

Consolidated Financial Results for the Fiscal Year 2013 (J-GAAP)

May 13, 2013

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 of annual general meeting of shareholders: June 21, 2013

Date to submit the annual securities report: June 21, 2013

Date to start dividends distribution: June 24, 2013

Supplementary materials prepared: Yes

Results information meeting held: Yes (for financial analysts)

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

1. Consolidated Financial Results for the Year Ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(1) Consolidated Business Results

(Percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	33,591	6.6	5,475	10.8	6,408	30.9	3,788	46.5
FY2012	31,516	16.5	4,940	30.6	4,896	40.5	2,586	50.7

Note: Comprehensive income: FY2013: ¥5,481 million (+124.4%)

FY2012: ¥2,442 million (+573.2%)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2013	119.02	—	8.6	12.1	16.3
FY2012	81.26	—	6.2	9.6	15.7

Reference: Investment profit/ loss on equity method: FY2013: ¥— million

FY2012: ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2013	54,662	46,550	84.6	1,452.87
FY2012	50,929	42,345	82.7	1,322.84

Reference: Equity capital: FY2013: ¥46,241 million

FY2012: ¥42,103 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2013	5,572	(787)	(1,987)	8,102
FY2012	3,422	(5,407)	(2,742)	5,383

2. Dividends

(Record date)	Dividends per share					Total dividends (Annual)	Dividends payout ratio (Consolidated)	Dividends on shareholders' equity ratio (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2012	—	20.00	—	20.00	40.00	1,273	49.2	3.1
FY2013	—	20.00	—	25.00	45.00	1,432	37.8	3.2
FY2014 (projection)	—	20.00	—	25.00	45.00		33.0	

3. Forecast of the Consolidated Financial Results for the Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(Full year percentage figures represent of changes from the previous fiscal year, and first half figures represent 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
First half	17,433	11.1	2,750	8.4	3,039	26.3	1,906	43.0	59.88
Full year	37,657	12.1	6,241	14.0	6,810	6.3	4,336	14.5	136.23

4. Other Information

(1) Significant changes in subsidiaries during the year under review (changes in specific subsidiaries involving changes in scope of consolidation): None

Newly included: (Company name:) Removed: None (Company name:)

(2) 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

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding as of the period-end (including treasury stock)	As of March 31, 2013:	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 March 31, 2013:	980,716 shares	As of March 31, 2012:	980,402 shares
3) Average number of shares outstanding for the period	FY2013:	31,828,156 shares	FY2012:	31,828,388 shares

(Reference) Summary of Non-consolidated Financial Results

1. Financial Results for the Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(1) Non-consolidated Financial Results

(Percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	28,442	6.7	5,495	7.9	6,350	22.2	3,948	33.1
FY2012	26,645	16.3	5,094	17.6	5,198	26.3	2,967	24.6

	Net income per share	Diluted net income per share
	Yen	Yen
FY2013	124.07	-
FY2012	93.25	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2013	56,836	50,300	88.5	1,580.39
FY2012	53,600	46,948	87.6	1,475.07

Reference: Equity capital: FY2013: ¥50,300 million FY2012: ¥46,948 million

2. Forecast of the Non-consolidated Financial Results for the Year Ending March 31, 2014 (April 1, 2013 - March 31, 2014)

(Full year percentage figures represent changes from the previous fiscal year, and first half figures represent changes from the same period of the previous year.)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	14,220	5.1	3,011	17.1	1,879	19.2	59.04
Full year	30,500	7.2	6,371	0.3	3,973	0.6	124.83

* Implementation status of audit procedures

As of the time this report was disclosed, audit of financial statements based on Financial Instruments and Exchange Act had not completed.

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

Descriptions regarding the future, including the financial forecast 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. Business Results and Financial Position

(1) Analysis of Business Results

1. Business conditions for the FY2013

(Consolidated business results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2013	33,591	5,475	6,408	3,788	119.02
FY2012	31,516	4,940	4,896	2,586	81.26
Growth Rate	6.6%	10.8%	30.9%	46.5%	—

(Non-consolidated business results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2013	28,442	5,495	6,350	3,948	124.07
FY2012	26,645	5,094	5,198	2,967	93.25
Growth Rate	6.7%	7.9%	22.2%	33.1%	—

1) Overall performance for the FY2013

During the fiscal year ended March 31, 2013, the Japanese economy showed signs of a modest recovery supported by reconstruction demands relating to the Great East Japan Earthquake, and other positive factors. However, the outlook remained uncertain due to some concerns such as the sluggish global economy affected by the prolonged European debt crisis and slowing economies in emerging countries as well as Japan's struggle with lingering deflation. Nevertheless, there are some bright spots such as a correction of a strong yen and hikes in stock prices backed by widespread optimism towards the new government formed in December 2012.

In the food industry, companies have still been facing difficult business conditions reflecting consumers tightening their belts due to the worsening job market and declining growth in household income.

Under such circumstances, Ariake Japan Co., Ltd. (the "Company") and its Group companies (collectively, the "Ariake Group") have been striving to grasp customer needs early on, expand their existing businesses throughout the world, and actively develop new businesses. In this way, the Ariake Group endeavors, as a leading manufacturer in the field of natural seasonings, and also as a global enterprise setting up a "global six-pillar system," to fulfill its commitments to food safety, good health, and better taste.

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

Net Sales

The Company's net sales increased by 6.7% (¥1,796 million) year on year, to ¥28,442 million, resulting from our successful sales and marketing efforts focusing on a "customer-first" approach.

Net sales of consolidated subsidiaries increased by 5.7% year on year mainly due to the higher sales at U.S. and Asia subsidiaries.

Therefore, consolidated net sales for the fiscal year under review increased by 6.6% (¥2,074 million) year on year to ¥33,591 million.

Operating Income

The Company's operating income increased by 7.9% (¥400 million) year on year, to ¥5,495 million, thanks to a significant increase in operating income boosted by strong sales growth, which offset an increase in fixed manufacturing costs (an approx. ¥186 million increase year on year) and other expenses.

In addition, consolidated operating income increased by 10.8% (¥534 million) year on year to ¥5,475 million from the previous fiscal year's ¥4,940 million.

Ordinary Income

The Company's ordinary income increased by 22.2% (¥1,151 million) year on year, to ¥6,350 million. This was mainly due to increased operating income; posting of foreign exchange gains (including valuation gains in derivatives trading) of

¥458 million, marking a ¥660 million increase from foreign exchange losses of ¥201 million posted in the previous fiscal year; and posting of a ¥103 million increase in interest income, interest on securities and dividend income.

Consolidated ordinary income increased by 30.9% (¥1,512 million) year on year to ¥6,408 million.

Net income for the Company increased by 33.1% (¥980 million) year on year to ¥3,948 million.

Consolidated net income increased by 46.5% (¥1,201 million) to ¥3,788 million.

2. Outlook for the FY2014

(Forecast for consolidated financial results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2014	37,657	6,241	6,810	4,336	136.23
FY2013	33,591	5,475	6,408	3,788	119.02
Growth Rate	12.1%	14.0%	6.3%	14.5%	—

(Forecast for non-consolidated financial results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2014	30,500	5,760	6,371	3,973	124.83
FY2013	28,442	5,495	6,350	3,948	124.07
Growth Rate	7.2%	4.8%	0.3%	0.6%	—

1) Outlook for financial results for the FY2014

Although interest rates are declining due to recent aggressive monetary easing policies by the Bank of Japan, it is still difficult to predict the extent of the recovery of Japan's real economy. In particular, a recovery in consumer spending is expected to take some time.

In this environment, the Group, trusting in its technical strengths and sales capabilities, will move ahead with efforts to maintain and expand existing markets and develop a new market to strive to increase sales.

The Company has the following three competitive advantages:

- 1) It is a global enterprise which has five production bases in overseas countries, including the U.S. and Europe. This makes it possible to procure high-quality, reasonably priced raw materials.
- 2) The Company has established highly automated large-scale production facilities. The product cost of manufacture decreases in proportion to the scale of the facilities.
- 3) Having been in operation for 47 years, the Company has benefited from the experience curve effect and skills and processes have undergone repeated rounds of improvement.

With these advantages, we have created a production system that turns out high-quality products at low cost.

Since the beginning of this century, the Ariake Group has made upwards of ¥20 billion in capital expenditures across the globe and the results are steadily being realized. During the past four years from the fiscal year ended March 2009 to the fiscal year ended March 2013, consolidated net sales increased from ¥21,736 million to ¥33,591 million, marking a ¥11,854 million increase (up 54.5%), while consolidated operating income increased from ¥2,890 million to ¥5,475 million, marking a ¥2,584 million increase (up 89.4%). These results indicate that our products are highly appreciated for their quality and demanded more and more by our customers around the world.

In the coming fiscal year, as well, we will make the most of our proprietary technologies and cutting-edge facilities, and spare no effort in fully leveraging the unique qualities discussed above to maintain steady increase of its earnings.

Therefore, for the fiscal year 2014, consolidated net sales are projected to increase 12.1% year on year to ¥37,657 million, consolidated operating income to grow 14.0% year on year to ¥6,241 million, and consolidated ordinary income to grow 6.3% year on year to ¥6,810 million.

As for non-consolidated earnings, net sales are expected to increase 7.2% year on year to ¥30,500 million, operating income to increase 4.8% year on year to ¥5,760 million, and ordinary income to increase 0.3% year on year to ¥6,371 million.

(2) Analysis of Financial Position

1) Overview of the FY2013

(Millions of yen)

	FY2012	FY2013	Difference
Cash flows from operating activities	3,422	5,572	2,149
Cash flows from investing activities	(5,407)	(787)	4,620
Cash flows from financing activities	(2,742)	(1,987)	754
Increase (decrease) in cash and cash equivalents	(5,285)	2,719	8,004
Cash and cash equivalents at beginning of term	10,669	5,383	(5,285)
Cash and cash equivalents at end of term	5,383	8,102	2,719

— Regarding the financial position at the end of the current fiscal year, as a result of an increase of ¥2,719 million in cash and time deposits and an increase of ¥2,262 million in noncurrent assets compared to the end of the previous fiscal year, total assets were ¥54,662 million. Shareholders' equity was ¥46,202 million mainly due to a ¥2,514 million increase.

— Net cash provided by operating activities was ¥5,572 million (year on year increase of ¥2,149 million).

— Cash flows from investing activities

For the current fiscal year, net cash used in investing activities was ¥787 million (year on year decrease in outflow of ¥4,620 million), as a result of ¥2,000 million in proceeds from sale of securities, ¥1,799 million in payments for acquisition of investment securities, and ¥1,393 million in payments for purchase of property, plant and equipment, etc.

— Cash flows from financing activities

For the current fiscal year, net cash used in financing activities was ¥1,987 million (year on year decrease in outflow of ¥754 million) as a result of an outflow of ¥1,273 million for dividend payment, and a decrease in short-term loans payable of ¥710 million, etc.

2) Outlook for the FY2014

— Cash flows from operating activities

We expect to achieve target sales and profits for the next fiscal year, and to see an increase in income as well.

— Cash flows from investing activities

In response to sales increases, approximately ¥3,500 million capital expenditures in total have been predetermined including planned capital expenditures of approximately ¥2,500 million by Ariake Japan Co., Ltd.

— Cash flows from financing activities

To improve capital efficiency and provide return to stockholders, we will continue flexible operation.

3) Cash Flow Indicators

	FY2009	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	83.4	79.6	80.6	82.7	84.6
Equity ratio based on fair value (%)	84.2	82.6	86.0	99.7	113.6
Cash flows interest-bearing debts ratio (years)	0.6	0.8	0.9	0.3	0.1
Interest coverage ratio	47.4	109.6	53.6	88.5	148.0

Equity ratio: equity capital / total assets

Equity ratio based on fair value: total fair value / total assets

Cash flows interest-bearing liabilities ratio: interest-bearing debts / cash flows

Interest coverage ratio: cash flows / interest payments

* All indicators are calculated using financial figures on a consolidated basis.

* Total fair value is calculated based on Final stock price at term end × Number of shares outstanding at term end (after deduction of treasury stock).

* The “Cash flows from operating activities” on the Consolidated Statements of Cash Flows and all interest-bearing debts on the Consolidated Balance Sheets were used as cash flows and interest-bearing debts, respectively.

(3) Basic Policy Regarding Distribution of Earnings for FY2013 and FY2014

The Company considers that appropriate distribution of earnings to the shareholders is one of the most important management policies. Therefore, the Company has been based on the principle of paying dividends consistent with its business performance. The Company has pursued a policy of paying substantial stable dividends by considering various indicators in proportion to the growth of the business results. At the same time, the Company has paid attention to the anticipated business environment and long-term business development and maintained ample internal reserves to strengthen the business quality.

Specifically, with the objective of achieving a stable distribution of profits, the Company has been paying dividends based on dividend on equity (DOE) for shareholders' capital investments.

We consider that DOE is an effective method to ensure directly a high dividend rate for our shareholders. Our present target is a DOE of 3.0%, and we are striving to continue to pay greater dividends.

Internal reserves are used for investments and loans to develop the natural seasoning business based on the Company's global strategy, to generate profits, and to expand the scope of business by preparing for situations such as stock price increases through the flexible and agile operation of treasury stock.

Although we did not achieve the consolidated results we had planned to, we managed to report higher income than the previous fiscal year. To show our appreciation for the ongoing support of our shareholders and with hope for their continued support, we intend to propose at the shareholders' meeting to be held in June 2013 that we pay a year-end dividend of ¥25 per share.

Therefore, annual dividends will be ¥45 per share, in an increase of ¥5 from the previous fiscal year.

Regarding the dividends for FY2014, the Company will strive to continue to pay the present common dividend of ¥45 per share, expecting that we will continue to record stable profits in the long term.

2. Outline of the Business Group

Outline of the Business Group

The Ariake Group (Ariake Japan and its consolidated subsidiaries) is comprised of the Company, seven consolidated subsidiaries, and two non-consolidated subsidiaries. Its main business is the manufacture and sale of natural seasoning products. The Company and three of its subsidiaries are located in Japan, and the remaining six subsidiaries, overseas. The following is an outline of the business operations of the various group companies.

Ariake Japan Co., Ltd. (The Company filing the Consolidated Financial Statements)

The Company manufactures natural seasonings and sells them mainly to domestic customers.

Domestic Subsidiaries

Dear. SOUP Co., Ltd. manufactures natural soups and sells them to domestic customers.

A.C.C. Co., Ltd. leases portions of the headquarters building from the Company and operates a convenience store.

Overseas Subsidiaries

ARIAKE U.S.A., Inc. manufactures natural seasonings and sells them to customers in the U.S. and other countries. It also supplies these seasonings to the Company.

Qingdao Ariake Foodstuff Co., Ltd. manufactures natural seasonings and sells them to customers in China and other countries. It also supplies these seasonings to the Company.

Taiwan Ariake Foods Co., Ltd. manufactures natural seasonings and sells them mainly to customers in Taiwan, China, and Southeast Asia. It also supplies these seasonings to the Company.

F. P. Natural Ingredients S.A.S. manufactures natural seasonings and sells them mainly to customers in Europe. It also supplies these seasonings to the Company.

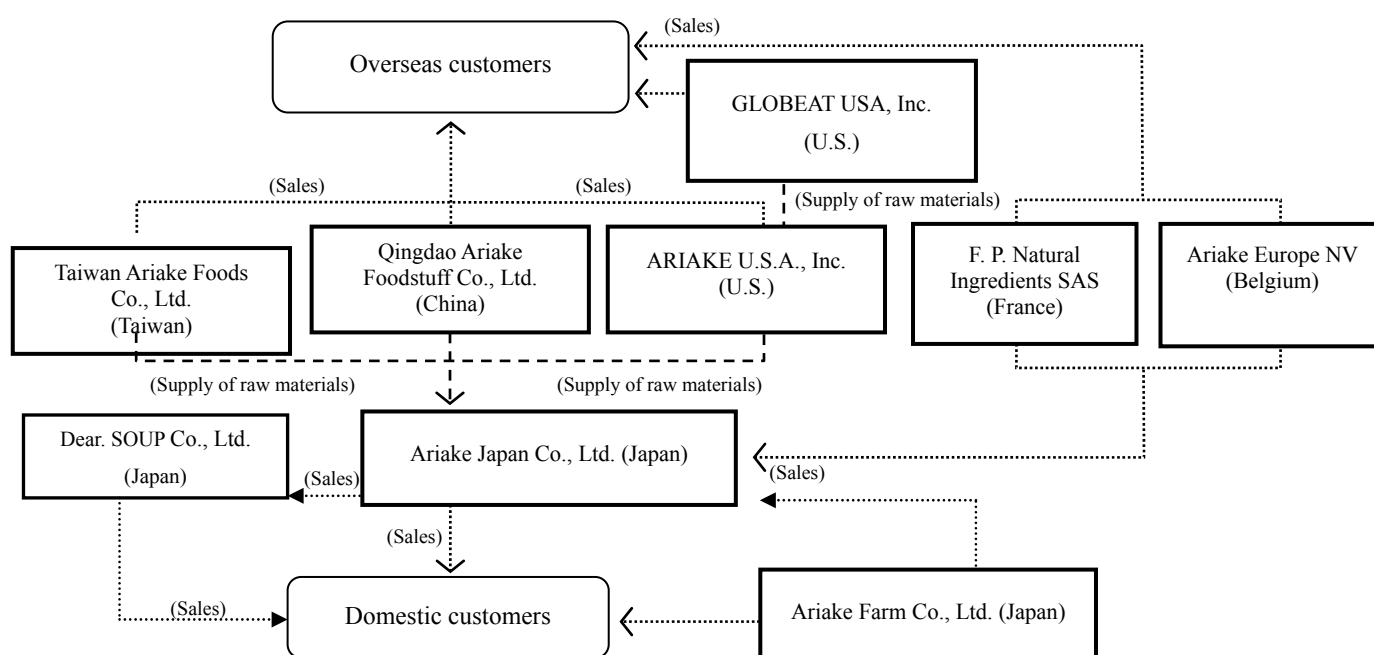
Ariake Europe N.V. manufactures natural seasonings and sells them mainly to customers in Europe. It also supplies these seasonings to the Company.

Non-consolidated Subsidiaries

We established Ariake Farm Co., Ltd. with ¥15 million in capital (9.9% of which was held by the Company) on August 9, 2005 to be engaged in the agricultural business of Ariake Japan Co., Ltd.

The Company became the sole holder of shares in GLOBEAT USA, Inc. as of March 15, 2010. GLOBEAT USA, Inc. is engaged in the food service industry in the U.S.

The major companies of the Group and their relationships as of filing date of the Consolidated Financial Results (May 13, 2013) are shown in the diagram below.



3. Management Policy

(1) Basic Management Policy

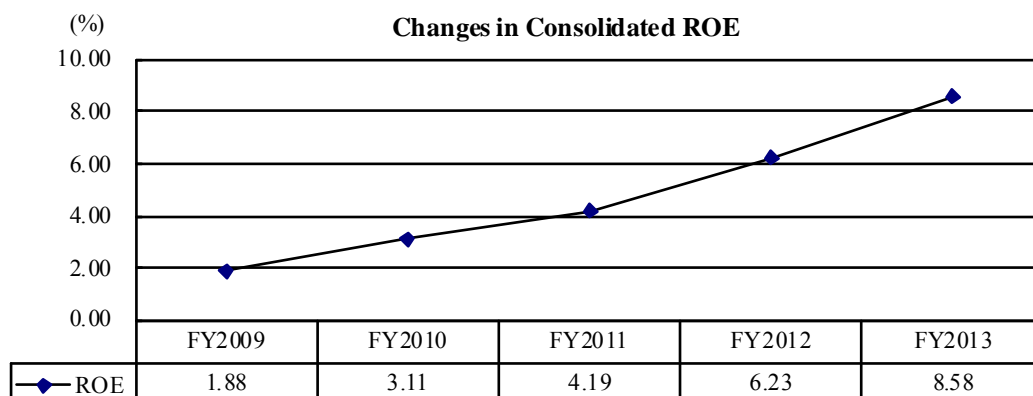
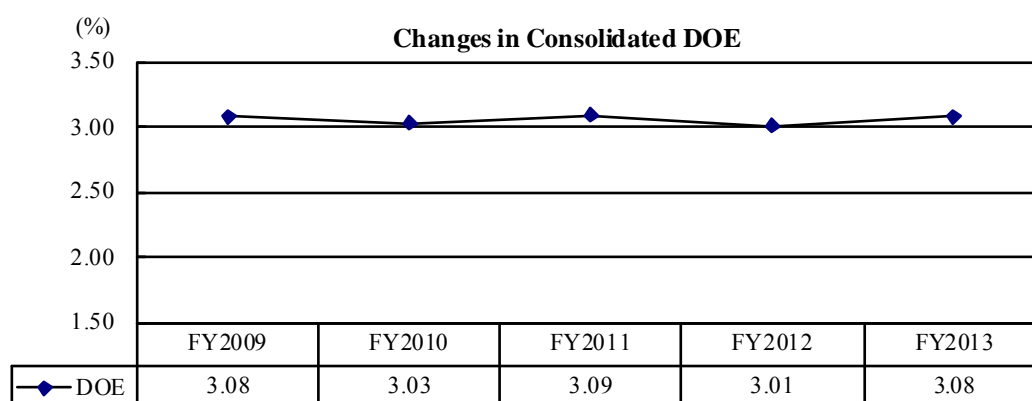
As a leading company in the field of natural seasonings, the Group bases its activities on the following three management concepts:

1. The Group will contribute to the world by supporting healthy and enjoyable food culture through the production of natural seasonings.
2. The Group will quickly and precisely develop businesses that meet the needs of the times, based on the concept of the customer creed.
3. The Group will aim to maximize shareholders' value through businesses to be always attractive to shareholders.

The Group will endeavor to develop and foster the growth of products that take full advantage of the characteristics of natural seasonings, "tasty, healthy and user-friendly" and try hard to improve quality of products by achieving technological reform while ensuring food safety through safety and hygiene control. In this way, the Group will pursue the goal of increasing profitability.

(2) Key Management Indicator

In order to ensure corporate management that is attractive to shareholders by maximizing return on capital investments, the Company uses return on equity (ROE) and dividend on equity (DOE) as its main management indicator for the mid-term. For this reason, the Group will execute stable management based on the long-term management plan and has set a long-term target of 3.0% for DOE and 12.0% for ROE.



(3) Medium- and Long-term Management Plan

The Group continues to operate on the basis of a medium- and long-term management plan. While the food industry in Japan is a matured market, we have based our management plan on; 1) the anticipation for the expansion of demand for natural seasonings through various measures taken by the Company, 2) the short supply of domestic raw materials relative to anticipated market expansion, and 3) the great potential to develop this business on a global scale.

Based on this management plan, we are manufacturing, and performing R&D for, natural seasonings at our No. 1 Kyushu Plant, in Sasebo City, Nagasaki, and No. 2 Kyushu Plant, on the outskirts of Sasebo City.

The Group has both subsidiaries and factories in the U.S. (Ariake U.S.A., Inc.), China (Qingdao Ariake Foodstuff Co., Ltd.), Taiwan (Taiwan Ariake Foods Co., Ltd.), France (F.P. Natural Ingredients S.A.S.), and Belgium (Ariake Europe N.V.), and established an optimal regional production system by creating a “global six-pillar system.”

In order to manufacture and sell natural soups, sales of which are rapidly growing not only in Japan but throughout the world, the Group founded Dear. SOUP Co., Ltd., and is working to expand sales to customers within Japan and overseas.

The main points of the mid-term management plan are as follows:

1. Extend our operations from a natural seasonings-specialized manufacturer to a comprehensive seasonings manufacturer in order to increase corporate value.
2. Expand demand by thoroughly pursuing the domestic market and developing the global market.
3. Grow into a world class leading company through technical innovation.

Specifically, this plan involves the following four items.

- 1) Stimulate domestic demand as a comprehensive seasonings manufacturer in the contracting food market with a declining birthrate and a growing proportion of elderly people.
- 2) Actively make capital investments through technical innovation, and provide low-cost, high-quality products.
- 3) Actively promote our overseas strategy.
- 4) Implement effective capital policies which increased corporate value.

We believe that our responsibility to the investors that have invested in the Company is to increase shareholders' value through the steady accumulation of results in annual plans based on these long-term visions and the establishment of a profit foundation. This approach represents the essence of our ultimate management policies.

(4) Issues which the Company Needs to Address

Recognizing that the natural seasoning industry will largely grow both in Japan and overseas in the future, the Group has made capital investments worth ¥20 billion throughout the world. The Group meets its capital needs with shareholder's equity and external loans. We believe that success in the natural seasonings business will contribute broadly to the food market and help to secure steady growth in the Group's revenue base.

To increase corporate value and conduct stable business operations through these measures, we intend to develop and pursue capital policies that allow us to continuously build a friendly shareholder base.

(5) Other Important Matters Relating to the Company Management

There is nothing to report.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY2012	FY2013
	(As of March 31, 2012)	(As of March 31, 2013)
Assets		
Current assets		
Cash and time deposits	5,383,293	8,102,330
Notes and accounts receivable	*3 6,762,530	*3 6,766,744
Securities	2,500,000	1,000,000
Merchandise and finished goods	2,457,591	2,432,717
Work in process	623,750	677,707
Raw materials and supplies	1,566,457	1,568,228
Deferred tax assets	186,520	215,645
Others	283,513	470,089
Allowance for doubtful accounts	(1,617)	(1,425)
Total current assets	<u>19,762,039</u>	<u>21,232,038</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	19,090,627	20,577,196
Accumulated depreciation	(8,445,690)	(9,251,388)
Buildings and structures (net)	<u>10,644,936</u>	<u>11,325,807</u>
Machines, devices, and delivery equipment	20,501,578	21,908,262
Accumulated depreciation	(15,247,228)	(16,676,929)
Machines, devices, and delivery equipment (net)	<u>5,254,350</u>	<u>5,231,333</u>
Land	4,371,883	4,499,643
Leased assets	44,156	44,156
Accumulated depreciation	(6,940)	(15,542)
Leased assets (net)	<u>37,215</u>	<u>28,613</u>
Construction in progress	1,291,895	191,547
Others	808,352	835,870
Accumulated depreciation	(730,483)	(748,915)
Others (net)	<u>77,869</u>	<u>86,955</u>
Total property, plant and equipment	<u>21,678,150</u>	<u>21,363,900</u>
Intangible assets	133,659	143,645
Investments and other assets		
Investment securities	*1 8,021,980	*1 9,856,060
Long-term loans receivable	136,384	64,897
Investments in real estates (net)	*2 539,701	*2 1,453,834
Deferred tax assets	56,294	—
Others	601,444	548,170
Allowance for doubtful accounts	(30)	(193)
Total investments and other assets	<u>9,355,776</u>	<u>11,922,770</u>
Total noncurrent assets	<u>31,167,586</u>	<u>33,430,316</u>
Total assets	<u>50,929,626</u>	<u>54,662,355</u>

	(Thousands of yen)	
	FY2012	FY2013
	(As of March 31, 2012)	(As of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable	2,944,067	2,851,630
Short-term loans payable	※ ³ 723,477	※ ³ 223,785
Lease liabilities	9,032	9,032
Income taxes payable	1,427,887	1,404,238
Allowance for employee bonuses	180,340	179,443
Allowance for directors' bonuses	56,000	58,000
Others	1,704,211	1,341,858
Total current liabilities	7,045,015	6,067,989
Noncurrent liabilities		
Long-term loans payable	388,700	324,848
Lease liabilities	30,044	21,012
Deferred tax liabilities	38,639	412,717
Allowance for employee retirement benefits	583,336	612,951
Allowance for directors' retirement benefits	305,277	328,362
Others	193,309	344,121
Total noncurrent liabilities	1,539,307	2,044,012
Total liabilities	8,584,322	8,112,001
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	33,333,121
Treasury stock	(2,059,169)	(2,059,636)
Total shareholders' equity	43,687,950	46,202,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	485,008	1,161,420
Foreign currency translation adjustment	(2,069,323)	(1,121,873)
Total accumulated other comprehensive income	(1,584,315)	39,546
Minority interests	241,669	308,356
Total net assets	42,345,304	46,550,353
Total liabilities and net assets	50,929,626	54,662,355

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

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Net sales	31,516,667	33,591,021
Cost of sales	*1, *3 21,370,086	*1, *3 22,661,953
Gross profit	10,146,580	10,929,067
Selling, general and administrative expenses	*2, *3 5,205,906	*2, *3 5,453,625
Operating income	4,940,674	5,475,442
Non-operating income		
Interest and dividends income	172,731	207,620
Foreign exchange gains	—	194,095
Rent received	26,745	28,221
Gain on valuation of derivatives	430,823	457,653
Others	131,374	156,888
Total non-operating income	761,674	1,044,480
Non-operating expenses		
Interest paid	38,673	37,657
Foreign exchange losses	738,496	—
Compensation expenses	—	24,258
Cost of lease revenue	14,695	13,137
Others	13,935	36,032
Total non-operating expenses	805,801	111,086
Ordinary income	4,896,547	6,408,836
Extraordinary income		
Gain on sale of noncurrent assets	*4 504	—
Total extraordinary income	504	—
Extraordinary losses		
Loss on retirement of noncurrent assets	—	*5 17,788
Loss on valuation of investment securities	30,438	—
Loss on valuation of golf club membership	4,031	—
Loss on closing of stores	—	4,341
Total extraordinary losses	34,469	22,130
Income before income taxes	4,862,582	6,386,706
Income taxes—current	2,253,368	2,529,957
Income taxes—deferred	1,246	31,353
Income taxes	2,254,614	2,561,310
Income before minority interests	2,607,967	3,825,395
Minority interests	21,734	37,299
Net income	2,586,232	3,788,095

(Consolidated Statements of Comprehensive Income)

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Income before minority interests	2,607,967	3,825,395
Other comprehensive income		
Valuation difference on available-for-sale securities	157,350	676,412
Foreign currency translation adjustment	(322,868)	979,409
Total other comprehensive income	* (165,518)	* 1,655,822
Comprehensive income	2,442,449	5,481,217
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,420,303	5,411,957
Comprehensive income attributable to minority interests	22,145	69,259

(3) Consolidated Statements of Changes in Shareholders' Equity

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Shareholders' equity		
Common stock		
Balance at the beginning of current period	7,095,096	7,095,096
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,095,096	7,095,096
Capital surplus		
Balance at the beginning of current period	7,833,869	7,833,869
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,833,869	7,833,869
Retained earnings		
Balance at the beginning of current period	29,505,058	30,818,154
Changes of items during the period		
Dividend from retained earnings	(1,273,136)	(1,273,128)
Net income	2,586,232	3,788,095
Total changes of items during the period	1,313,096	2,514,967
Balance at the end of current period	30,818,154	33,333,121
Treasury stock		
Balance at the beginning of current period	(2,059,110)	(2,059,169)
Changes of items during the period		
Acquisition of treasury stock	(584)	(815)
Disposal of treasury stock	525	348
Total changes of items during the period	(59)	(466)
Balance at the end of current period	(2,059,169)	(2,059,636)
Total shareholders' equity		
Balance at the beginning of current period	42,374,913	43,687,950
Changes of items during the period		
Dividend from retained earnings	(1,273,136)	(1,273,128)
Net income	2,586,232	3,788,095
Acquisition of treasury stock	(584)	(815)
Disposal of treasury stock	525	348
Total changes of items during the period	1,313,037	2,514,500
Balance at the end of current period	43,687,950	46,202,450

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	327,657	485,008
Changes of items during the period		
Amount of fluctuation of items other than shareholders' equity during the year (net)	157,350	676,412
Total changes of items during the period	157,350	676,412
Balance at the end of current period	485,008	1,161,420
Foreign currency translation adjustment		
Balance at the beginning of current period	(1,746,043)	(2,069,323)
Changes of items during the period		
Amount of fluctuation of items other than shareholders' equity during the year (net)	(323,279)	947,449
Total changes of items during the period	(323,279)	947,449
Balance at the end of current period	(2,069,323)	(1,121,873)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(1,418,385)	(1,584,315)
Changes of items during the period		
Amount of fluctuation of items other than shareholders' equity during the year (net)	(165,929)	1,623,862
Total changes of items during the period	(165,929)	1,623,862
Balance at the end of current period	(1,584,315)	39,546
Minority interests		
Balance at the beginning of current period	220,611	241,669
Changes of items during the period		
Amount of fluctuation of items other than shareholders' equity during the year (net)	21,057	66,687
Total changes of items during the period	21,057	66,687
Balance at the end of current period	241,669	308,356
Total net assets		
Balance at the beginning of current period	41,177,138	42,345,304
Changes of items during the period		
Dividend from retained earnings	(1,273,136)	(1,273,128)
Net income	2,586,232	3,788,095
Acquisition of treasury stock	(584)	(815)
Disposal of treasury stock	525	348
Amount of fluctuation of items other than shareholders' equity during the year (net)	(144,871)	1,690,549
Total changes of items during the period	1,168,165	4,205,049
Balance at the end of current period	42,345,304	46,550,353

(4) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Cash flows from operating activities		
Income before income taxes	4,862,582	6,386,706
Depreciation and amortization	1,763,955	1,878,202
Increase (decrease) in allowance for doubtful accounts	(607)	(29)
Increase (decrease) in allowance for employee retirement benefits	14,282	29,614
Increase (decrease) in allowance for directors' retirement benefits	7,370	23,085
Increase (decrease) in allowance for employee bonuses	15,583	(896)
Increase (decrease) in allowance for directors' bonuses	—	2,000
Interest and dividends received	(172,731)	(207,620)
Interest paid	38,673	37,657
Loss (gain) on foreign exchange	472,567	194,263
Loss (gain) on valuation of derivatives	(430,823)	(457,653)
Loss on sales and retirement of noncurrent assets	—	17,788
Loss (gain) on valuation of investment securities	30,438	—
Decrease (increase) in accounts receivable	(1,232,051)	90,192
Decrease (increase) in inventories	(692,665)	94,920
Increase (decrease) in accounts payable	202,809	(166,686)
Increase (decrease) in consumption taxes payable	29,431	822
Decrease (increase) in other assets	(15,156)	(50,049)
Increase (decrease) in other liabilities	158,961	106,236
Subtotal	<u>5,052,620</u>	<u>7,978,552</u>
Interest and dividend income received	167,015	190,804
Interest expenses paid	(38,673)	(37,657)
Income and other taxes paid	<u>(1,758,294)</u>	<u>(2,559,605)</u>
Net cash provided by operating activities	<u>3,422,667</u>	<u>5,572,093</u>
Cash flows from investing activities		
Payments for acquisition of securities	(2,000,000)	—
Proceeds from sale of securities	1,000,000	2,000,000
Payments for purchase of property, plant and equipment	(1,973,957)	(1,393,659)
Payments for acquisition of intangible assets	(25,709)	(35,682)
Payments for acquisition of investment securities	(2,510,638)	(1,799,363)
Proceeds from sales of investment securities	—	501,965
Payment for loans receivable	(7,600)	(9,850)
Proceeds from collection of loans receivable	110,656	95,959
Payments for investments in real estates	—	(146,577)
Net cash provided by (used in) investing activities	<u>(5,407,249)</u>	<u>(787,208)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,467,977)	(710,935)
Proceeds from sales of treasury stock	525	272
Payments for acquisition of treasury stock	(584)	(815)
Dividends paid	(1,273,075)	(1,273,214)
Cash dividends paid to minority shareholders	(1,088)	(2,572)
Net cash used in financing activities	<u>(2,742,200)</u>	<u>(1,987,265)</u>
Exchange difference of cash and cash equivalents	(559,054)	(78,582)
Increase (decrease) in cash and cash equivalents	<u>(5,285,837)</u>	<u>2,719,036</u>
Cash and cash equivalents at beginning of term	<u>10,669,131</u>	<u>* 5,383,293</u>
Cash and cash equivalents at end of term	<u>* 5,383,293</u>	<u>* 8,102,330</u>

(5) Notes on the Consolidated Financial Statements

(Notes on the Going Concern Assumption)

There is nothing to report.

(Basic Important Matters to Prepare the Consolidated Financial Statements)

1. Matters relating to the scope of consolidation

(1) Consolidated subsidiary companies 7:

Dear. SOUP Co., Ltd.

A.C.C. Co., Ltd.

ARIAKE U.S.A., Inc.

Qingdao Ariake Foodstuff Co., Ltd.

Taiwan Ariake Foods Co., Ltd.

F. P. Natural Ingredients S.A.S.

Ariake Europe N.V.

(2) Major non-consolidated subsidiaries:

Ariake Farm Co., Ltd.

GLOBEAT USA, INC.

(Reason to exclude from the scope of consolidation)

The non-consolidated subsidiary Ariake Farm Co., Ltd. and GLOBEAT USA, INC. are small companies, and their total assets, net sales, net income or loss and retained earnings (corresponding to equity) did not have a significant influence on the Consolidated Financial Statements.

2. Matters relating to subsidiaries and affiliates adopting the equity method

(1) Number and names of companies adopting equity method

Non-consolidated subsidiaries: None

Affiliated companies: None

(2) Non-consolidated subsidiaries that are not using the equity method:

Considering the net income or loss (corresponding to equity) and retained earnings (corresponding to equity), Ariake Farm Co., Ltd. and GLOBEAT USA, INC. had an insignificant influence on the Consolidated Financial Statements. Since they were not financially important overall, they were excluded from the scope of application of the equity method.

3. Matters relating to business year of consolidated subsidiaries

The closing day of ARIAKE U.S.A., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients S.A.S., Ariake Europe N.V. and Taiwan Ariake Foods Co., Ltd. was December 31. Although the Company adopted all the subsidiaries' financial statements as of December 31 to prepare for the Consolidated Financial Statements, any significant transactions accrued in the period from that date to the consolidated book closing day were adjusted according to consolidation requirements.

4. Matters relating to accounting standards

(1) Valuation standards and methods for important assets

(i) Securities

1) Held-to-maturity securities

Amortized cost method (straight-line method)

2) Other securities

(a) Securities with market price

Mark-to-market method based on the market price as of the closing day of accounts (All the valuation differences were incorporated directly into the net assets and costs for sale were computed with the moving average method.)

(b) Securities without market price

Cost method under the moving average method

(ii) Derivatives

Mark-to-market method

(iii) Major inventories

(a) Products

Mainly, identified cost method

(b) Raw materials

Mainly, cost method under the moving average method

(c) Work in process

Mainly, identified cost method

(d) Supplies

Last cost method

(Amounts on the balance sheets were calculated by the method of writing down the book value in accordance with a decline in profitability.)

(2) Depreciation method for important depreciable assets

(i) Property, plant and equipment (except for leased assets)

(a) Domestic companies: Declining balance method

However, a straight-line method was used for buildings (except attached equipment) acquired or put into business use after April 1, 1998.

Small-amount depreciable assets of which the acquisition price was ¥100,000 or more and less than ¥200,000 were and will be depreciated evenly over 3 years.

Useful lives of major assets were as follows:

Buildings and structures: 7-50 years

Machines, devices and delivery equipment: 4-10 years

(b) Overseas subsidiaries

Straight-line method based on the estimated useful life

(ii) Intangible assets (except for leased assets): Straight-line method

Software for internal use is amortized over its estimated useful life of 5 years, using the straight-line method.

(iii) Leased assets

Finance leased assets that do not transfer ownership are depreciated using the straight-line method over the period of the lease with zero residual value.

Finance leased assets that do not transfer ownership and were acquired prior to December 31, 2008 are not capitalized but accounted for by a method similar to that applicable to operating leases.

(iv) Investments in real estates: Declining balance method

(3) Standards for significant allowances

(i) Allowance for doubtful accounts

To prepare against losses from bad debts, the amount estimated based on the actual loss ratio was reserved for ordinary receivables, and the amount of possible losses is included in the reserve considering the collectibility of individual doubtful accounts.

(ii) Allowance for employee bonuses

Except for the foreign subsidiaries, the Company has reserved and recorded the estimated amount of the bonuses to prepare for payment to employees.

(iii) Allowance for directors' bonuses

The Company has reserved and recorded as the current fiscal year's Company's contribution a part of the estimated amount of directors' bonuses to prepare for payment to directors.

(iv) Allowance for employee retirement benefits

To prepare for payment of benefits to retired employees, the amount of actual payment is reserved based on estimation of retirement benefit liabilities and pension assets regarded as existing at the end of the consolidated fiscal year.

Actuarial gains and losses are treated as expenses, and amortized from the following fiscal year in which the gain or loss is recognized using a straight-line method over a certain period (5 years) within the average remaining years of service of the employees.

Past employment obligations are treated as expense, using the straight-line method based on a fixed number of years (5 years) within the average remaining service period of employees at the time of accrual.

(v) Allowance for directors' retirement benefits

To prepare for payment of directors' retirement benefits, the Company has reserved and recorded the required amounts as of the end of the term based on the internal regulations regarding directors' retirement benefits.

(4) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen which was applied to prepare the Consolidated Financial Statements

Receivables and payables denominated in foreign currencies were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period, and differences were recorded as gains or losses.

The assets and liabilities, as well as income and expenses, of foreign subsidiaries were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period and differences were included in the adjustment account for foreign

currency exchange or minority interests under net assets.

(5) Scope of cash in the Consolidated Statements of Cash Flows

Cash (cash and cash equivalents) in the Consolidated Statements of Cash Flows consist of cash on hand, deposits withdrawable at any time and short-term investments convertible easily into cash and repayable within 3 months after acquisition, with little risk for price fluctuation.

(6) Other important matters to prepare the Consolidated Financial Statements

Accounting of the consumption tax

The Company applied the tax-exclusion accounting method.

(Changes in Method of Presentation)

(Consolidated Statements of Income)

“Cost of rental revenue”, which was included in “Others” under “Non-operating expenses” in the previous consolidated fiscal year, is posted shown as a separate item for the current consolidated fiscal year, because the amount exceeds 10% of the total amount of non-operating expenses. To reflect this change in the method of presentation, we reclassified the items of consolidated financial statements for the previous consolidated fiscal year.

As a result, the amount of ¥28,630, 000 posted as “Others” under “Non-operating expenses” in the consolidated statements of income for the previous consolidated fiscal year is restated as ¥14,695, 000 of “Cost of rental revenue” and ¥13,935, 000 of “Others”.

(Consolidated Balance Sheets)

*1. Items accounted in non-consolidated subsidiaries and affiliated companies are as follows:

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Investment securities (stocks)	8,196	8,196

*2. Accumulated depreciation of investments in real estates

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Accumulated depreciation of investments in real estates	120,081	125,667

*3. Notes receivable and payable maturing at the end of the consolidated fiscal year

Regarding the accounting treatment of notes receivable and payable maturing at the end of the consolidated fiscal year, despite that the end of the current consolidated fiscal year fell on a bank holiday, these notes were accounted for as if settlement occurred on the maturity date. Notes receivable and payable maturing at the end of the current consolidated fiscal year were as shown below.

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Notes receivable	63,763	75,820
Notes payable	30,071	97,858

(Consolidated Statements of Income)

*1. Ending inventories were calculated by the method of writing down the book value in accordance with a decline in profitability and the following loss on valuation of inventories was included in cost of sales.

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
	77,376	45,578

*2. Major items and amounts under selling, general and administrative expenses are as follows:

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Salary and bonuses	893,532	877,627
Packing and transportation expenses	1,858,737	2,005,826
Depreciation expenses	117,689	115,974
Provision for employee bonuses	52,528	51,231
Provision for directors' bonuses	56,000	58,000
Retirement benefits expenses	17,926	38,855
Provision for directors' retirement benefits	16,589	23,085

*3. The total amount of research and development expenses included in general and administrative expenses and manufacturing cost of the current term is as follows:

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
General and administrative expenses	324,783	331,240
Manufacturing cost of the current term	10,942	14,281

*4. Gain on sales of noncurrent assets is as follows:

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Machines, devices and delivery equipment	504	—

*5. Loss on retirement of noncurrent assets is as follows:

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Buildings and structures	—	8,707
Machinery, equipment and vehicles	—	8,995
Others	—	85

(Consolidated Statements of Comprehensive Income)

* Other comprehensive income reclassification adjustments and tax effects

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Valuation difference on available-for-sale securities		
Accrued amount during the period	199,595	1,035,430
Reclassification adjustments	—	—
Adjustments of tax effects	199,595	1,035,430
Tax effects	(42,245)	(359,018)
Valuation difference on available-for-sale securities	157,350	676,412
Foreign currency translation adjustment		
Accrued amount during the period	(323,279)	979,409
Reclassification adjustments	—	—
Foreign currency translation adjustment	(323,279)	979,409
Total other comprehensive income	(165,518)	1,655,822

(Consolidated Statements of Changes in Shareholders' Equity)

FY2012 (from April 1, 2011 to March 31, 2012)

1. Items regarding the type and number of shares outstanding and shares of treasury stock

(Thousands of shares)

	Number of shares as of April 1, 2011	Increased number of shares (April 1, 2011 to March 31, 2012)	Decreased number of shares (April 1, 2011 to March 31, 2012)	Number of shares as of March 31, 2012
Outstanding shares				
Common stock	32,808	—	—	32,808
Total	32,808	—	—	32,808
Treasury stock				
Common stock ^(Note)	980	0	0	980
Total	980	0	0	980

Note: The share increase in common stock for treasury stock was through purchase of odd-lot shares while the decrease in the stock was due to the sales of odd-lot shares.

2. Matters regarding subscription rights to shares and treasury subscription rights to shares

There is nothing to report.

3. Items regarding dividends

(1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date
June 17, 2011 Annual meeting of shareholders	Common stock	636,568	20.0	March 31, 2011	June 20, 2011
November 11, 2011 Board of Directors Meeting	Common stock	636,568	20.0	September 30, 2011	December 12, 2011

(2) Dividends for which the record date fell in this consolidated fiscal year and the effective date will fall in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Dividends per share (yen)	Record date	Effective date
June 22, 2012 Annual meeting of shareholders	Common stock	636,565	Retained earnings	20.0	March 31, 2012	June 25, 2012

FY2013 (from April 1, 2012 to March 31, 2013)

1. Items regarding the type and number of shares outstanding and shares of treasury stock

(Thousands of shares)

	Number of shares as of April 1, 2012	Increased number of shares (April 1, 2012 to March 31, 2013)	Decreased number of shares (April 1, 2012 to March 31, 2013)	Number of shares as of March 31, 2013
Outstanding shares				
Common stock	32,808	—	—	32,808
Total	32,808	—	—	32,808
Treasury stock				
Common stock ^(Note)	980	0	0	980
Total	980	0	0	980

Note: The share increase in common stock for treasury stock was through purchase of odd-lot shares while the decrease in the stock was due to the sales of odd-lot shares.

2. Matters regarding subscription rights to shares and treasury subscription rights to shares

There is nothing to report.

3. Items regarding dividends

(1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date
June 22, 2012 Annual meeting of shareholders	Common stock	636,565	20.0	March 31, 2012	June 25, 2012
November 9, 2012 Board of Directors Meeting	Common stock	636,563	20.0	September 30, 2012	December 10, 2012

(2) Dividends for which the record date fell in this consolidated fiscal year and the effective date will fall in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Dividends per share (yen)	Record date	Effective date
June 21, 2013 Annual meeting of shareholders	Common stock	795,699	Retained earnings	25.0	March 31, 2013	June 24, 2013

(Consolidated Statements of Cash Flows)

* Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Cash and time deposits	5,383,293	8,102,330
Cash and cash equivalents	5,383,293	8,102,330

(Securities)

1. Held-to-maturity securities

FY2012 (As of March 31, 2012)

(Thousands of yen)

	Type	Carrying amount on Consolidated Balance Sheets	Fair value	Difference
Securities whose fair value exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	1,000,000	1,000,700	700
	Subtotal	1,000,000	1,000,700	700
Securities whose fair value do not exceed their carrying value on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	6,500,000	6,408,090	(91,910)
	Subtotal	6,500,000	6,408,090	(91,910)
Total		7,500,000	7,408,790	(91,210)

FY2013 (As of March 31, 2013)

(Thousands of yen)

	Type	Carrying amount on Consolidated Balance Sheets	Fair value	Difference
Securities whose fair value exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	5,500,000	5,570,525	70,525
	Subtotal	5,500,000	5,570,525	70,525
Securities whose fair value do not exceed their carrying value on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	1,000,000	997,500	(2,500)
	Subtotal	1,000,000	997,500	(2,500)
Total		6,500,000	6,568,025	68,025

2. Other securities

FY2012 (As of March 31, 2012)

(Thousands of yen)

	Type	Carrying amount on Consolidated Balance Sheets	Acquisition costs	Difference
Securities whose carrying amount on the Consolidated Balance Sheets exceed acquisition costs	(1) Stocks	2,586,123	1,775,742	810,381
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	Subtotal	2,586,123	1,775,742	810,381
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	209,018	275,522	(66,503)
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	Subtotal	209,018	275,522	(66,503)
Total		2,795,142	2,051,265	743,877

Notes:

- Unlisted shares and a portion of bonds (with an amount recorded on Consolidated Balance Sheets of ¥226,837,000) do not have fair values and it is considered extremely difficult to determine fair values for these shares. Therefore, they are not included in “Other securities” above.
- For the current consolidated fiscal year, write-downs were recorded in the amount of ¥10,432,000 for shares of other securities and ¥20,006,000 for shares of non-consolidated subsidiaries.
Regarding the write-downs, all securities for which the fair values as of the end of the fiscal year decreased 50% or more compared with the acquisition prices, are written down.

FY2013 (As of March 31, 2013)

(Thousands of yen)

	Type	Carrying amount on Consolidated Balance Sheets	Acquisition costs	Difference
Securities whose carrying amount on the Consolidated Balance Sheets exceed acquisition costs	(1) Stocks	3,761,251	1,947,056	1,814,194
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	205,780	200,000	5,780
	Subtotal	3,967,031	2,147,056	1,819,974
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	164,917	203,572	(38,654)
	(2) Bonds			
	1) Government and municipal bonds etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	Subtotal	164,917	203,572	(38,654)
Total		4,131,949	2,350,629	1,781,319

Notes:

- Unlisted shares and a portion of bonds (with an amount recorded on Consolidated Balance Sheets of ¥224,111,000) do not have fair values and it is considered extremely difficult to determine fair values for these shares. Therefore, they are not included in “Other securities” above.

(Derivative Transactions)

1. Derivative transactions not applied to hedge accounting

Currency-related

FY2012 (from April 1, 2011 to March 31, 2012)

(Thousands of yen)

Category	Type	FY2012 (As of March 31, 2012)			
		Contract amount, etc.	Contract price (portion due after one year)	Fair value	Gain/loss on valuation
Non-market transactions	Forward exchange contracts				
	Short position				
	Euro	2,097,000	419,400	(301,665)	(301,665)
	U.S. dollar	1,172,060	178,160	23,784	23,784
	Total	3,269,060	597,560	(277,881)	(277,881)

Note: Method for calculating fair value

The fair values of these are determined using the quoted price by financial institutions and others with which businesses are conducted.

Currency-related

FY2013 (from April 1, 2012 to March 31, 2013)

(Thousands of yen)

Category	Type	FY2013 (As of March 31, 2013)			
		Contract amount, etc.	Contract price (portion due after one year)	Fair value	Gain/loss on valuation
Non-market transactions	Forward exchange contracts				
	Short position				
	Euro	1,143,780	—	(21,389)	(21,389)
	U.S. dollar	5,748,950	4,432,250	201,162	201,162
	Total	6,892,730	4,432,250	179,772	179,772

Note: Method for calculating fair value

The fair values of these are determined using the quoted price by financial institutions and others with which businesses are conducted.

(Retirement Benefits)

1. Outline of the retirement benefits system employed by the Company

The Company uses a lump sum retirement system in combination with a defined benefits pension system.

2. Retirement benefit obligations and their breakdown

	(Thousands of yen)	
	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
(1) Retirement benefit obligations	(1,327,919)	(1,395,062)
(2) Pension assets	755,917	767,674
(3) Unfunded retirement benefit obligations (1)+(2)	(572,002)	(627,388)
(4) Unrecognized actuarial gains or losses	(11,334)	14,437
(5) Unrecognized past employment obligations (obligation write down)	—	—
(6) Net amount reported in Consolidated Balance Sheets (3)+(4)+(5)	(583,336)	(612,951)
(7) Prepaid pension expenses	—	—
(8) Allowance for employee retirement benefits (6)-(7)	(583,336)	(612,951)

3. Breakdown of retirement benefits expenses

	(Thousands of yen)	
	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Retirement benefits expenses	79,733	95,557
(1) Employment expenses	86,192	91,207
(2) Interest expenses	25,308	26,558
(3) Expected return on plan assets	(10,684)	(11,470)
(4) Amortization of net actuarial gains or losses	(19,329)	(10,783)
(5) Amortization of past employment obligations	(1,755)	—

4. Matters relating to the accounting foundations of retirement benefit obligations

(1) Distribution method and fixed amount standard of anticipated retirement benefits

Periodically fixed amount

(2) Discount rate

	(%)	
	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	2.0	2.0

(3) Expected return on plan assets

	(%)	
	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	1.5	1.5

(4) Amortization of past employment obligations

5 years (past employment obligations are treated as expense, using the straight-line method based on a fixed number of years within average remaining service period of employees at the time of accrual.)

(5) Amortization of actuarial gains or losses

5 years (Actuarial gains and losses are treated as expenses, and amortized from the following fiscal year in which the gain or loss is recognized using a straight-line method over a certain period within the average remaining years of service of the employees.)

(Asset Retirement Obligations)

There is nothing to report.

(Business Combinations)

There is nothing to report.

(Segment Information, etc.)

a. Information by business segment

1. Overview of reportable segments

In accordance with aggregation criteria for reportable segments, the Company's businesses are aggregated into the segment "manufacturing and sales of natural seasonings." Therefore, the Ariake Group has only one reportable segment of a natural seasonings business.

2. Method of calculations of sales, income (loss), assets, liabilities, and other items by reportable segment

The Ariake Group has only one reportable segment of a natural seasonings business, so information is omitted.

3. Information on sales, income (loss), assets, liabilities, and other items by reportable segment

The Ariake Group has only one reportable segment of a natural seasonings business, so information is omitted.

4. Difference between total amount of reportable segment and amount recorded on consolidated financial statements and its details about the difference (matters relating to difference adjustment)

The Ariake Group has only one reportable segment of a natural seasonings business, so information is omitted.

b. Related information

FY2012 (from April 1, 2011 to March 31, 2012)

1. Information by product and service

Information by product and service is omitted because external sales by products and services account for more than 90% of total net sales stated at consolidated statements of income.

2. Information by geographic segment

(1) Sales

(Thousands of yen)

Japan	North America	Europe	Asia	Total
27,081,374	1,426,371	1,219,727	1,789,193	31,516,667

(2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Asia	Total
13,989,654	2,616,775	3,429,489	1,642,231	21,678,150

3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	3,684,856	Natural seasonings business

FY2013 (from April 1, 2012 to March 31, 2013)

1. Information by product and service

Information by product and service is omitted because external sales by products and services account for more than 90% of total net sales stated at consolidated statements of income.

2. Information by geographic segment

(1) Sales

(Thousands of yen)

Japan	North America	Europe	Asia	Total
28,862,084	1,899,063	600,786	2,229,087	33,591,021

(2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Asia	Total
13,268,048	2,740,138	3,550,699	1,805,014	21,363,900

3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	3,955,851	Natural seasonings business

c. Information on impairment loss of noncurrent assets by reportable segment

There is nothing to report.

d. Information on amortization and unamortization of goodwill by reportable segment

There is nothing to report.

e. Information on accrual profit of negative goodwill by reportable segment

There is nothing to report.

(Information on the Related Parties)

Transaction with related parties

Transaction between the Company and related parties

a) Non-consolidated subsidiaries and affiliated companies, etc. of the Company

FY2012 (from April 1, 2011 to March 31, 2012)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Subsidiary	Ariake Farm Co., Ltd.	Sasebo City, Nagasaki	15,100	Farming	9.9 (Direct) 89.4 (Indirect)	Purchaser of materials and merchandise, lending of loans	Purchase of raw materials	135,312	Accounts payable – trade	4,712
							Purchase of shareholder benefits	44,757	–	–
							Collection of loans	15,000	–	–

- Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.
2. The same terms and conditions as those for general clients are applied.
3. Market interest is considered in determining interest on loans.

FY2013 (from April 1, 2012 to March 31, 2013)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Subsidiary	Ariake Farm Co., Ltd.	Sasebo City, Nagasaki	15,100	Farming	9.9 (Direct) 89.4 (Indirect)	Purchase of raw materials	Purchase of raw materials	309,718	Accounts payable – trade	52,623
									Advance payments – trade	20,000

- Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.
2. The same terms and conditions as those for general clients are applied.

b) Directors, major shareholders, etc. of the Company

FY2012 (from April 1, 2011 to March 31, 2012)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka City, Fukuoka	30,000	Operation of restaurants	None	Supply of materials	Sales of merchandise	246,673	Accounts receivable – trade	20,324
						Leasing of facilities	Receiving of facility usage fees	3,600	Advances received	315
	Japan Food Business Co., Ltd.	Shibuya ward, Tokyo	20,000	Management of assets	(Direct) 28.9	Supply of materials	Sales of merchandise	1,598	–	–
						Leasing of facilities	Receiving of facility usage fees	2,400	Advances received	210

- Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.
2. The same terms and conditions as those for general clients are applied.

FY2013 (from April 1, 2012 to March 31, 2013)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka City, Fukuoka	30,000	Operation of restaurants	None	Supply of materials	Sales of merchandise	249,877	Accounts receivable – trade	28,297
						Leasing of facilities	Receiving of facility usage fees	2,600	Advances received	105
	Japan Food Business Co., Ltd.	Shibuya ward, Tokyo	20,000	Management of assets	(Direct) 28.9	Supply of materials	Sales of merchandise	1,023	–	–
						Leasing of facilities	Receiving of facility usage fees	2,400	Advances received	210

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

(Per Share Information)

	(Yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Net assets per share	1,322.84	1,452.87
Net income per share	81.26	119.02

Notes: 1. Diluted net income per share is not reported because these are not residual securities.

2. Basis for calculation of net income per share is as follows:

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Net income	2,586,232	3,788,095
Amount not attributed to common shareholders	–	–
Net income related to common stocks	2,586,232	3,788,095
Average number of shares outstanding during the fiscal years (thousand shares)	31,828	31,828

(Important Subsequent Events)

There is nothing to report.

5. Non-consolidated Financial Statements**(1) Non-consolidated Balance Sheets**

	(Thousands of yen)	
	FY2012	FY2013
	(As of March 31, 2012)	(As of March 31, 2013)
Assets		
Current assets		
Cash and time deposits	4,310,506	5,568,927
Notes receivable	* ³ 507,039	* ³ 455,189
Accounts receivable	* ² 5,362,665	* ² 5,362,263
Securities	2,500,000	1,000,000
Merchandise and finished goods	1,959,427	1,892,856
Work in process	441,446	459,816
Raw materials and supplies	1,378,495	1,289,093
Advance payments	161,447	93,414
Prepaid expenses	39,234	47,861
Short-term loan to subsidiaries and affiliated companies	14,088	—
Deferred tax assets	171,272	203,808
Derivatives	—	179,772
Short-term loans receivable	87,500	87,500
Other	74,565	86,560
Allowance for doubtful accounts	(872)	(568)
Total current assets	17,006,817	16,726,495
Noncurrent assets		
Property, plant and equipment		
Buildings	12,433,127	12,868,839
Accumulated depreciation	(6,490,161)	(6,811,391)
Buildings (net)	5,942,965	6,057,448
Structures	1,059,051	1,144,247
Accumulated depreciation	(718,008)	(819,018)
Structures (net)	341,042	325,229
Machines and devices	15,042,568	15,683,121
Accumulated depreciation	(12,425,586)	(13,039,013)
Machines and devices (net)	2,616,982	2,644,108
Ships and vessels	17,344	17,344
Accumulated depreciation	(17,272)	(17,290)
Ships and vessels (net)	72	54
Vehicles and delivery equipment	191,984	206,952
Accumulated depreciation	(150,599)	(163,163)
Vehicles and delivery equipment (net)	41,385	43,789
Tools, furniture and fixtures	669,754	669,482
Accumulated depreciation	(632,732)	(625,628)
Tools, furniture and fixtures (net)	37,021	43,853
Land	3,914,970	3,974,466
Leased assets	44,156	44,156
Accumulated depreciation	(6,940)	(15,542)
Leased assets (net)	37,215	28,613
Construction in progress	1,032,781	136,224
Total property, plant and equipment	13,964,437	13,253,787

	(Thousands of yen)	
	FY2012	FY2013
	(As of March 31, 2012)	(As of March 31, 2013)
Intangible assets		
Software	48,566	51,200
Telephone subscription rights	7,139	7,139
Total intangible assets	55,705	58,339
Investments and other assets		
Investment securities	8,013,783	9,847,864
Stocks of subsidiaries and affiliated companies	9,668,121	12,640,491
Investments in subsidiaries and affiliated companies	413,095	413,095
Long-term loans receivable	109,375	21,875
Long-term loans to employees	27,009	21,161
Long-term loans to subsidiaries and affiliated companies	3,188,606	1,930,463
Long-term prepaid expenses	94,147	61,602
Investments in real estates (net)	*1 539,701	*1 1,453,834
Insurance reserve	436,819	426,441
Deferred tax assets	99,472	—
Other	36,748	34,366
Allowance for doubtful accounts	(53,030)	(53,193)
Total investments and other assets	22,573,852	26,798,002
Total noncurrent assets	36,593,994	40,110,129
Total assets	53,600,812	56,836,625
Liabilities		
Current liabilities		
Notes payable	*3 864,109	*3 837,498
Accounts payable	*2 1,687,833	*2 1,712,342
Lease liabilities	9,032	9,032
Other accounts payable	811,017	830,559
Accrued expenses	205,812	167,682
Income taxes payable	1,385,850	1,332,817
Consumption tax payable	97,742	94,338
Deposits payable	38,820	40,593
Allowance for employee bonuses	180,048	179,224
Allowance for directors' bonuses	56,000	58,000
Derivative liabilities	277,881	—
Other	118,975	45,034
Total current liabilities	5,733,124	5,307,123
Noncurrent liabilities		
Lease liabilities	30,044	21,012
Deferred tax liabilities	—	266,465
Allowance for employee retirement benefits	583,336	612,951
Allowance for directors' retirement benefits	305,277	328,362
Other	60	60
Total noncurrent liabilities	918,718	1,228,851
Total liabilities	6,651,843	6,535,974

	(Thousands of yen)	
	FY2012	FY2013
	(As of March 31, 2012)	(As of March 31, 2013)
Net assets		
Shareholders' equity		
Common stock	7,095,096	7,095,096
Capital surplus		
Capital reserve	7,833,869	7,833,869
Total capital surplus	7,833,869	7,833,869
Retained earnings		
Legal reserve of retained earnings	441,000	441,000
Other retained earnings		
Reserve for special depreciation	63,270	74,585
Special reserve fund	7,820,000	7,820,000
Retained earnings carried forward	25,269,894	27,934,315
Total retained earnings	33,594,165	36,269,901
Treasury stock	(2,059,169)	(2,059,636)
Total shareholders' equity	46,463,961	49,139,230
Unrealized gains and adjustments		
Unrealized gains (losses) on other securities	485,008	1,161,420
Total unrealized gains (losses) and adjustments	485,008	1,161,420
Total net assets	46,948,969	50,300,650
Total liabilities and net assets	53,600,812	56,836,625

(2) Non-consolidated Statements of Income

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Net sales		
Product sales	25,206,256	26,729,350
Merchandise sales	1,439,406	1,712,823
Total net sales	26,645,662	28,442,174
Cost of sales		
Product inventory at beginning of term	1,380,260	1,532,732
Merchandise inventory at beginning of term	106,618	426,694
Product cost of manufacture of the current term	*3 16,358,005	*3 17,216,694
Cost of merchandise of the current term	1,464,268	1,323,401
Total	19,309,153	20,499,523
Product inventory at end of term	1,532,732	1,545,447
Merchandise inventory at end of term	426,694	347,408
Total cost of sales	*1 17,349,726	*1 18,606,667
Gross profit	9,295,936	9,835,506
Selling, general and administrative expenses	*2, *3 4,201,613	*2, *3 4,340,418
Operating income	5,094,322	5,495,088
Non-operating income		
Interest income	42,940	27,859
Interest on securities	77,417	121,746
Dividend income	83,035	157,116
Foreign exchange gains	—	1,063
Rent received	36,273	37,749
Gain on valuation of derivatives	430,823	457,653
Other	87,545	107,545
Total non-operating income	758,036	910,735
Non-operating expenses		
Exchange loss on foreign currency	632,775	—
Cost of rental revenue	14,695	13,137
Compensation expenses	—	24,258
Other	6,323	18,195
Total non-operating expenses	653,794	55,591
Ordinary income	5,198,564	6,350,232
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	—	*4 8,995
Loss on valuation of investment securities	10,432	—
Loss on valuation of stocks of subsidiaries and affiliates	20,006	—
Loss on valuation of golf club memberships	4,031	—
Total extraordinary losses	34,469	8,995
Income before income taxes	5,164,094	6,341,236
Income taxes—current	2,188,269	2,420,000
Income taxes—deferred	7,913	(27,627)
Total income taxes	2,196,182	2,392,372
Net income	2,967,911	3,948,864

Breakdown of the Product Cost of Manufacture

(Thousands of yen)

Account	Notes	FY2012 (from April 1, 2011 to March 31, 2012)		FY2013 (from April 1, 2012 to March 31, 2013)	
		Amount	Ratio (%)		Ratio (%)
I. Material costs		9,558,098	58.1	9,997,539	57.8
II. Labor costs		2,286,358	13.9	2,395,890	13.8
III. Expenses	*1	4,605,985	28.0	4,904,921	28.4
Total manufacturing cost of the current term		16,450,442	100.0	17,298,351	100.0
Work in process inventory at beginning of term		430,977		441,446	
Total		16,881,419		17,739,797	
Subtract: Work in process inventory at end of term		441,446		459,816	
Subtract: Transfers to other accounts	*2	81,967		63,286	
Product cost of manufacture of the current term		16,358,005		17,216,694	

Cost accounting method

Separate cost accounting per individual lots based on actual cost

Note

*1 Details are as follows:

(Thousands of yen)

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Depreciation expenses	1,024,563	1,064,150
Subcontract processing expenses	48,555	61,190

*2 Details of transfers to other accounts are as follows:

(Thousands of yen)

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Advertising expenses	35,053	43,343
Research and development expenses	20,046	19,942
Entertainment expenses	26,867	—
Total	81,967	63,286

(3) Non-consolidated Statements of Changes in Shareholders' Equity

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Shareholders' equity		
Common stock		
Balance at the beginning of current period	7,095,096	7,095,096
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,095,096	7,095,096
Capital surplus		
Capital reserve		
Balance at the beginning of current period	7,833,869	7,833,869
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,833,869	7,833,869
Total capital surplus		
Balance at the beginning of current period	7,833,869	7,833,869
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,833,869	7,833,869
Retained earnings		
Legal reserve of retained earnings		
Balance at the beginning of current period	441,000	441,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	441,000	441,000
Other retained earnings		
Reserve for special depreciation		
Balance at the beginning of current period	57,301	63,270
Changes of items during the period		
Provision of reserve for special depreciation	18,703	30,861
Withdrawal of reserve for special depreciation	(12,734)	(19,545)
Total changes of items during the period	5,969	11,315
Balance at the end of current period	63,270	74,585
Special reserve fund		
Balance at the beginning of current period	7,820,000	7,820,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,820,000	7,820,000
Retained earnings carried forward		
Balance at the beginning of current period	23,581,088	25,269,894
Changes of items during the period		
Provision of reserve for special depreciation	(18,703)	(30,861)
Withdrawal of reserve for special depreciation	12,734	19,545
Dividend from retained earnings	(1,273,136)	(1,273,128)
Net income	2,967,911	3,948,864
Total changes of items during the period	1,688,806	2,664,420
Balance at the end of current period	25,269,894	27,934,315

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Total retained earnings		
Balance at the beginning of current period	31,899,389	33,594,165
Changes of items during the period		
Provision of reserve for special depreciation	—	—
Withdrawal of reserve for special depreciation	—	—
Dividend from retained earnings	(1,273,136)	(1,273,128)
Net income	2,967,911	3,948,864
Total changes of items during the period	1,694,775	2,675,735
Balance at the end of current period	33,594,165	36,269,901
Treasury stock		
Balance at the beginning of current period	(2,059,110)	(2,059,169)
Changes of items during the period		
Acquisition of treasury stock	(584)	(815)
Disposal of treasury stock	525	348
Total changes of items during the period	(59)	(466)
Balance at the end of current period	(2,059,169)	(2,059,636)
Total shareholders' equity		
Balance at the beginning of current period	44,769,244	46,463,961
Changes of items during the period		
Dividend from retained earnings	(1,273,136)	(1,273,128)
Net income	2,967,911	3,948,864
Acquisition of treasury stock	(584)	(815)
Disposal of treasury stock	525	348
Total changes of items during the period	1,694,716	2,675,268
Balance at the end of current period	46,463,961	49,139,230

	(Thousands of yen)	
	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Unrealized gains and adjustments		
Unrealized gains on other securities		
Balance at the beginning of current period	327,657	485,008
Changes of items during the period		
Amount of fluctuation of items other than shareholders' equity during the year (net)	157,350	676,412
Total changes of items during the period	157,350	676,412
Balance at the end of current period	485,008	1,161,420
Total unrealized gains and adjustments		
Balance at the beginning of current period	327,657	485,008
Changes of items during the period		
Amount of fluctuation of items other than shareholders' equity during the year (net)	157,350	676,412
Total changes of items during the period	157,350	676,412
Balance at the end of current period	485,008	1,161,420
Total net assets		
Balance at the beginning of current period	45,096,902	46,948,969
Changes of items during the period		
Dividend from retained earnings	(1,273,136)	(1,273,128)
Net income	2,967,911	3,948,864
Acquisition of treasury stock	(584)	(815)
Disposal of treasury stock	525	348
Amount of fluctuation of items other than shareholders' equity during the year (net)	157,350	676,412
Total changes of items during the period	1,852,066	3,351,681
Balance at the end of current period	46,948,969	50,300,650

(4) Notes on the Non-consolidated Financial Statements

(Notes on the Going Concern Assumption)

There is nothing to report.

(Important Accounting Policy)

1. Valuation standard and method for securities

(1) Held-to-maturity securities

Amortized cost method (straight-line method)

(2) Stocks of subsidiaries and affiliated companies

Cost method under the moving average method

(3) Other securities

Securities with market price

Mark-to-market method based on the market price as of the closing day of accounts (All the valuation differences were incorporated directly into the net assets and costs for sale were computed with the moving average method.)

Securities without market price

Cost method under the moving average method

2. Valuation standard and method for derivatives

(1) Derivatives

Mark-to-market method

3. Valuation standard and method for inventories

(1) Merchandise: Identified cost method

(2) Products: Identified cost method

(3) Raw materials: Cost method under the moving average method

(4) Work in process: Identified cost method

(5) Supplies: Last cost method

(Amounts on the balance sheets were calculated by the method of writing down the book value in accordance with a decline in profitability.)

4. Depreciation method for noncurrent assets

(1) Property, plant and equipment (except for leased assets)

Declining balance method

However, a straight-line method was used for buildings (except attached equipment) acquired or put into business use after April 1, 1998.

Small-amount depreciable assets of which the acquisition price was ¥100,000 or more and less than ¥200,000 were and will be depreciated evenly over 3 years.

Useful lives of major assets were as follows:

Buildings: 15 – 50 years

Machines and devices: 10 years

(2) Intangible assets (except for leased assets)

Straight-line method

Software for internal use is amortized over its estimated useful life of 5 years, using the straight-line method.

(3) Leased assets

Finance leased assets that do not transfer ownership are depreciated using the straight-line method over the period of the lease with zero residual value.

Finance leased assets that do not transfer ownership and were acquired prior to March 31, 2008 are not capitalized but accounted for by a method similar to that applicable to operating leases.

(4) Long-term prepaid expenses

Straight-line method

(5) Investments in real estates

Declining balance method

5. Standards for converting foreign currency denominated assets and liabilities into Japanese yen

Receivables and payables denominated in foreign currencies were converted to Japanese yen using the spot exchange rate for the closing day of the fiscal year, and differences were recorded as gains or losses.

6. Standards for allowances

(1) Allowance for doubtful accounts

To prepare against losses from bad debts, the amount estimated based on the actual loss ratio was reserved for ordinary receivables, and the amount of possible losses was included in the reserve considering the collectibility of individual doubtful accounts.

(2) Allowance for employee bonuses

The Company reserved and recorded the estimated amount of the bonuses to prepare for payment to employees.

(3) Allowance for directors' bonuses

The Company reserved and recorded as the current fiscal year's Company's contribution a part of the estimated amount of directors' bonuses to prepare for payment to directors.

(4) Allowance for employee retirement benefits

To prepare for payment of benefits to retired employees, the amount of actual payment was reserved based on estimation of retirement benefit obligations and pension assets regarded as existing at the end of the current fiscal year.

Actuarial gains and losses are treated as expenses, and amortized from the following fiscal year in which the gain or loss is recognized using a straight-line method over a certain period (5 years) within the average remaining years of service of the employees.

Past employment obligations are treated as expense, using the straight-line method based on a fixed number of years (5 years) within average remaining service period of employees at the time of accrual.

(5) Allowance for directors' retirement benefits

To prepare for payment of directors' retirement benefits, the Company reserved and recorded the required amounts as of the end of the fiscal year based on the internal regulations regarding directors' retirement benefits.

7. Other important matters to prepare financial statements

Accounting of the consumption tax

The Company applied the tax-exclusion accounting method.

(Non-consolidated Balance Sheets)

*1. Accumulated depreciation of investments in real estates

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Accumulated depreciation of investments in real estates	120,081	125,667

*2. Major assets in and liabilities to subsidiaries and affiliated companies

Major assets in and liabilities to subsidiaries and affiliated companies are as follows. Accounts independently posted on the Balance Sheets were excluded.

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Accounts receivable	7,018	3,190
Accounts payable	4,712	70,009

*3. Notes receivable and payable maturing at the end of the fiscal year

Regarding the accounting treatment of notes receivable and payable maturing at the end of the fiscal year, despite that the end of the current fiscal year fell on a bank holiday, these notes were accounted for as if settlement occurred on the maturity date. Notes receivable and payable maturing at the end of the current fiscal year were as shown below.

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Notes receivable	63,763	75,820
Notes payable	30,071	97,858

4. Contingent liabilities

The Company guaranteed the following subsidiaries and affiliated companies' loans from a financial institution.

(1) Loan guarantee

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Ariake Europe N.V. (loan liability)	¥494,100 thousand (€4,500 thousand)	
ARIAKE U.S.A., Inc. (loan liability)	¥410,950 thousand (5,000 thousand dollars)	ARIAKE U.S.A., Inc. (loan liability) ¥470,250 thousand (5,000 thousand dollars)
Total	¥905,050 thousand	Total ¥470,250 thousand

(Non-consolidated Statements of Income)

*1. Ending inventories were calculated by the method of writing down the book value in accordance with a decline in profitability and the following loss on valuation of inventories was included in cost of sales.

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
	21,775	55,849

*2. Major items and amounts under selling, general and administrative expenses are as follows:

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Packing and transportation expenses	1,671,488	1,764,923
Warehousing costs	311,066	396,958
Salary	498,729	471,434
Depreciation expenses	63,461	57,205
Provision for employee bonuses	52,236	50,444
Provision for directors' bonuses	56,000	58,000
Retirement benefits expenses	17,157	39,148
Provision for directors' retirement benefits	16,589	23,085
Expenses included in selling expenses	48%	51%
Expenses included in general and administrative expenses	52%	49%

*3. The total amount of research and development expenses included in general and administrative expenses and manufacturing cost of the current term is as follows:

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
General and administrative expenses	315,762	317,886
Manufacturing cost of the current term	2,873	4,509

*4. Loss on retirement of noncurrent assets is as follows:

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
	(Thousands of yen)	(Thousands of yen)
Machinery, equipment and vehicles	—	8,995

(Non-consolidated Statements of Changes in Shareholders' Equity)

FY2012 (from April 1, 2011 to March 31, 2012)

Items regarding the type and number of shares of treasury stock

	(Thousands of shares)			
	Number of shares as of April 1, 2011	Increased number of shares (April 1, 2011 to March 31, 2012)	Decreased number of shares (April 1, 2011 to March 31, 2012)	Number of shares as of March 31, 2012
Common Stock ^(Note)	980	0	0	980
Total	980	0	0	980

Note: The increase in common stock for treasury stock was through purchase of odd-lot shares while the decrease in the stock was due to the sales of odd-lot shares.

FY2013 (from April 1, 2013 to March 31, 2013)

Items regarding the type and number of shares of treasury stock

(Thousands of shares)

	Number of shares as of April 1, 2012	Increased number of shares (April 1, 2012 to March 31, 2013)	Decreased number of shares (April 1, 2012 to March 31, 2013)	Number of shares as of March 31, 2013
Common Stock ^(Note)	980	0	0	980
Total	980	0	0	980

Note: The increase in common stock for treasury stock was through purchase of odd-lot shares while the decrease in the stock was due to the sales of odd-lot shares.

(Securities)

FY2012 (As of March 31, 2012)

Subsidiary shares (with the amount recorded on balance sheets of ¥9,668,121 thousand of stocks of subsidiaries and affiliates and ¥413,095 thousand of capital of subsidiaries and affiliates) do not have fair values and it is considered extremely difficult to determine fair values. Therefore, they are not reported.

FY2013 (As of March 31, 2013)

Subsidiary shares (with the amount recorded on balance sheets of ¥12,640,491 thousand of stocks of subsidiaries and affiliates and ¥413,095 thousand of capital of subsidiaries and affiliates) do not have fair values and it is considered extremely difficult to determine fair values. Therefore, they are not reported.

(Business Combinations)

There is nothing to report.

(Asset Retirement Obligations)

There is nothing to report.

(Per Share Information)

(Yen)

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Net assets per share	1,475.07	1,580.39
Net income per share	93.25	124.07

Notes: 1) Due to absence of residual shares with dilution effects, net income per share after residual share adjustment is not reported.

2) Basis for calculation of net income per share is as follows:

(Thousands of yen)

	FY2012 (from April 1, 2011 to March 31, 2012)	FY2013 (from April 1, 2012 to March 31, 2013)
Net income	2,967,911	3,948,864
Amount not attributed to common shareholders	—	—
Net income related to common stocks	2,967,911	3,948,864
Average number of shares outstanding during the fiscal years (thousand shares)	31,828	31,828

(Important Subsequent Events)

There is nothing to report.

6. Others**(1) Changes in Directors**

1) Changes in Representative Director

There is nothing to report.

2) Changes in other directors

There is nothing to report.

(2) Others

There is nothing to report.