

Consolidated Financial Results

for the Second Quarter of FY2013 ending March 31, 2013

(J-GAAP)

November 9, 2012

Listed company name: Ariake Japan Co., Ltd.
 Code number: 2815 URL: <http://www.ariakejapan.com/> Listing exchange: Tokyo, 1st Section
 Representative: Tomoki Tagawa, President (COO)
 Contact: Akio Miyakawa, Manager of the Management Coordination Department TEL: +81-3-3791-3301
 Filing of quarterly financial report: November 9, 2012
 Start of cash dividend payments: December 10, 2012
 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 FY2013 Ending March 31, 2013 (April 1, 2012 – September 30, 2012)

(1) Consolidated Business Results (cumulative)

(Percentage figures are changes from 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	%
Second Quarter of FY2013	15,690	3.3	2,536	21.9	2,405	42.3	1,332	57.3
Second Quarter of FY2012	15,182	22.0	2,080	27.7	1,690	40.3	847	75.4

(Note) Comprehensive Income: Second Quarter of FY2013: ¥1,372 million (24.5 %) Second Quarter of FY2012: ¥1,103 million (- %)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Second Quarter of FY2013	41.87	–
Second Quarter of FY2012	26.61	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2012	51,049	43,078	83.9	1,345.33
As of March 31, 2012	50,929	42,345	82.7	1,322.84

(Reference) Equity capital: As of September 30, 2012: ¥42,819 million As of March 31, 2012: ¥42,103 million

2. Dividends

	Annual dividends				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Fiscal year ended March 31, 2012	0.00	20.00	0.00	20.00	40.00
Fiscal year ending March 31, 2013	0.00	20.00			
Fiscal year ending March 31, 2013 (forecast)			0.00	25.00	45.00

(Note) Revisions since the most recently announced dividend forecast: None

3. Forecast of the Consolidated Financial Results for FY2013 Ending March 31, 2013 (April 1, 2012 – March 31, 2013)

(Percentage figures are 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	35,303	12.0	5,828	18.0	6,102	24.6	3,511	35.8	110.31

(Note) Revisions since the most recently announced forecast of the consolidated financial results: None

*Notes

- (1) Significant Changes in Subsidiaries during the Period (Changes in specified subsidiaries resulting in change of scope of consolidation during the quarter): None
- (2) Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements: Yes
(Note) For details, please refer to “(2) Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements” of “2. Summary (Notes) Information.”
- (3) Changes in Accounting Policies, Accounting Estimates, and Restatement of Revisions
- 1) Changes in accounting policies associated with revisions of accounting standards, etc.: None
 - 2) Changes other than those included in 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of revisions: None

(4) Number of Shares Outstanding (Common Stock)

1) Number of shares outstanding as of the period-end (including treasury stock)	As of September 30, 2012	32,808,683 shares	As of March 31, 2012	32,808,683 shares
2) Number of treasury stock as of the period-end	As of September 30, 2012	980,533 shares	As of March 31, 2012	980,402 shares
3) Average number of shares outstanding (quarterly consolidated cumulative period)	First six months of FY2013	31,828,192 shares	First six months of FY2012	31,828,391 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 November 7, 2012.

* 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.

Contents

1. Qualitative Information on Quarterly Consolidated Financial Results	2
(1) Qualitative Information on Consolidated Business Results.....	2
(2) Qualitative Information on Consolidated Financial Position.....	3
(3) Qualitative Information on Forecast of the Consolidated Financial Results.....	3
2. Summary (Notes) Information	3
(1) Significant Changes in Subsidiaries during the Period.....	3
(2) Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements.....	3
(3) Changes in Accounting Policies, Procedures and Accounting Estimates, and Restatement of Revisions	3
3. Significant Events Regarding Going Concern Assumption.....	3
4. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheets.....	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income ..	6
(Quarterly Consolidated Statements of Income)	6
(Quarterly Consolidated Statements of Comprehensive Income)	7
(3) Quarterly Consolidated Statements of Cash Flows.....	8
(4) Notes on the Going Concern Assumption.....	9
(5) Notes to Significant Changes in the Amount of Shareholders' Equity	9
(6) Segment Information, etc.....	9

1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Qualitative Information on Consolidated Business Results

During the first six months of the fiscal year ending March 31, 2013 (April 1, 2012—September 30, 2012), the Japanese economy followed a path of mild recovery, underpinned by factors like disaster-recovery-driven demand. Nevertheless, with no sign of an end to the fiscal debt problem in Europe, growth weakening markedly in emerging economies, and other unfavorable developments overseas, combined with anemic domestic demand, the future remained highly uncertain.

In the food industry, the lack of any signs of a change in the consumer focus on low prices heated competition further and extended the severe conditions pervading the industry.

Amid those conditions, Ariake Japan Co., Ltd. (the Company) and the Group (collectively, the Ariake Group), as a global enterprise with a “global six-pillar system” and a food consultant working to discern customer needs early on, has worked to expand existing businesses throughout the world, and actively develop new businesses, while delivering on commitments to food safety, good health, and better taste.

The business results produced by these efforts over the first six months of the fiscal year are discussed below.

The Company posted a net sales increase of ¥980 million, or 7.8% year on year, to ¥13,534 million supported by steady sales efforts.

Consolidated subsidiaries, on the other hand, recorded a year-on-year sales decline, mainly because of moves by European subsidiaries to withdraw from unprofitable transactions. The Company’s net sales increase, however, more than offset this decrease and produced a 3.3% year-on-year increase in consolidated net sales, to ¥15,690 million.

Operating income at the Company level was helped by the higher net sales noted above, which were enough to absorb higher outlays, including increases in fixed cost of manufacturing (approx. ¥146 million). The Company finished the first six months, therefore, with an operating income increase of ¥290 million, or 12.9% year on year, to ¥2,546 million.

At the consolidated level, overseas subsidiaries contributed improved results to bring the Group’s operating income up by ¥456 million, or 21.9% year on year, to ¥2,536 million.

As for ordinary income, the Company, benefiting from lower foreign exchange losses, which included loss or gain on valuation of derivatives (-¥508 million for the first six months of the previous fiscal year vs. -¥249 million for the first six months of the current fiscal year), and higher dividend and interest received (¥94 million for the first six months of the previous fiscal year vs. ¥204 million for the first six months of the current fiscal year), recorded an increase of ¥688 million, or 36.5% year on year, to ¥2,571 million.

Consolidated ordinary income, with improved results from overseas subsidiaries, increased by ¥715 million, or 42.3% year on year, to ¥2,405 million.

Business results of the Company and its consolidated subsidiaries by region were described below.

Net sales			(Billions of yen)
	First six months of FY2013	First six months of FY2012	Difference
Ariake Japan Co., Ltd.	13.53	12.55	0.98
Consolidated subsidiaries	2.16	2.63	(0.47)
U.S.	0.69	0.68	0.01
Asia	0.98	0.84	0.14
Europe	0.27	0.87	(0.60)
Japan	0.22	0.24	(0.02)
Total	15.69	15.18	0.51

Ordinary income (loss)			(Billions of yen)
	First six months of FY2013	First six months of FY2012	Difference
Ariake Japan Co., Ltd.	2.57	1.88	0.69
Consolidated subsidiaries	(0.16)	(0.19)	0.03
U.S.	0.02	0.05	(0.03)
Asia	0.17	0.15	0.02
Europe	(0.28)	(0.40)	0.12
Japan	0.01	0.01	0.00
Dividend adjustment*	(0.08)	(0.00)	(0.08)
Total	2.41	1.69	0.72

*Dividend adjustment pertains to dividends from Taiwan Ariake Foods Co., Ltd. (¥71 million) and Qingdao Ariake Foodstuff Co., Ltd. (¥10 million).

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the current second quarter increased by ¥119 million from the end of the previous fiscal year to ¥51,049 million.

Total liabilities declined by ¥613 million from the end of the previous fiscal year to ¥7,970 million, mainly because of a decrease in income taxes payable. Net assets increased by ¥733 million to ¥43,078 million.

(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 11, 2012.

2. Summary (Notes) Information

(1) Significant Changes in Subsidiaries during the Period

There is no related information.

(2) Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements

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 second quarter under review were rationally estimated and tax expenses were calculated multiplying 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) Changes in Accounting Policies, Procedures and Accounting Estimates, and Restatement of Revisions

There is no related information.

3. Significant Events Regarding Going Concern Assumption

There is no related information.

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

(Thousands of yen)

	FY2012 (As of March 31, 2012)	Second Quarter of FY2013 (As of September 30, 2012)
Assets		
Current assets		
Cash and time deposits	5,383,293	5,086,929
Notes and accounts receivable	6,762,530	6,675,729
Securities	2,500,000	1,000,000
Merchandise and finished goods	2,457,591	2,816,379
Work in process	623,750	677,371
Raw materials and supplies	1,566,457	1,767,683
Deferred tax assets	186,520	187,801
Others	283,513	325,885
Allowance for doubtful accounts	(1,617)	(2,572)
Total current assets	19,762,039	18,535,208
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	19,090,627	19,624,500
Accumulated depreciation	(8,445,690)	(8,760,625)
Buildings and structures, net	10,644,936	10,863,874
Machines, devices, and delivery equipment	20,501,578	21,124,185
Accumulated depreciation	(15,247,228)	(15,789,295)
Machines, devices, and delivery equipment, net	5,254,350	5,334,890
Land	4,371,883	4,379,568
Leased assets	44,156	44,156
Accumulated depreciation	(6,940)	(11,241)
Leased assets, net	37,215	32,914
Construction in progress	1,291,895	1,102,097
Others	808,352	822,330
Accumulated depreciation	(730,483)	(743,989)
Others, net	77,869	78,340
Total tangible fixed assets	21,678,150	21,791,687
Intangible assets	133,659	137,347
Investments and other assets		
Investment securities	8,021,980	9,191,904
Long-term loans receivable	136,384	106,475
Investments in real estates, net	539,701	683,486
Deferred tax assets	56,294	48,508
Others	601,444	554,939
Allowance for doubtful accounts	(30)	(302)
Total investments and other assets	9,355,776	10,585,012
Total noncurrent assets	31,167,586	32,514,047
Total assets	50,929,626	51,049,255

(Thousands of yen)

	FY2012 (As of March 31, 2012)	Second Quarter of FY2013 (As of September 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable	2,944,067	2,831,181
Short-term loans payable	723,477	654,292
Lease liabilities	9,032	9,032
Income taxes payable	1,427,887	1,035,552
Allowance for employees' bonuses	180,340	196,841
Allowance for directors' bonuses	56,000	—
Others	1,704,211	1,734,836
Total current liabilities	7,045,015	6,461,737
Long-term liabilities		
Long-term loans payable	388,700	363,557
Lease liabilities	30,044	25,528
Deferred tax liabilities	38,639	39,992
Allowance for employees' retirement benefits	583,336	592,906
Allowance for directors' retirement benefits	305,277	315,262
Others	193,309	171,769
Total long-term liabilities	1,539,307	1,509,015
Total liabilities	8,584,322	7,970,753
Net assets		
Shareholders' equity		
Common stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	30,818,154	31,514,125
Treasury stock	(2,059,169)	(2,059,347)
Total shareholders' equity	43,687,950	44,383,743
Accumulated other comprehensive income (loss)		
Unrealized gains (losses) on other securities	485,008	463,427
Adjustment account for foreign currency exchange	(2,069,323)	(2,027,695)
Total accumulated other comprehensive income (loss)	(1,584,315)	(1,564,268)
Minority interests	241,669	259,026
Total net assets	42,345,304	43,078,501
Total liabilities and net assets	50,929,626	51,049,255

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

(Thousands of yen)

	Second Quarter of FY2012 (April 1, 2011 to September 30, 2011)	Second Quarter of FY2013 (April 1, 2012 to September 30, 2012)
Net sales	15,182,000	15,690,138
Cost of sales	10,539,885	10,493,865
Gross profit	4,642,114	5,196,273
Selling, general and administrative expenses	2,561,656	2,659,716
Operating income	2,080,457	2,536,556
Non-operating income		
Interest income	35,980	73,859
Dividend income	42,855	39,082
Rent received	14,194	14,413
Gain on valuation of derivatives	12,275	28,327
Others	55,932	96,241
Total non-operating income	161,237	251,925
Non-operating expenses		
Interest paid	20,461	18,552
Loss on foreign exchange	518,804	341,347
Others	11,993	22,683
Total non-operating expenses	551,259	382,583
Ordinary income	1,690,436	2,405,898
Extraordinary loss		
Loss on valuation of investment securities	10,432	—
Loss on retirement of noncurrent assets	—	8,792
Loss on closing of stores	—	4,341
Total extraordinary loss	10,432	13,134
Income before income taxes and minority interests	1,680,004	2,392,763
Income taxes	826,488	1,049,336
Income before minority interests	853,515	1,343,427
Minority interests	6,502	10,890
Net income	847,013	1,332,536

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Second Quarter of FY2012 (April 1, 2011 to September 30, 2011)	Second Quarter of FY2013 (April 1, 2012 to September 30, 2012)
Income before minority interests	853,515	1,343,427
Other comprehensive income		
Unrealized gains (losses) on other securities	(27,481)	(21,581)
Adjustment account for foreign currency exchange	277,089	50,667
Total accumulated other comprehensive income	249,608	29,086
Total other comprehensive income	1,103,124	1,372,513
(Breakdown of comprehensive income)		
Parent company portion of comprehensive income	1,093,331	1,352,583
Minority interest portion of comprehensive income	9,791	19,930

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Second Quarter of FY2012 (April 1, 2011 to September 30, 2011)	Second Quarter of FY2013 (April 1, 2012 to September 30, 2012)
Cash flows from operating activities		
Income before income taxes and minority interests	1,680,004	2,392,763
Depreciation and amortization	882,041	877,884
Increase (decrease) in allowance for doubtful accounts	1,255	1,226
Increase (decrease) in allowance for employees' retirement benefits	4,188	9,569
Increase (decrease) in allowance for directors' retirement benefits	(923)	9,985
Increase (decrease) in allowance for employees' bonuses	11,455	16,501
Increase (decrease) in allowance for directors' bonuses	(56,000)	(56,000)
Interest and dividends received	(78,835)	(112,942)
Interest paid	20,461	18,552
Loss (gain) on foreign exchange	195,200	149,869
Loss (gain) on valuation of investment securities	10,432	—
Loss on retirement of noncurrent assets	—	8,792
Decrease (increase) in accounts receivable—trade	(610,807)	101,407
Decrease (increase) in inventories	(530,247)	(604,623)
Increase (decrease) in accounts payable—trade	212,384	(113,749)
Others	(157,577)	(189,958)
Subtotal	1,583,030	2,509,280
Interest and dividend income received	76,085	104,289
Interest expenses paid	(20,461)	(18,552)
Income taxes paid	(852,033)	(1,396,196)
Cash provided by operating activities	786,622	1,198,820
Cash flows from investing activities		
Purchase of securities	(2,000,000)	—
Proceeds from sales of securities	1,000,000	2,000,000
Payments for purchase of tangible fixed assets	(422,723)	(787,254)
Payments for acquisition of investment securities	(2,507,701)	(1,703,023)
Payments for loans receivable	(1,878)	(5,215)
Proceeds from collection of loans receivable	62,026	47,515
Payments for investments in real estates	—	(146,577)
Others	(1,751)	(27,188)
Cash used in investing activities	(3,872,027)	(621,745)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(1,024,697)	(103,750)
Payments for acquisition of treasury stock	(185)	(360)
Proceeds from sale of treasury stock	252	146
Dividends paid	(636,606)	(636,755)
Cash dividends paid to minority shareholders	(1,088)	(2,572)
Cash used in financing activities	(1,662,325)	(743,292)
Exchange difference of cash and cash equivalents	(188,411)	(130,147)
Increase (decrease) in cash and cash equivalents	(4,936,142)	(296,364)
Cash and cash equivalents at beginning of term	10,669,131	5,383,293
Cash and cash equivalents at end of the quarter	5,732,989	5,086,929

(4) Notes on the Going Concern Assumption

There is no related information.

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

There is no related information.

(6) Segment Information, etc.

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