



May 13, 2004

## Summary of consolidated financial statements for the fiscal year ended March 31, 2004

Listed company name: ARIAKE JAPAN Co., Ltd.  
 Code No.: 2815  
 Listing Exchanges: Tokyo, 1st Section  
 Head office: 3-2-17 Ebisu-Minami, Shibuya-ku, Tokyo, Japan  
 (URL <http://www.net-ir.ne.jp/ariake/>)  
 Representative: Kineo Okada, President and Chief Executive Officer  
 Contact: Sueo Kikushima, Director and Manager of the Management Coordination Department  
 TEL: 03-3791-3301  
 Date of director board meeting for book-closing: May 13, 2004  
 Adoption of US GAAP: No

### 1. Results for the year ended March 31, 2004 (April 1, 2003 - March 31, 2004)

#### (1) Consolidated business results (Amounts under one million yen have been rounded down.)

	Net sales		Operating income		Ordinary income	
	MY	%	MY	%	MY	%
FY3/04	19,458	2.2	5,718	5.3	5,930	4.5
FY3/03	19,035	3.3	5,431	17.1	5,673	16.1

	Net income		Net income per share	Net income per share/diluted	Return on shareholders' equity	Ordinary income to total assets	Ordinary income to sales
	MY	%	Yen 1/100 yen	Yen 1/100 yen	%	%	%
FY 3/04	3,419	4.7	114.29	—	10.1	15.1	30.5
FY 3/03	3,265	13.5	120.13	—	10.4	15.2	29.8

Note Investment profit and loss arising from equity method FY3/04 MY FY3/03 MY-  
 Average number of shares outstanding during the term (consolidated): FY3/04: 29,530,872 shares FY3/03: 26,849,700 shares  
 Changes to accounting policies: None  
 Changes in Net sales, Operating income, Ordinary income and Net income from previous fiscal year are shown in percentage on a year-on-year basis.

#### (2) Consolidated financial position

	Total assets		Shareholders' equity		Equity ratio	Shareholders' equity per share
	MY	MY	MY	MY	%	Yen 1/100 yen
FY 3/04	40,080		35,103		87.6	1,187.40
FY 3/03	38,568		32,580		84.5	1,212.00

Note Number of shares outstanding at term end (consolidated): FY3/02 29,525,362 shares FY3/01 26,848,594 shares

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the fiscal year end
	MY	MY	MY	MY
FY 3/04	4,114	(723)	(989)	18,153
FY 3/03	5,139	(511)	(805)	15,686

#### (4) Number of consolidated subsidiaries, and subsidiaries and affiliates accounted for by the equity method

Consolidated subsidiaries: 6 Unconsolidated subsidiaries accounted for by the equity method: 0  
 Affiliated companies accounted for by the equity method: 0

#### (5) Changes in the number of consolidated subsidiaries and affiliates accounted for the equity method

Newly-added consolidated subsidiaries: 1 Subsidiaries excluded from consolidation: 0  
 Newly-added equity method companies: 0 Companies excluded from equity method: 0

### 2. Forecast for consolidated business results for the year ending March 31, 2005 (April 1, 2004 - March 31, 2005)

	Net sales		Ordinary income		Net income	
	MY	MY	MY	MY	MY	MY
Mid-term	9,400		2,950		1,660	
Full-year	20,800		6,400		3,670	

(Reference) Expected net income per share (full-year) 112 98 (Yen 1/100 yen)

\* Since forecasts described above have been made based on information available as of the date of announcement, actual results may be different from these forecasts due to various factors such as competition status or risk relating to exchange fluctuation, etc.  
 For more information regarding the forecasts, see page 10 of the Annex.

# 1. Overview of the Business Group

## Overview of the Business Group

The Ariake Group (the "Group") is comprised of ARIAKE JAPAN Co., Ltd. (the "Company") and six consolidated subsidiaries. Its main business is the manufacture and sale of natural seasoning products. The Company and two of its subsidiaries are located in Japan, and the four remaining subsidiaries, overseas. Following is an overview of the business operations of the Group companies.

### ARIAKE JAPAN Co., Ltd. (The company issuing the consolidated financial statements)

The Company manufactures natural seasoning products and sells them, along with products obtained from one domestic subsidiary and two overseas subsidiaries, primarily to customers in Japan. F. P. Natural Ingredients (S.A.S.), a French subsidiary established in March, 2003 and F.P.N.I. BELGIUM (N.V.), a Belgian subsidiary established in January, 2004 plans to manufacture natural soup stocks and sell them mainly to customers in Europe.

### Domestic Subsidiaries

Ariake Food Systems Co., Ltd. processes raw materials supplied by the Company and delivers all of its processed output to the Company.

A.C.C. Co., Ltd. leases portions of the headquarters building owned by the Company, and manages a convenience store.

### Overseas Subsidiaries

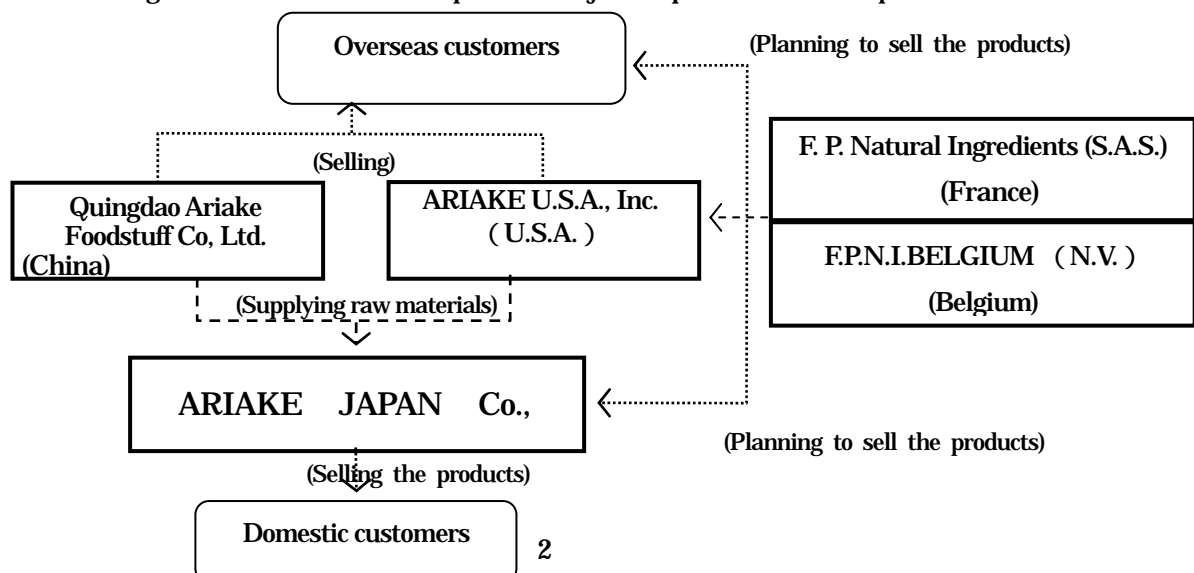
ARIAKE U.S.A., Inc. manufactures natural seasoning products and sells them to customers in the USA and other countries. It also supplies these products to the Company.

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

F. P. Natural Ingredients (S.A.S.) plans to manufacture natural soup stocks and sells them to customers in European regions.

F.P.N.I. BELGIUM (N.V.) plans to manufacture natural soup stocks and sells them to customers in European regions.

The below diagram shows the relationships of the major companies of the Group.



## 2. Management Policy

### 1. Basic management policy

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

1. The Group will contribute to the world by supporting healthy and rich food culture by producing natural seasoning products.
2. The Group will have a basic philosophy of customer creed, and will be quick and on-target in developing businesses which meet the needs from the market.
3. The Group will aim to optimize stock value and will always be appealing to our shareholders.

The Group will endeavor to develop the products that take full advantage of the characteristic of natural seasonings, "excellent taste, good for health, easy to use", and to produce high quality products by achieving technological breakthroughs. The Group will also ensure food safety, which is achieved through safety and hygienic control. In this way, the Group will increase profitability.

### 2. Basic policy regarding profit distribution

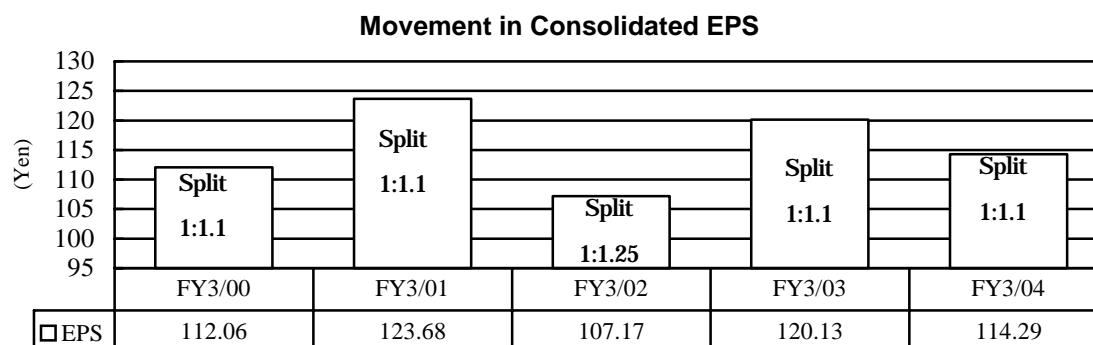
The Company considers that appropriate profit distribution to the shareholders is one of the most important management priorities. Therefore, the Company is based on the principle of paying dividends more consistent with business performances. Although the Company maintains ample internal reserves to strengthen the Company's financial position taking into account the anticipated future business environment and long-term business development, it continues to pay stable dividends in keeping with the growth of the business while bearing in mind the dividend payout ratio.

The Company will endeavor to improve the corporate system by applying these reserves to strategic investments and loans for expanding the natural seasonings business and increasing profits, and to treasury stock acquisition for improving stock value.

### 3. Viewpoints and policies on reducing the size of stock trading unit

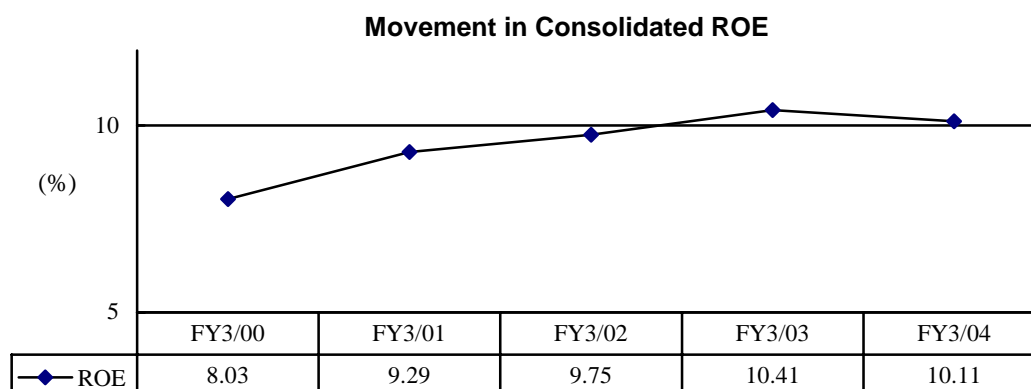
The Company's shareholders, primarily individual investors, exceeded 7,800 by the end of the year. This is because we lowered the size of the minimum stock trading unit from 1,000 shares to 100 shares in 1998, recognizing that broadening our investor base that support our business in the long run is the most important issues on capital strategy. We also have carried out intensive IR activities. We will continue to be based on a careful consideration of the Company's performance as well as maximizing shareholder returns.

As a strategy for returning earnings to the shareholders, the Company has adopted earnings per share (EPS) as a management indicator. Management has set the EPS indicator at 100 yen, and implements a stock split when EPS has exceeded 100 yen for a length of time. Stock splits, therefore, have been implemented for five consecutive years, so dividends have, effectively, been increased.



#### 4. Key management indicator

In order to ensure corporate management that is attractive to shareholders by maximizing return on capital invested, the Company uses return on equity (ROE) as its main management indicator for the medium term. For this reason, the Group will execute stable management based on a long-term management plan, and has set a long-term target of 15% for ROE.



#### 5. Long-term business plan and management issues to be addressed

The Group has been managing based on a mid- to long-term point of view. Japan's food industry has already fully developed, but the market for natural seasonings is expected to grow if we take various measures. Anticipating that domestic raw material supplies would be scarce, and our business would be expected to grow worldwide, we have owned the production and sales sites of natural seasoning products in America (ARIAKE U.S.A., Inc.) and in China (Qingdao Ariake Foodstuff Co., Ltd.). In 1998, applying both technical and administrative expertise we have learned over time, we established the Second Kyushu Plant. Furthermore, we decided to enter the business of producing and selling natural soup stocks in European market. In March 2003, we established F. P. Natural Ingredients (S.A.S.), a wholly owned subsidiary, in France. In January 2004, we established F.P.N.I.BELGIUM (N.V.), a wholly owned Belgian subsidiary. We are now arranging detailed business plans for these subsidiaries and making a step forward to realize these plans.

Taking these into accounts, the Group has established Long-term Management Plan – for the period from FY2003 (i.e., the fiscal year ending March 2004) to FY 2007 (i.e., the fiscal year ending March 2008). The main aim of this plan is to achieve continued steady growth for the Group and increase stock value despite the current extended period of deflation and the future low birth rate and aging population. Specifically, this plan involves the following four major points.

1. Promote the focused strategy to be the groups that keeps growing
  - A. Cultivate the market by improving the quality and increasing added value of the products
  - B. Seek out new demand of newly developed products
2. Create corporate wealth through accumulating advanced technologies
  - A. Renovate production technology that will post constant profits
  - B. Complete technologies for bringing completed products to the European market
3. Promote global strategies
  - A. Strengthen a tri-polar structure (Japan, U.S., and China)
  - B. Promote the Europe plan and build the competitive strength of the subsidiaries in Europe
4. Consider strategies for efficient use of capital
  - A. Implement effective capital investments mainly in overseas markets

## B. Carry out capital policies targeting maximization of stock value in the long run

Considering the above points, the targets for FY2007 (ending March 2008), the final year of the long-term management plan, are as follows.

Consolidated net sales: 32.6 billion yen; Ordinary income: 9.5 billion yen  
Non-consolidated net sales: 25.3 billion yen; Ordinary income: 8.4 billion yen

(Reference) Growth rate for FY2003 – FY2007 plan

	Consolidated	Non-consolidated
Net Sales	172%	142%
Ordinary income	170%	153%

We consider that our responsibility to the investors is to increase stock value with long-term stability by ensuring stable performance through yearly plans based on this long-term vision, thus establishing a firm revenue base. This approach represents the essence of our management policies.

## **6. Viewpoints and policies on the corporate governance**

The Company and the Group have always conducted operations based on a management system in accordance with global standards so that the Board of Directors could fully discuss and make quick decisions.

Specifically, the Board of Directors, which is comprised of 11 Directors, holds meetings each month or as required, to promote efficient management and resolve matters essential to the company's operation, such as the establishment of company-wide management strategies.

The Company has adopted an audit system. Under this system, the Board of Auditors consisting of three auditors (including two outside auditors) attends Board of Directors and other important meetings, provides objective and fair opinions on overall management and individual matters, and oversees the activities of directors to ensure their legal compliance.

The Company has also established a system by which advisor contracts have been entered with several lawyers and tax accountants to receive advice as required for reference in making management judgments related to the Company's corporate management and daily operations. An auditor contract has been completed with Chuo Aoyama Audit Corp., which acts as our accounting auditor.

The Company's management philosophy is based on being a responsible corporate citizen. We strive to ensure sufficient transparency in everyday organizational matters and are engaged in further enhancement of corporate governance.

In order to increase the transparency in management, the company works toward active and appropriate information disclosure, and makes efforts to ensure smooth communications with shareholders and investors through vigorous IR activities (reports to shareholders and investors). Notably, with regard to the "Quarterly performance outline" which became obligatory as of June 2003 (the first quarter), we provide information to investors appropriately and quickly through information disclosure based on financial results for the interim period and for the full year.

### 3. Business Results and Financial Condition

#### I. Business results

##### 1. Business conditions for the current period

(Consolidated business results) (In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY3/04	19,458	5,718	5,930	3,419	114.29
FY3/03	19,035	5,431	5,673	3,265	120.13
Growth Rate	2.2%	5.3%	4.5%	4.7%	-

(Non-Consolidated business results) (In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY3/04	18,288	5,574	5,813	3,343	111.70
FY3/03	17,623	5,259	5,562	3,185	117.18
Growth Rate	3.8%	6.0%	4.5%	4.9%	-

##### (1) Overall performance for the current period

During the fiscal year under review, the Japanese economy began to show signs of a recovery. Examples included strong exports and increases in private-sector capital investment following on improved company profits produced by restructuring activities. Nevertheless, difficult employment conditions persisted due to extended deflationary conditions and the unemployment rate remained high, so personal consumption continued to be weak and the economy remained stagnant throughout the year.

In the food industry, deflationary conditions and weak personal consumption combined to produce a double dose of damage in the form of reduced demand and falling prices. In the second half, the emergence of BSE in America, outbreaks of bird flu and other totally unforeseen factors led to increased consumer concerns about food safety, which resulted in significant falls in demand and an unprecedentedly difficult business environment.

In this environment, as leading companies in the field of natural seasoning products, the Company and the Group are working toward the achievement of goals laid down in its new Long-term Management Plan – for the period from FY2003 to FY2007 to achieve stable growth. In addition to expanding existing businesses and aggressively developing new business fields, the Company and the Group have carried out through quality, safety, and hygienic control to ensure “food safety” and “high quality,” and has strived to increase profits so as to achieve stable growth despite the current deflationary period.

Specifically, the new Packing Center within the Second Kyushu Plant, which the Company set up in its quest to turn out products of the highest quality possible, achieved smooth operation during the year and, thereby, helped to boost sales. We also started to build factories in France and Belgium for producing natural soup stocks to be sold in Europe. Construction of these facilities is scheduled for completion in October 2004. For the Second Kyushu Plant we established an adjacent farm to operate in conjunction with the comprehensive recycling system to handle food residue at every stage of production from raw materials to finished products. Using the food residue from our operations as fertilizer will reduce our disposal expenses to zero, allow us to produce vegetables we have been procuring from outside suppliers, and allow us to make a significant contribution to improving the environment.

Regarding the operations of subsidiaries, our European operations decided to enter the French and Belgian markets, establishing a French subsidiary, F. P. Natural Ingredients (S.A.S.), with 1.0 million euros of capital, in March 2003 and a Belgian subsidiary, F.P.N.I. BELGIUM (N.V.), with 2.3 million euros of capital, in January 2004. Both subsidiaries are wholly owned. Plant sites have already been acquired in Alencon, France and Maasmechelen, Belgium, and equipment has been ordered. Both plants are planned for completion in 2005.

In China, the seasonings business is expanding rapidly, so we have decided to respond to increasing demand by supplementing production from our existing plant with a new plant to be built within the seaside

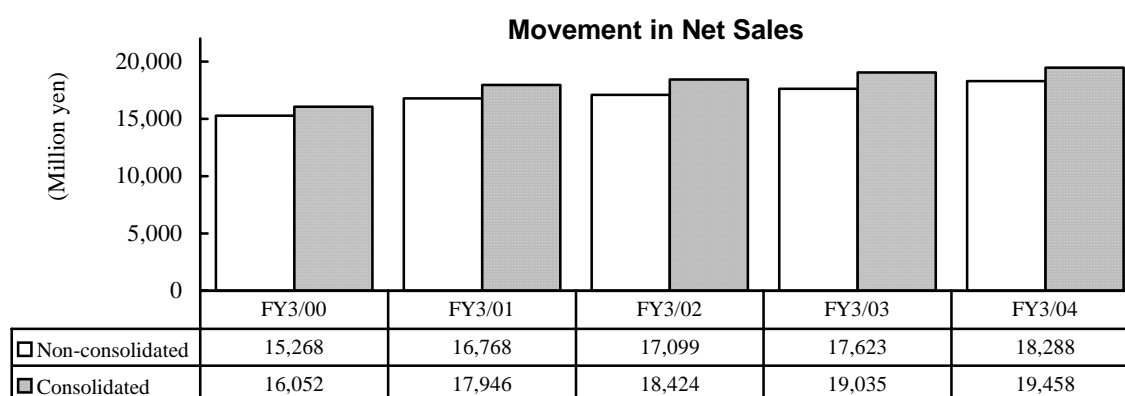
industrial zone in Jiaonan.

In America, the distance between the American subsidiary's (ARIAKE U.S.A., Inc.) research and development facilities in New York and its production plant in Virginia had been a source of inefficiency. We, therefore, combined the research and development facilities with the production plant in Virginia to eliminate this problem. This move to rationalize operations resulted in costs of approximately US\$600,000.

The implementation of these plans has resulted in solid progress in the current year, which is the first year of the Company's Long-Term Management Plan. For the fiscal year under review, the Company and the Group reported their highest profits since the Company's IPO thirteen years ago, and maintained their record of continuously higher sales and profits over these years.

Regarding shareholder returns, EPS is expected to exceed 100 yen over the long-term, so a 1.1:1 stock split was implemented as of March 31, 2004. This marks the fifth consecutive year in which a stock split has been implemented. Over these five years stock splits have combined to increase shareholdings by a factor of 1.83:1.

## Net Sales

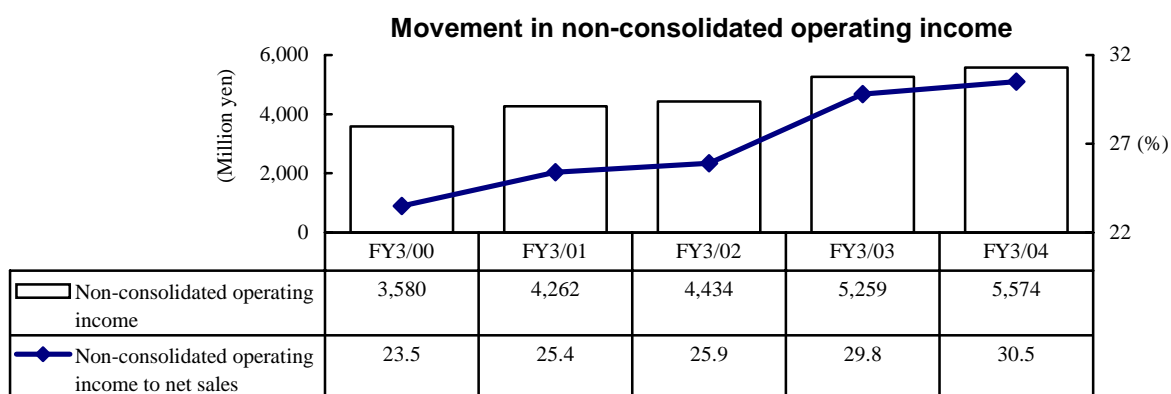
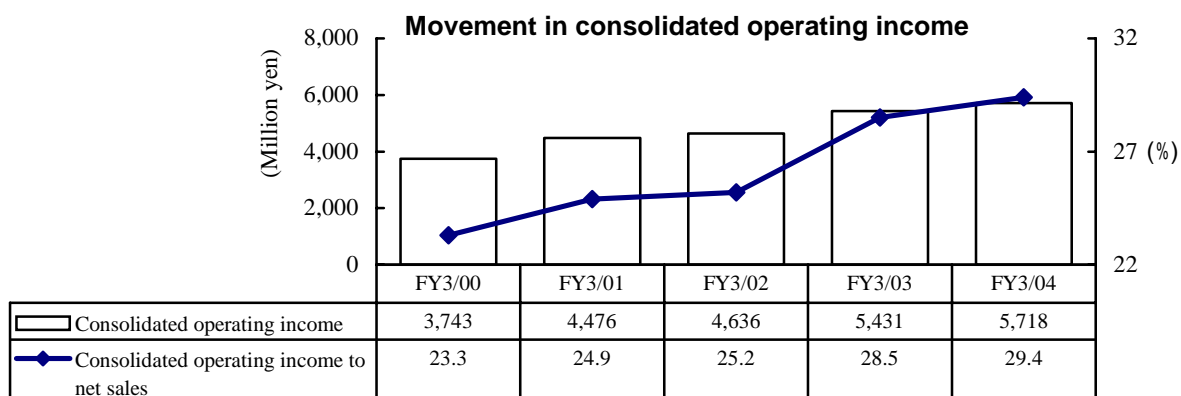


Within the processed food field in Japan, the Company (ARIAKE JAPAN Co., Ltd.) has actively expanded into take-out/home-delivery and prepared foods, undertaken joint development and sales of products for restaurants industries, and worked to develop markets for new products such as Japanese-style seasonings. In a particularly notable development, operations at the newly established Packing Center at the Second Kyushu Plant led to greater demand for higher-quality products and resulted in solid growth. However, issues such as the emergence of BSE in America and outbreaks of bird flu led to severely reduced demand for food products and held overall net sales growth to 3.8% compared to the previous fiscal year. Specifically, the Company recorded year-on-year net sales growth of 7.5% in the processed food field, 3.4% in the restaurant industry field, and no growth in the instant noodle field, for overall net sales growth of 3.8%.

As for the sales performance of overseas subsidiaries, our American subsidiary (ARIAKE U.S.A., Inc.) recorded local net sales of US\$5,159,000, a year-on-year increase of 6.9%, on greater sales to processed food manufacturers. Our Chinese subsidiary (Qingdao Ariake Foodstuff Co., Ltd.) increased its sales to local instant noodle makers and processed food manufacturers, but its local net sales of RMB 25,506,000 was about the same level of a year ago due to its focus on export sales to Japan. Foreign exchange rate movements during the fiscal year under review resulted in yen appreciation of over ten percent at times and an overall foreign exchange effect of approximately 120 million yen on overseas net sales.

As a result, consolidated net sales for the fiscal year under review increased 2.2% year-on-year and ended the period at 19,458 million yen (an increase of 422 million yen compared to the previous year). Non-consolidated net sales increased 3.8% year-on-year and ended the period at 18,288 million yen (an increase of 655 million yen compared to the previous year).

## Operating Income



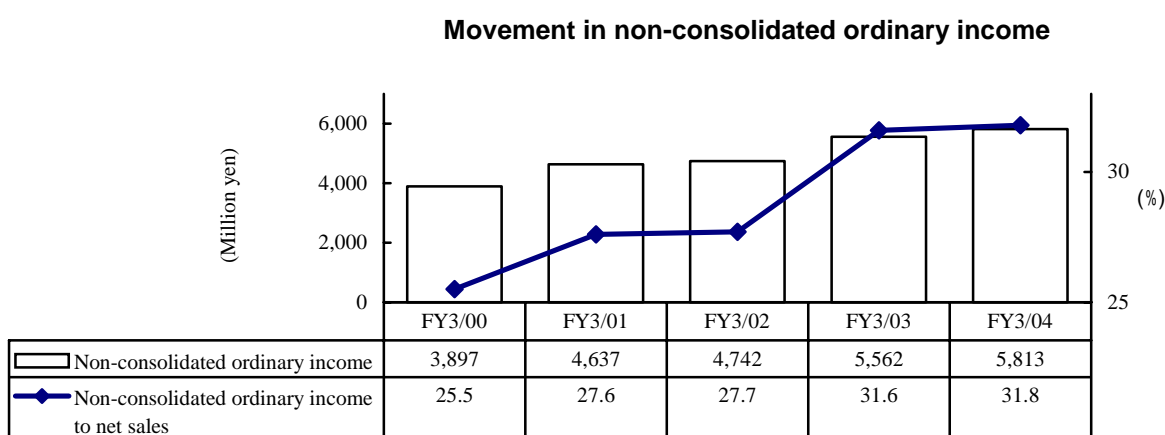
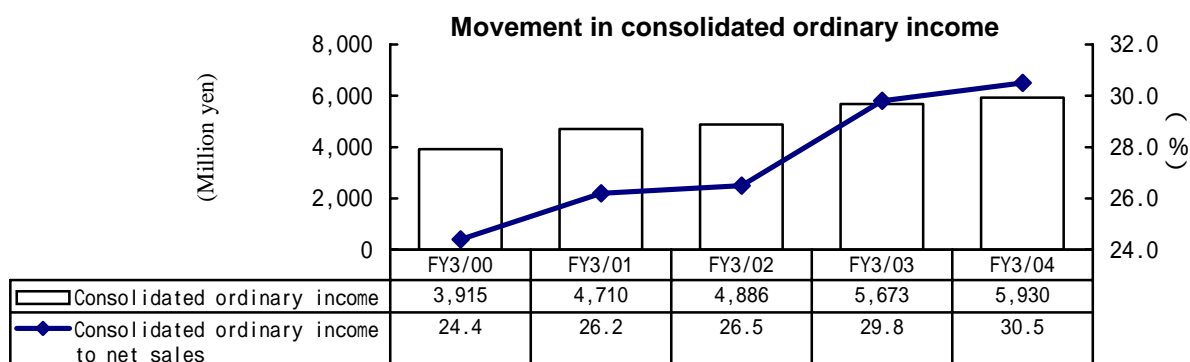
Consolidated operating income was 5,718 million yen, an increase of 287 million yen compared to the same period of the previous year.

The Company (ARIAKE JAPAN Co., Ltd.) worked hard to increase profits by positively streamlining capital investments intended to increase added value and by reducing costs.

Specifically, reduced labor expense and lower depreciation resulted in a lower fixed cost ratio and non-consolidated operating income 6.0% higher than that of the previous year. This led to an operating income margin of 30.5% (compared to 29.8% for the previous year). Regarding overseas subsidiaries, Qingdao Ariake Foodstuff Co., Ltd. reported 26.4% higher income as a result of its increase in production for the Japanese market and improvements to its production system, while ARIAKE U.S.A., Inc. reported a slight loss due the disposal of assets made redundant by rationalization of headquarters and plant operations.

As a result, consolidated operating income increased 5.3% year-on-year, and consolidated operating income to net sales was 29.4% (28.5% during the same period of the previous year).

## Ordinary Income



Consolidated ordinary income came to 5,930 million yen (a year-on-year increase of 257 million yen). The Company's (ARIAKE JAPAN Co., Ltd.) improvement in operating income led to consolidated ordinary income 4.5% higher than in the previous year and non-consolidated ordinary income of 5,813 million yen (a year-on-year increase of 250 million yen).

Overseas, rationalization measures resulted in a temporary loss at the US subsidiary, but smooth, solidly profitable operations at the Chinese subsidiary produced a 4.5% year-on-year increase in income and helped to generate consolidated operating income of 5,930 million yen (a year-on-year increase of 257 million yen).

Consolidated net income came to 3,419 million yen (a year-on-year increase of 154 million yen). The net income margin of 17.6% is 4.7 percentage points higher than that for the previous year.

Non-consolidated net income came to 3,343 million yen (a year-on-year increase of 157 million yen), 4.9% higher than in the previous year.

Regarding the year-end dividend, the Company and the Group, faced with extremely difficult business conditions during the fiscal year under review, brought to bear all of their capabilities and successfully fulfilled plans for the year, achieving higher net sales and income for the 13<sup>th</sup> consecutive year and generating record-high profits. Therefore, a dividend of 12.5 yen per share, the same payout made at the end of last year, will be distributed.

As a result, the dividend payout for the full year will come to 25 yen per share.

## **2. Prospects for fiscal 2005**

(Prospects of consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY3/05	20,800	6,250	6,400	3,670	112.98
FY3/04	19,458	5,718	5,930	3,419	114.29
Growth Rate	6.9	9.3	7.9	7.3	-

(Prospects of consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY3/05	19,370	6,150	6,300	3,600	110.82
FY3/04	18,288	5,574	5,813	3,343	111.70
Growth Rate	5.9	10.3	8.4	7.7	-

### **(1) Prospects for full-year business results**

With factors such as rising capital spending and expected improvements in company profits, the economic outlook for the current fiscal year is for recovery. However, rapid yen appreciation at the beginning of the year is a cause for concern, employment conditions are still unclear and weak consumer spending and deflationary conditions are considered to continue. In the food industry, where BSE and bird flu have resulted in rising general concerns about food safety, efforts are being made to stimulate demand with strong appeals focusing on food safety. Under the existing difficult circumstances, however, little improvement is expected.

Taking these conditions into account, the Company and the Group will steadily implement its new "Five-year Long-term Business Plan – for the period from FY2003 to FY2007." Through implementing this plan, we will promote countermeasures to deflation, and will devote our energies to build up corporate structure that could steadily generate profits even during a period of low growth rate. Accordingly, we will achieve both net sales and profits as we plans.

As a result of these efforts, for fiscal 2005, we project consolidated net sales to amount to 20,800 million yen (up 6.9% from the previous year), and consolidated ordinary income to 6,400 million yen (up 7.9% from the previous year).

The non-consolidated outlook for the Company is 19,370 million yen in net sales (up 5.9% from the previous year), and 6,300 million yen in ordinary income (up 8.4% from the previous year).

### **(2) Dividends**

Given the strong performance for the fiscal year under review and the prospect of ordinary income exceeding 6 billion yen, an increase in the annual dividend from the current level of 25 yen per share will be considered.

### **(3) Management indicators**

The Company's ROE target for the current fiscal year is 10.1% for the full year. Over the medium-term, however, we have set our sites on a 15.0% ROE and will work to achieve further increases in asset value for our investors.

The outlook for EPS over the current fiscal year calls for a level of 112.98 yen. The Company implements stock splits when EPS exceeds 100 yen for an extended period of time and will consider a stock split in light of its results for the current fiscal year.

## **II. Financial Condition**

### **(1) Overview of the current fiscal period**

(In million yen)

	Current period	Previous period	Change
Total assets	40,080	38,568	1,512
Shareholders' equity	35,103	32,580	2,522
Shareholders' equity ratio	87.6%	84.5%	3.1%

(In million yen)

	Current period	Previous period	Change
Cash flow from operating activities	4,114	5,139	(1,024)
Cash flow from investment activities	(723)	(511)	(212)
Cash flow from financing activities	(989)	(805)	(183)
Change in cash and cash equivalents	2,466	4,104	(1,638)
Outstanding cash and cash equivalents at the beginning of the fiscal period	15,686	11,582	4,104
Outstanding cash and cash equivalents at the end of the fiscal period	18,153	15,686	2,466

Regarding financial conditions at the end of the fiscal year, cash on hand and at banks was up by 2,466 million yen compared to the end of the previous fiscal year, and total assets were 40,080 million yen due in part to a decrease of 563 million yen in depreciation assets. Shareholders' equity was 35,103 million yen, due to a 2,675 million yen increase in retained earnings. As a result, the shareholders' equity ratio was 87.6%, an increase of 3.1% compared to the end of the previous fiscal year.

#### - Cash flows from operating activities

Cash provided by operating activities was 4,114 million yen (a decrease in inflow of 1,024 million yen compared to the previous year).

Increase in income tax and other taxes was the primary factors leading to this result.

#### - Cash flows from investing activities

During this period, cash used in investing activities was 723 million yen (a 212 million yen increase compared to the previous year) due to outflow of 705 million yen for capital investments.

#### - Cash flows from financing activities

During this period, cash used in financing activities was 989 million yen (a 183 million yen increase compared to the previous year), mainly due to outflow of 706 million yen for payments for dividends.

## (2) Prospects for the next fiscal period

### - Cash flows from operating activities

Though difficult business conditions continue, it is expected that net sales and profit targets will be achieved and that income will increase.

### - Cash flows from investing activities

For the current fiscal year, 795 million yen in domestic capital expenditures are planned. Overseas, Qingdao Ariake Foodstuff Co., Ltd. is planning to invest approximately 600 million yen in the construction of a new plant, while ARIAKE U.S.A., Inc. will make investments to maintain and update current facilities.

Subsidiary investments and loans, including those related to European activities, will total approximately 1,000 million yen.

### - Cash flows from financing activities

At the 25th General Shareholders' Meeting held on June 18, 2003, we proposed and received approval for "acquisition of treasury stock with an upper limit of 1.5 million shares for the number of shares acquired, and an upper limit of 6 billion yen in acquisition value." The goal of this measure is to ensure flexible acquisition and retirement of capital stock, so as to increase capital efficiency and enable greater returns to shareholders. We will continue to implement such flexible operation while taking into account the future business environment and other relevant factors.

As for the annual dividend, it is expected that results will be achieved in line with plans, so an increase from the current level of 25 yen per share will be considered.

As a result of the above, cash and cash equivalents at the end of the current fiscal year are expected to increase slightly relative to the level at the end of the fiscal year under review.

## (3) Trends in cash flows indexes

	FY3/00	FY3/01	FY3/02	FY3/03	FY3/04
Capital-to-asset ratio (%)	89.1	85.1	83.1	84.5	87.6
Capital-to-asset ratio based on current value (%)	360.4	423.7	266.4	220.1	249.6
Amortization term (years)	0.0	0.0	0.4	0.2	0.2
Interest coverage ratio	385.1	145.0	74.6	129.9	170.3

### Notes:

Capital-to-asset ratio: Shareholders' equity / Total assets

Capital-to-asset ratio based on a market value basis: Total current stock value / Total assets

Amortization term: Interest-bearing debts / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payments

\* All indexes are calculated using financial figures on a consolidated base.

\* Total current stock value is calculated by multiplying the year-end closing share price by the number of outstanding shares (after deduction of treasury stock)

"Cash flows from operation activities" uses Cash flows from operating activities shown in Consolidated Statements of Cash Flows. "Interest-bearing debts" refers to all debts posted in Consolidated Balance Sheets for which interest is paid.

## Consolidated Balance Sheets

(In thousand yen)

Account	Term	FY 3/03 (As of Mar. 31, 2003)		FY 3/04 (As of Mar. 31, 2004)		Difference from previous year end ( ) indicates decrease
		Amount	Ratio	Amount	Ratio	
	(Assets)		%		%	
	I. Current assets					
	1. Cash and time deposits	15,686,938		18,153,378		2,466,440
	2. Notes and accounts receivable	4,339,235		4,356,435		17,200
	3. Inventories	2,022,246		2,184,910		162,663
	4. Deferred tax assets	162,900		150,801		(12,098)
	6. Other current assets	201,476		165,550		(35,926)
	7. Allowance for doubtful accounts	(391)		(1,991)		(1,599)
	Total current assets	22,412,406	58.1	25,009,085	62.4	2,596,679
	II. Fixed assets					
	1. Tangible fixed assets					
	(1) Buildings and structures	6,080,265		5,972,267		(107,997)
	(2) Machines, devices, and vehicles	3,333,609		3,096,563		(237,045)
	(3) Land	4,020,025		3,999,572		(20,453)
	(4) Construction in progress	224,853		31,071		(193,781)
	(5) Other fixed assets	127,157		102,267		(24,890)
	Total tangible fixed assets	13,785,910	35.7	13,201,741	32.9	(584,168)
	2. Intangible fixed assets	59,969	0.2	44,768	0.1	(15,201)
	3. Investments and other assets					
	(1) Investments in securities	309,121		368,209		59,088
	(2) Long-term loans receivable	120,707		101,249		(19,457)
	(3) Deferred tax assets	25,920		57,597		31,677
	(4) Investments in real estates	459,267		454,068		(5,198)
	(5) Derivatives	918,280		-		(918,280)
	(6) Other investments	453,012		852,342		399,329
	(7) Allowance for doubtful accounts	(11)		(8,355)		(8,343)
	Total investments and other assets	2,286,297	5.9	1,825,112	4.6	(461,184)
	Total fixed assets	16,132,177	41.8	15,071,623	37.6	(1,060,554)
	III. Deferred assets					
	1. Start-up costs	23,493		-		(23,493)
	Total deferred assets	23,493	0.1	-		(23,493)
	<b>Total assets</b>	<b>38,568,077</b>	<b>100.0</b>	<b>40,080,709</b>	<b>100.0</b>	<b>1,512,631</b>

Note: Amounts under one thousand yen have been rounded down.

## Consolidated Balance Sheets

(In thousand yen)

Account	Term	FY 3/03 (As of Mar. 31, 2003)		FY 3/04 (As of Mar. 31, 2004)		Difference from previous year end ( ) indicates decrease
		Amount	Ratio	Amount	Ratio	
	(Liabilities)		%		%	
	<b>I. Current liabilities</b>					
	1. Notes and accounts payable	1,258,544		1,317,153		58,609
	2. Short-term loans payable	1,117,530		739,197		(378,333)
	3. Income taxes payable	1,410,738		1,309,397		(101,341)
	4. Allowance for employee bonuses	139,649		142,405		2,756
	5. Other current liabilities	682,983		706,622		23,638
	<b>Total current liabilities</b>	4,609,446	12.0	4,214,775	10.5	(394,670)
	<b>II. Long-term liabilities</b>					
	1. Allowance for employee retirement benefits	319,529		407,818		88,289
	2. Deferred hedge profits	918,280		-		(918,280)
	3. Other long-term liabilities	6,060		249,561		243,501
	<b>Total long-term liabilities</b>	1,243,869	3.2	657,379	1.6	(586,489)
	<b>Total liabilities</b>	5,853,315	15.2	4,872,155	12.1	(981,160)
	(Minority interests)					
	Minority interests	134,583	0.3	105,447	0.3	(29,136)
	(Shareholders' equity)					
	<b>I. Common stock</b>	7,095,096	18.4	7,095,096	17.7	-
	<b>II. Capital surplus</b>	7,833,869	20.3	7,833,869	19.5	-
	<b>III. Retained earnings</b>	19,626,265	50.9	22,301,749	55.6	2,675,483
	<b>IV. Differences in valuation of other securities</b>	33,540	0.1	64,433	0.2	30,893
	<b>V. Adjustment account for currency conversion</b>	(622,764)	(1.6)	(780,249)	(1.9)	(157,484)
	<b>VI. Treasury Stocks</b>	(1,385,827)	(3.6)	(1,411,792)	(3.5)	(25,964)
	<b>Total shareholders' equity</b>	32,580,178	84.5	35,103,106	87.6	2,522,928
	<b>Total Liabilities, Minority interest and Shareholders' equity</b>	38,568,077	100.0	40,080,709	100.0	1,512,631

Note: Amounts under one thousand yen have been rounded down.

## Consolidated Profit and Loss Statements

(In thousand yen)

Account	Term	FY 3/03 (From April 1, 2002 to March 31, 2003)		FY 3/04 (From April 1, 2003 to March 31, 2004)		Difference from previous year end ( ) indicates decrease
		Amount	Ratio	Amount	Ratio	
I. Net sales		19,035,505	100.0	19,458,014	100.0	422,508
II. Cost of sales		10,922,630	57.4	10,933,923	56.2	11,293
Gross profit		8,112,874	42.6	8,524,090	43.8	411,215
III. Selling, general and administrative expenses		2,681,331	14.1	2,805,423	14.4	124,092
Operating income		5,431,543	28.5	5,718,667	29.4	287,123
IV. Non-operating income						
1. Interest income and dividends		11,619		13,229		1,609
2. Foreign exchange gains		248,431		178,173		(70,258)
3. Subsidies related to under- populated areas		4,261		-		(4,261)
4. Other non-operating income		70,824		113,552		42,728
Total non-operating income		335,136	1.8	304,954	1.6	(30,182)
V. Non-operating expenses						
1. Interest paid		39,553		24,168		(15,385)
2. Stock issuing costs		2,062		6,410		4,347
3. Other non-operating expenses		52,009		62,096		10,087
Total non-operating expenses		93,625	0.5	92,675	0.5	(950)
Ordinary income		5,673,055	29.8	5,930,946	30.5	257,891
VI. Extraordinary income		5,321	0.0	5,321	0.0	-
VII. Extraordinary losses		57,443	0.3	29,640	0.1	(27,802)
Income before income tax		5,620,932	29.5	5,906,626	30.4	285,694
Income, inhabitant and business taxes		2,421,179	12.7	2,507,957	12.9	86,777
Adjustments for income and other taxes		(73,888)	(0.4)	(38,773)	(0.2)	35,114
Minority interest in net income		(Subtraction) 8,554	0.0	(Subtraction) 17,671	0.1	9,117
Net income		3,265,086	17.2	3,419,771	17.6	154,684

Note: Amounts under one thousand yen have been rounded down.

## Consolidated Profit and Loss Statements

(In thousand yen)

Account	Term	FY 3/03 (From April 1, 2002 to March 31, 2003)		FY 3/04 (From April 1, 2003 to March 31, 2004)	
		Amount		Amount	
<b>(Capital surplus)</b>					
I Capital surplus at beginning of term			7,833,869		7,833,869
II Capital surplus at end of term			7,833,869		7,833,869
<b>(Retained earnings)</b>					
I Retained earnings at beginning of term					
Consolidated retained earnings at beginning of term			17,062,440		19,626,265
II Increase in retained earnings					
Net income		3,265,086	3,265,086	3,419,771	3,419,771
III Decrease in retained earnings					
1. Dividends		671,261		704,687	
2. Bonuses for directors and auditors		30,000	701,261	39,600	744,287
IV Interim retained earnings at end of term			19,626,265		22,301,749

Note: Amounts under one thousand yen have been rounded down.

## Consolidated Statements of Cash Flows

(In thousand yen)

	FY 3/03 (From April 1, 2002 to March 31, 2003)	FY 3/04 (From April 1, 2003 to March 31, 2004)
	Amount	Amount
<b>. Cash flows from operating activities</b>		
Net income before income tax	5,620,932	5,906,626
Depreciation and amortization	1,158,319	1,064,003
Amortization of start-up costs and other expenses	3,511	-
Increase or decrease in allowance for doubtful accounts	(528)	9,943
Increase in allowance for employee retirement benefits	63,514	88,289
Increase in allowance for employee bonuses	3,093	2,756
Interest and dividends received	(11,619)	(13,229)
Interest paid	39,553	24,168
Losses on foreign exchanges	(305,270)	(104,154)
Losses on disposal of fixed assets	7,505	7,240
Losses on valuation of investment securities	20,436	3,899
Losses on valuation of golf-club memberships	21,552	-
Increase or decrease in accounts receivable-trade	231,453	(54,619)
Increase or decrease in inventories	85,379	(190,377)
Increase in accounts payable	86,770	14,139
Increase or decrease in consumption tax and other taxes payable	(84,118)	15,503
Increase or decrease in other assets	296,527	(32,131)
Increase in other liabilities	7,353	32,433
Payments of bonuses to directors and auditors	(30,000)	(39,600)
Subtotal	7,214,364	6,734,891
Interest and dividend income received	11,619	13,229
Interest expenses paid	(39,553)	(24,168)
Income tax and other taxes paid	(2,047,265)	(2,609,298)
Cash flows provided by operating activities	5,139,164	4,114,654
<b>. Cash flows from investing activities</b>		
Payments for additions to tangible fixed assets	(500,190)	(705,752)
Payments for additions to intangible fixed assets	(7,325)	(2,794)
Payments for purchase of investment in securities	(14,699)	(12,900)
Payments for purchase of stocks of affiliated companies	-	(21,420)
Payment for loans receivable	(4,442)	-
Proceeds from collection of loans receivable	16,274	24,427
Others	(624)	(5,007)
Cash flows used in investing activities	(511,007)	(723,447)
<b>. Cash flows from financing activities</b>		
Net decrease in short-term loans payable	(123,896)	(256,979)
Payment for acquisition of treasury stocks	(10,599)	(25,964)
Payments for dividends	(670,692)	(706,228)
Cash flows used in financing activities	(805,187)	(989,172)
<b>. Conversion differential of cash and cash equivalents</b>	281,854	64,406
<b>. Increase in cash and cash equivalents</b>	4,104,823	2,466,440
<b>. Cash and cash equivalents at beginning of term</b>	11,582,114	15,686,938
<b>. Cash and cash equivalents at end of term</b>	15,686,938	18,153,378

## Basic conditions to prepare Consolidated Financial Statements

### 1. Matters relating to the scope of consolidation

#### (1) Consolidated subsidiary companies

Ariake Food System Co., Ltd.  
A.C.C. Co., Ltd.  
ARIAKE U.S.A. , Inc.  
Qingdao Ariake Foodstuff Co., Ltd.  
F. P. Natural Ingredients (SAS)  
F. P. N. BELGIUM (N.V.)

#### (2) Non-consolidated subsidiary companies

There is nothing to report.

### 2. Matters relating to equity method

There is nothing to report.

### 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.) and F. P. N. BELGIUM (N.V.) is December 31.

Although the Company uses all the subsidiaries' financial statements as of December 31 to prepare the consolidated financial statements, any significant transactions accrued from that day to the consolidated closing day are adjusted according to consolidation requirements.

### 4. Matters relating to accounting standards

#### (1) Appraisal standards and valuation method for major assets

##### 1) Securities

Other securities

##### (a) Securities with any market price

Mark-to-market method based on the market price as of the day of settlement of accounts (unrealized gains or losses are stated in Shareholders' equity on the balance sheet and cost of sales are computed mainly with the moving average method)

##### (b) Securities without any market price

Cost method under the moving average method

##### 2) Derivatives

Mark-to-market method

##### 3) Main inventories

##### (a) Products

Identified cost method is mainly adopted.

##### (b) Materials

Cost method under the moving average method is mainly available

##### (c) Work in progress

Identified cost method is mainly adopted.

#### (2) Depreciation method for major depreciable assets

##### 1) Tangible fixed assets

##### (a) Domestic corporations: Declining balance method

As for buildings (except building fixtures) acquired or put into business use after April 1, 1998, however, straight-line method is adopted.

Small-amount depreciable assets of which the acquisition price is 100,000 yen or more and less than 200,000 yen are depreciated evenly over three years based on the provision of the Corporate Income Tax Law.

##### (b) Overseas subsidiaries : Primarily straight-line method based on the estimated useful life

##### 2) Intangible fixed assets

Straight-line method

As for software for own use, straight-line method for internally available period (5 years) is adopted.

##### 3) Investments in real estates

Declining balance method

#### (3) Accounting of major deferred assets

Stock issuance costs

Expensed at payment.

**(4) Standards applicable to major allowances**

**1. Allowance for doubtful accounts**

Excluding the case of subsidiaries overseas, to prepare against losses from bad debts, the amount estimated based on the actual loss ratio is reserved for ordinary receivables, and the amount of possible losses is included in the reserve based on individual consideration of the collectibility of doubtful accounts.

**2. Allowance for employee bonuses**

The companies excluding overseas subsidiaries reserves the estimated amount of the bonuses to prepare for payment to employees.

**3. Allowance for employee retirement benefits**

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

As for the difference (26,607 thousand yen) due to changes to the accounting standards, the five-year proportionally-divided amount is posted in extraordinary income as amortization of transition amount for employee retirement benefits.

For the difference in actuarial calculation, the five-year proportionally-divided amount with the straight-line method based on a fixed number of years (five years) within the average remaining service periods of employees at occurrence in each consolidated fiscal year shall be expensed from the following consolidated fiscal year.

**(5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen**

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

The assets and liabilities, as well as income and expenses, of overseas subsidiaries were converted to Japanese yen using the spot exchange rate on the final day of the consolidated fiscal year and differences were included in the adjustment account for currency conversion under Minority interest and Shareholders' equity.

**(6) Accounting of major lease transactions**

Finance lease transactions are accounted by the method similar to operating leases, excluding financial lease transactions where ownership of the leased property may be transferred to the lessee.

**(7) Major hedge accounting methods**

**1. Methods of hedge accounting**

Deferred hedge accounting is used. Allocation accounting is applied to foreign-currency-denominated liabilities with exchange contracts.

**2. Measures of hedging and targets of hedging**

Measures of hedging    Currency swaps

Targets of hedging    Purchase liabilities following imports of materials from subsidiaries overseas with possible losses due to currency fluctuations.

**3. Policies on hedging**

Based on the basic policies approved by the Management Committee of the Company, the Management Administration Department is in charge of controlling and executing trading, and regularly reporting to the Management Committee. Counter-parties of trading are limited to financial institutions with higher credits.

**4. Methods to assess effectiveness of hedging**

The accumulated total of price fluctuations or cash-flow fluctuations of the targets of hedging is compared with the accumulated total of price fluctuations or cash-flow fluctuations of the measures of hedging, and the effectiveness is assessed according to these fluctuations.

**(8) Other significant matters to prepare Consolidated Financial Statements**

**Accounting of the consumption tax**

The Company applies the tax-exclusion accounting method.

**5.Matters relating to appraisal on assets and liabilities of consolidated subsidiaries**

As for appraisal on assets and liabilities of consolidated subsidiaries, overall market value method is adopted.

**6.Matters relating to amortization of consolidation adjustment accounts**

The consolidated adjustment account is amortized equally over five years.  
Any insignificant amounts are amortized in a lump on an accrual basis.

**7.Matters relating to treatment of appropriation of retained earnings**

Consolidated statements of surplus are prepared on the basis of appropriation of retained earnings of consolidated companies determined during this accounting period of consolidation.

**8.Scope of cash in consolidated statements of cash flows**

Cash (cash and cash equivalents) in consolidated statements of cash flows consist of cash on hand, deposit which are at any time available for withdrawal, and short-term investments convertible easily into cash and repayable within 3 months after acquisition, with little risk for price fluctuation.

## Notes

### 1. On the Consolidated Balance Sheets

	FY 3/03	FY 3/04
(1) Accumulated depreciation of tangible fixed assets	13,422,001 thousand yen	14,219,545 thousand yen
(2) Accumulated depreciation of investments in real estates	43,731 thousand yen	48,930 thousand yen

### 2. On the Consolidated Statements of Income

#### (1) Major items accounted in Selling, general and administrative expenses are as follows:

Salaries, benefits, and bonuses	565,353 thousand yen	545,784 thousand yen
Packing and transportation expenses	800,934 thousand yen	878,505 thousand yen
Depreciation expense	118,603 thousand yen	108,451 thousand yen
Provision for employee bonus	36,943 thousand yen	36,475 thousand yen
Provision for employee retirement benefits	26,126 thousand yen	28,678 thousand yen

#### (2) Total of research and development expenses included in the Selling, general and administrative expenses and the Production cost

277,413 thousand yen	283,915 thousand yen
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### 3. On the Consolidated Statements of Cash Flows

Relation between the ending balance of cash and equivalents and the amount of accounts posted on the Consolidated Balance Sheets.

Cash and time deposits	15,686,938 thousand yen	18,153,378 thousand yen
Time deposits with periods of more than three months	— thousand yen	— thousand yen
Cash and cash equivalents	15,686,938 thousand yen	18,153,378 thousand yen

#### 4. Lease transactions

Consolidated FY 3/03 (From April 1, 2002 to March 31, 2003)	Consolidated FY 3/04 (From April 1, 2003 to March 31, 2004)																																																																
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Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee</p> <p>(1) Amounts equal to purchase price, accumulated depreciation costs, and balance at end of term</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Amount equal to purchase price</th> <th style="text-align: center;">Amount equal to accumulated depreciation expense</th> <th style="text-align: center;">Amount equal to balance at end of term</th> </tr> <tr> <th></th> <th style="text-align: center;">In thousand yen</th> <th style="text-align: center;">In thousand yen</th> <th style="text-align: center;">In thousand yen</th> </tr> </thead> <tbody> <tr> <td>Machines, devices, and vehicles</td> <td style="text-align: right;">39,500</td> <td style="text-align: right;">33,827</td> <td style="text-align: right;">5,672</td> </tr> <tr> <td>Other tangible fixed assets</td> <td style="text-align: right;">25,474</td> <td style="text-align: right;">7,613</td> <td style="text-align: right;">17,860</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>64,974</b></td> <td style="text-align: right;"><b>41,440</b></td> <td style="text-align: right;"><b>23,533</b></td> </tr> </tbody> </table> <p>(2) Amount equal to balance of unexpired lease charges at end of term</p> <p style="text-align: right;">(In thousand yen)</p> <table> <tbody> <tr> <td>Within 1 year</td> <td style="text-align: right;">11,762</td> </tr> <tr> <td>More than 1 year</td> <td style="text-align: right;">13,816</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>25,579</b></td> </tr> </tbody> </table> <p>(3) Lease charges paid, amount equal to depreciation expense and amount equal to interest expense</p> <p style="text-align: right;">(In thousand yen)</p> <table> <tbody> <tr> <td>Lease charges paid</td> <td style="text-align: right;">12,238</td> </tr> <tr> <td>Amount equal to depreciation expense</td> <td style="text-align: right;">10,771</td> </tr> <tr> <td>Amount equal to interest expense</td> <td style="text-align: right;">1,210</td> </tr> </tbody> </table> <p>(4) Calculation of the amount equal to depreciation expense</p> <p>The straight-line method is applied by assuming the lease period as the useful life, and setting the residual value to 0.</p> <p>(5) Calculation of the amount equal to interest expense</p> <p>The difference between the total of lease charges and the amount equal to the purchase price is regarded as the amount equal to interest expense, and the interest method is applied to allocation to each term.</p>		Amount equal to purchase price	Amount equal to accumulated depreciation expense	Amount equal to balance at end of term		In thousand yen	In thousand yen	In thousand yen	Machines, devices, and vehicles	39,500	33,827	5,672	Other tangible fixed assets	25,474	7,613	17,860	<b>Total</b>	<b>64,974</b>	<b>41,440</b>	<b>23,533</b>	Within 1 year	11,762	More than 1 year	13,816	<b>Total</b>	<b>25,579</b>	Lease charges paid	12,238	Amount equal to depreciation expense	10,771	Amount equal to interest expense	1,210	<p>1. 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Amount equal to depreciation expense	10,771																																																																
Amount equal to interest expense	1,210																																																																
	Amount equal to purchase price	Amount equal to accumulated depreciation expense	Amount equal to balance at end of term																																																														
	In thousand yen	In thousand yen	In thousand yen																																																														
Machines, devices, and vehicles	21,000	20,750	250																																																														
Other tangible fixed assets	29,538	13,628	15,909																																																														
<b>Total</b>	<b>50,538</b>	<b>34,378</b>	<b>16,159</b>																																																														
Within 1 year	7,156																																																																
More than 1 year	10,158																																																																
<b>Total</b>	<b>17,315</b>																																																																
Lease charges paid	13,199																																																																
Amount equal to depreciation expense	11,438																																																																
Amount equal to interest expense	870																																																																

(Matters related to securities)

(Previous consolidated fiscal year)  
**Securities**

(As of March 31, 2003)

1. Securities with the market price

(In thousand yen)

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
Securities of which the amount on the Consolidated Balance Sheets exceeds purchase costs			
(i) Stocks	78,081	183,354	105,273
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Subtotal	78,081	183,354	105,273
Securities of which the amount on the Consolidated Balance Sheets does not exceed purchase costs			
(i) Stocks	188,532	119,767	( 68,765)
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Subtotal	188,532	119,767	( 68,765)
Subtotal	266,613	303,121	36,508

2. Securities without any market price

(In thousand yen)

	Amount Recorded on Interim Consolidated Balance Sheet	Remark
Other securities		
Unlisted stocks (excluding OTC stocks)	6,000	

(Current consolidated fiscal year)  
**Securities**

(As of March 31, 2004)

1. Securities with the market price

(In thousand yen)

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
Securities of which the amount on the Consolidated Balance Sheets exceeds purchase costs			
(i) Stocks	120,813	266,121	145,308
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Subtotal	120,813	266,121	145,308
Securities of which the amount on the Consolidated Balance Sheets does not exceed purchase costs			
(i) Stocks	125,364	87,088	(38,276)
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Subtotal	125,364	87,088	(38,276)
Subtotal	246,177	353,209	107,032

2. Securities without any market price

(In thousand yen)

	Amount Recorded on Interim Consolidated Balance Sheet	Remark
Other securities		
Unlisted stocks (excluding OTC stocks)	15,000	

( Matters related to retirement benefits )

1. Outlines of the employee retirement benefit plan applied

The Company and our domestic subsidiaries apply both the lump-sum benefit system and the tax-qualified pension plan.

The tax-qualified pension plan has been operated since Term 3 for age-retirement with the length of service of three years or more.

2. Retirement benefit liabilities and their breakdown

(In thousand yen)

	Consolidated FY 3/03 (As of Mar. 31, 2003)	Consolidated FY 3/04 (As of Mar. 31, 2004)
(1) Retirement benefit liabilities	( 901,670)	( 976,460)
(2) Pension assets	456,151	473,073
(3) Un-contributed retirement benefits liability (1) + (2)	( 445,519)	( 503,387)
(4) Unrecognized transition amounts	( 10,644)	( 5,323)
(5) Unrecognized actuarial differences	136,634	100,892
(6) Unrecognized prior service costs (decrease of liabilities)	-	-
(7) Net amount on Consolidated Balance Sheet (3) + (4) + (5) + (6)	( 319,529)	( 407,818)
(8) Prepaid pension costs	-	-
(9) Allowance for retirement benefits (7) - (8)	( 319,529)	( 407,818)

3. Breakdown of retirement benefit expenses

(In thousand yen)

	Consolidated FY 3/03 (As of Mar. 31, 2003)	Consolidated FY 3/04 (As of Mar. 31, 2004)
(1) Service expenses	76,119	82,150
(2) Interest expenses	19,131	18,033
(3) Expected return on assets (decrease)	( 5,804)	( 6,842)
(4) Amount posted to expenses of difference due to change to accounting standards	( 5,321)	( 5,321)
(5) Amount posted to expenses of difference due to mathematical calculation	17,988	32,157
(6) Retirement benefit expenses	102,113	120,178

4. Matters related to bases of calculation of retirement benefit liabilities

	Consolidated FY 3/03 (As of Mar. 31, 2003)	Consolidated FY 3/04 (As of Mar. 31, 2004)
(1) Discount rate	2.5%	2.0%
(2) Rate of expected return on assets	1.5%	1.5%
(3) Periodic allocation of estimated retirement benefits	Periodically fixed amount	Periodically fixed amount
(4) Years for posting of prior service liabilities	-	-
(5) Years for posting of difference due to change to accounting standards	5 years	5 years
(6) Years for posting of difference due to mathematical calculation	5 years	5 years

(Matters related to deferred tax accounting)

1. Breakdown of deferred tax assets and liabilities

(In thousand yen)

	Consolidated FY 3/03 (As of Mar. 31, 2003)	Consolidated FY 3/04 (As of Mar. 31, 2004)
<b>Deferred tax assets (current)</b>		
Enterprise tax payable	119,525	107,913
Excess allowance for employee bonus	50,559	62,361
Loss carryforwards	7,398	6,766
<b>Total</b>	<b>177,483</b>	<b>177,040</b>
<b>Deferred tax assets (non-current)</b>		
Loss carryforwards	438,668	403,032
Excess allowance for employee retirement benefits	86,659	141,632
Unrealized profits on sale of fixed assets	5,619	4,667
Others	8,577	8,577
<b>Subtotal</b>	<b>539,524</b>	<b>557,911</b>
Valuation allowance	( 439,319)	( 414,600)
<b>Total</b>	<b>100,204</b>	<b>143,310</b>
<b>Deferred tax liabilities (current)</b>		
Reserve for special depreciation	( 14,583)	( 26,238)
<b>Deferred tax liabilities (non-current)</b>		
Reserve for special depreciation	( 49,177)	( 41,558)
Difference in valuation of investments in securities	( 23,404)	( 42,598)
Others	( 1,703)	( 1,555)
<b>Total</b>	<b>( 74,284)</b>	<b>( 85,712)</b>
<b>Net deferred tax assets (current)</b>	<b>162,900</b>	<b>150,801</b>
<b>Net deferred tax assets (non-current)</b>	<b>25,920</b>	<b>57,597</b>

## Information by segment

(Previous consolidated fiscal year)

### 1. Information by business segment

Since net sales, operating income and assets of "business of manufacture and sale of natural seasoning products" accounts for more than 90% of net sales, operating income and assets of all segments, description relating to information by business segment is omitted.

### 2. Information by geographic segment

(In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
<b>I Net sales and Operating income and losses</b>					
Net sales					
(1) Sales to external customers	17,897,904	1,137,600	19,035,505	-	19,035,505
(2) Internal sales or transfers between segments	33,582	1,355,420	1,389,003	(1,389,003)	-
<b>Total</b>	<b>17,931,486</b>	<b>2,493,021</b>	<b>20,424,508</b>	<b>(1,389,003)</b>	<b>19,035,505</b>
Operating expenses	12,652,225	2,312,993	14,965,219	(1,361,258)	13,603,961
Operating income	5,279,261	180,027	5,459,288	(27,744)	5,431,543
<b>II Assets</b>	<b>38,544,577</b>	<b>3,495,569</b>	<b>42,040,146</b>	<b>(3,472,069)</b>	<b>38,568,077</b>

Note 1: Nations or regions are distinguished based on the similarity of economic activities.

2: Main nations and regions other than Japan

Other areas U.S. and People's Republic of China

### 3. Overseas sales

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

(Current consolidated fiscal year)

### 1. Information by business segment

Since net sales, operating income and assets of "business of manufacture and sale of natural seasoning" accounts for more than 90% of net sales, operating income and assets of all segments, description relating to information by business segment is omitted.

### 2. Information by geographic segment

(In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
<b>I Net sales and Operating income and losses</b>					
Net sales					
(1) Sales to external customers	18,575,196	882,818	19,458,014	-	19,458,014
(2) Internal sales or transfers between segments	56,648	1,383,370	1,440,019	(1,440,019)	-
<b>Total</b>	<b>18,631,844</b>	<b>2,266,188</b>	<b>20,898,033</b>	<b>(1,440,019)</b>	<b>19,458,014</b>
Operating expenses	13,034,972	2,172,359	15,207,332	(1,467,985)	13,739,347
Operating income	5,596,872	93,828	5,690,700	27,966	5,718,667
(1) Sales to external customers	40,462,025	2,865,577	43,327,603	(3,246,893)	40,080,709

Note 1: Nations or regions are distinguished based on the similarity of economic activities.

2: Main nations and regions other than Japan

Other areas U.S. and People's Republic of China

### 3. Overseas sales

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

## Data per share

(In Yen)

Consolidated FY 3/03 (From April 1, 2002 to March 31, 2003)		Consolidated FY 3/04 (From April 1, 2003 to March 31, 2004)	
Net assets per share	1,212.00	Net assets per share	1,187.40
Net income per share	120.13	Net income per share	114.29
Net income per share/diluted	-	Net income per share/diluted	-
<p>From consolidated FY 3/03, the Company applies "Accounting standards for net income per share" (Accounting Standards No. 2), and "Guidelines for applying the accounting standards for net income per share" (Guidelines No. 4 for applying the accounting standards).</p> <p>If computed with the same method as that used for consolidated FY 3/02, data per share for this consolidated fiscal year would be as follows</p>			
Net assets per share	1,213.48		
Net income per share	121.61		

(Note) Bases for computation of net income per share are as follows:

	Consolidated FY 3/03 (From April 1, 2002 to March 31, 2003)	Consolidated FY 3/04 (From April 1, 2003 to March 31, 2004)
Net income per share		
Net income	3,265,086	3,419,771
Amount not attributed to common shareholders	39,600	44,600
(Bonuses to directors and auditors as appropriation of surplus included)	(39,600)	(44,600)
Net income related to common shares	3,225,486	3,375,171
Average number of shares outstanding during the fiscal years	26,849	29,530

## Going-concern assumption

There is nothing to report

## Breakdown of Sales by Product

(In thousand yen)

Classification		Term	Consolidated FY 3/03 (From April 1, 2002 to March 31, 2003)		Consolidated FY 3/04 (From April 1, 2003 to March 31, 2004)	
		Category	Amount	Ratio %	Amount	Ratio %
Product	Liquid soup		3,038,366	16.0	3,714,692	19.1
	Liquid natural seasonings		10,896,077	57.2	10,567,862	54.3
	Powdered natural seasonings		3,192,160	16.8	3,195,220	16.4
	Others		848,537	4.4	925,001	4.8
	Subtotal		17,975,141	94.4	18,402,777	94.6
Merchandise	Liquid natural seasonings		979,832	5.2	969,431	5.0
	Powdered natural seasonings		80,531	0.4	85,804	0.4
	Subtotal		1,060,363	5.6	1,055,236	5.4
Total (Exports included)			19,035,505 (1,229,639)	100.0	19,458,014 (960,484)	100.0

Note 1: Amounts under one thousand yen have been rounded down.

2: Amounts do not include the consumption tax.

## Amount of orders received during the term and backlog of major products

The Company does not apply any production-to-order system, but planned production according to statistical data.