,072,016)
Cash provided by operating activities	2,376,828	545,042
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	—	5,162,232
Purchase of securities	—	(1,014,760)
Proceeds from sales of securities	102,273	—
Payments for purchase of tangible fixed assets	(1,047,923)	(383,214)
Payments for acquisition of investment securities	(264,922)	(2,024,142)
Payments for loans receivable	(355,150)	(17,780)
Proceeds from collection of loans receivable	29,708	52,253
Others	(5,631)	(5,724)
Cash provided by (used in) investing activities	(1,541,645)	1,768,863
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	578,249	104,285
Payments for acquisition of treasury stock	(706)	(834)
Proceeds from sale of treasury stock	—	280
Dividends paid	(1,237,241)	(1,266,708)
Cash used in financing activities	(659,697)	(1,162,977)
Exchange difference of cash and cash equivalents	(138,706)	(395,389)
Increase (decrease) in cash and cash equivalents	36,779	755,538
Cash and cash equivalents at beginning of term	8,209,823	9,513,872
Cash and cash equivalents at end of the quarter	8,246,602	10,269,411

**(4) Notes on the Going Concern Assumption**

There is no related information.

**(5) Segment Information**

[Information by Business Segment]

Third Quarter of FY2010 (April 1, 2009 – December 31, 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]

Third Quarter of FY2010 (April 1, 2009 – December 31, 2009)

(Thousands of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Net sales					
(1) External sales	15,480,336	1,521,272	17,001,609	—	17,001,609
(2) Internal sales to other segments or transfers	2,588	632,997	635,585	(635,585)	—
Total	15,482,925	2,154,269	17,637,195	(635,585)	17,001,609
Operating income (loss)	3,006,503	(773,064)	2,233,439	(20,292)	2,213,147

(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]

Third Quarter of FY2010 (April 1, 2009 – December 31, 2009)

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

[Segment Information]

Third Quarter of FY2011 (April 1, 2010 – December 31, 2010)

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.