

July 28, 2004

Brief First-Quarter Consolidated Financial Report for Year Ending March 31, 2005

Listed company name: Ariake Japan Co., Ltd.
 Code No.: 2815
 Listing Exchanges: Tokyo, 1st Section
 URL: <http://www.net-ir.ne.jp/ariake/>
 Representative: Kineo Okada, President and Chief Executive Officer
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1. Items relating to the preparation of the quarterly consolidated statement of income, etc.

* Adoption of the simplified accounting method None
 * Changes in accounting methods from the most recent fiscal year None
 * Changes in scope of consolidation and equity method None

2. First-quarter results for the year ending March 31, 2005 (April 1, 2004 – June 30, 2004)

(1) Consolidated business results

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

| | Net sales | | Operating income | | Ordinary income | |
|-----------------------|-----------|-----|------------------|-----|-----------------|-----|
| | MY | % | MY | % | MY | % |
| First quarter of FY05 | 4,642 | 6.9 | 1,242 | 0.3 | 1,261 | 0.1 |
| First quarter of FY04 | 4,344 | | 1,239 | | 1,259 | |
| FY04 | 19,458 | | 5,718 | | 5,930 | |

| | Net income | | Net income per share | | Net income per share/diluted | |
|-----------------------|------------|-----|----------------------|--|------------------------------|--|
| | MY | % | Yen | | Yen | |
| First quarter of FY05 | 713 | 1.7 | 21.95 | | - | |
| First quarter of FY04 | 701 | | 23.77 | | - | |
| FY04 | 3,419 | | 114.29 | | - | |

Note: 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 | | % | | Yen | |
| First quarter of FY05 | 39,971 | | 35,436 | | 88.7 | | 1,090.33 | |
| First quarter of FY04 | 38,422 | | 32,900 | | 85.6 | | 1,114.23 | |
| FY04 | 40,080 | | 35,103 | | 87.6 | | 1,187.40 | |

Note: Number of share outstanding at term end (consolidated):

First Quarter of FY05 32,501,043 shares First Quarter of FY04 29,527,660 shares FY04 29,525,362 shares

【 Consolidated cash flows 】

| | Cash flows from operating activities | | Cash flows from investing activities | | Cash flows from financing activities | | Cash and equivalents at the fiscal year end | |
|-----------------------|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|---|--|
| | MY | | MY | | MY | | MY | |
| First quarter of FY05 | 591 | | (228) | | (371) | | 18,138 | |
| First quarter of FY04 | 92 | | (169) | | (344) | | 15,301 | |
| FY04 | 4,114 | | (723) | | (989) | | 18,153 | |

【 Reference 】

Consolidated results forecasts for the Year Ending March 31, 2005 (April 1, 2004— March 31, 2005)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-----------|-----------|--|------------------|--|-----------------|--|------------|--|
| | MY | | MY | | MY | | MY | |
| Interim | 9,400 | | 2,900 | | 2,950 | | 1,660 | |
| Full-year | 20,800 | | 6,300 | | 6,400 | | 3,670 | |

Reference: Expected net income per share (full-year) ¥112.91 (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.

Outline of Business Results

1. Outline of Results

(Consolidated business results)

(In million yen)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share (yen) |
|-----------------------|-----------|------------------|-----------------|------------|----------------------------|
| First quarter of FY05 | 4,642 | 1,242 | 1,261 | 713 | 21.95 |
| First quarter of FY04 | 4,344 | 1,239 | 1,259 | 701 | 23.77 |
| Growth Rate | 6.9 | 0.3 | 0.1 | 1.7 | - |

(Non-consolidated business results)

(In million yen)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share (yen) |
|-----------------------|-----------|------------------|-----------------|------------|----------------------------|
| First quarter of FY05 | 4,326 | 1,221 | 1,241 | 700 | 21.55 |
| First quarter of FY04 | 4,060 | 1,205 | 1,239 | 686 | 23.24 |
| Growth Rate | 6.6 | 1.4 | 0.1 | 2.1 | - |

【Outline of Results】

During the first quarter, the Company and the Group, as leaders in the field of natural seasonings, worked to implement the “Five-year Long-term Business Plan,” formulated in the previous fiscal year. Through the implementation of this plan, existing businesses are being expanded and new business fields are actively being developed. The Company has established a strict quality, safety, and health management system to ensure “food safety” and “high quality,” and is applying all of its efforts to increase profits by cutting costs.

In specific terms, on the domestic front, construction of new production facilities that would apply new technology has begun and the Packing Center will be enhanced and enlarged. Additionally, a BSE-related inventory write-down was recorded as part of an effort to improve the Group's financial condition.

Overseas, European operations are taking shape and expansion of the Group's Chinese operations has begun. Furthermore, a collaboration plan with a New Zealand company in a similar business but different industry is being pushed forward.

【Net Sales】

In the first quarter, net sales at Ariake Japan Co., Ltd. increased 6.6% compared to the same period of the previous year (4,060 million yen) on strong sales to companies in the processed and prepared foods fields and restaurant industry, which is our key clientele. Sales by overseas subsidiaries rose primarily due to strong sales at the US subsidiary and brought consolidated net sales to 4,642 million yen, an increase of 6.9% compared to the same period of the previous year (4,344 million yen).

【Operating Income】

In the first quarter, Ariake Japan Co., Ltd. recorded profits as planned because of higher sales, and production level, and other factors. However, due to the recording of a BSE-related inventory write-down, operating income increased only slightly compared to the same period of the previous year when we have recorded 1,205 million yen. Operations at the Group's consolidated subsidiaries were also strong, but partly due to the effect of rationalization measures at the US subsidiary, consolidated operating income came to 1,242 million, slightly higher than for the same period of the previous year (1,239 million yen).

【Ordinary Income】

In the first quarter, higher profits resulting from higher sales, and an inventory write-down, resulted in ordinary income of 1,241 million yen at Ariake Japan Co., Ltd., slightly higher than for the same period of the previous year (1,239 million yen)

Results at Ariake Japan Co., Ltd. helped consolidated ordinary income reach 1,261 million yen, also slightly higher than the result for the same period of the previous year (1,259 million yen).

【Net Income】

In the first quarter, net income, with the increase in ordinary income reported by Ariake Japan Co., Ltd., came to 701 million yen, an increase of 2.1% compared to the same period of the previous year

(686 million yen). Consolidated net income came to 713 million yen, an increase of 1.7% compared to the same period of the previous year (701 million yen).

【Assets, Liabilities and Shareholders' Equity】

At the end of the first quarter, consolidated assets totaled 39,971 million yen, an increase of 1,548 million yen over the same period of the previous year when consolidated assets totaled 38,422 million yen. This was mainly due to the increase in cash and time deposits resulting from increased income.

At the end of the first quarter, consolidated liabilities totaled 4,429 million yen, a decrease of 957 million yen compared to the same period of the previous year when consolidated liabilities totaled 5,386 million. This was mainly due to a decrease in deferred liabilities.

At the end of the first quarter, consolidated shareholders' equity totaled 35,436 million yen, an increase of 2,536 million yen compared to the same period of the previous year when consolidated shareholders' equity totaled 32,900 million yen. This was mainly due to an increase in retained earnings.

【Cash Flows】

The balance of cash and cash equivalents as of the end of the first quarter was 18,138 million yen, a decrease of 14 million yen compared to the balance at the end of the previous year when cash and cash equivalents totaled 18,153 million yen. An overview of specific items is given below.

(Cash flows from operating activities)

At the end of the first quarter, cash inflow from operating activities was 591 million yen. The main factors affecting this figure were an increase in profits and income and other taxes paid.

(Cash flows from investing activities)

At the end of the first quarter, cash outflow from investment activities was 228 million yen, mainly due to capital investment expenditures.

(Cash flows from financing activities)

At the end of the first quarter, cash outflow from financing activities was 371 million yen, mainly due to payments for dividends.

2. Forecast for interim business results

Regarding the forecast for the interim period ending September 2004, the economic outlook is highly uncertain and business conditions are severe. The Company, however, will work to improve its results beyond the increases realized in the first quarter and intends to achieve the targets outlined in the original plan: 9,400 million yen in consolidated net sales; 2,950 million yen in consolidated ordinary income; and 1,660 million yen in consolidated net income.

Consolidated Balance Sheets
For the First Quarter of FY04 and FY05

(In thousand yen, %)

| Account | Term | First Quarter of FY 05 | First Quarter of FY 04 | Changes | | FY04 |
|---|------|------------------------|------------------------|-------------|--------|------------|
| | | Amount | Amount | Amount | Ratio | Amount |
| (Assets) | | | | | | |
| I. Current assets | | | | | | |
| 1. Cash and time deposits | | 18,138,644 | 15,301,404 | 2,837,239 | | 18,153,378 |
| 2. Notes receivable | | 3,979,193 | 4,087,148 | (107,954) | | 4,356,435 |
| 3. Accounts receivable | | 2,494,441 | 2,314,426 | 180,014 | | 2,184,910 |
| 4. Inventories | | 153,914 | 149,201 | 4,712 | | 150,801 |
| 5. Other current assets | | 234,327 | 386,197 | (151,869) | | 165,550 |
| 6. Allowance for doubtful accounts | | (2,238) | (498) | (1,739) | | (1,991) |
| Total current assets | | 24,998,282 | 22,237,879 | 2,760,402 | 12.4 | 25,009,085 |
| II. Fixed assets | | | | | | |
| 1. Tangible fixed assets | | | | | | |
| (1) Buildings and structures | | 5,876,230 | 5,994,785 | (118,555) | | 5,972,267 |
| (2) Machines, devices, and delivery equipment | | 3,010,129 | 3,195,042 | (184,912) | | 3,096,563 |
| (3) Land | | 4,074,708 | 4,020,506 | 54,202 | | 3,999,572 |
| (4) Other fixed assets | | 53,443 | 469,398 | (415,955) | | 31,071 |
| (4) Other fixed assets | | 97,382 | 120,403 | (23,020) | | 102,267 |
| Total tangible fixed assets | | 13,111,894 | 13,800,135 | (688,241) | (5.0) | 13,201,741 |
| 2. Intangible fixed assets | | | | | | |
| | | 43,503 | 56,844 | (13,340) | (23.5) | 44,768 |
| 3. Investments and other assets | | | | | | |
| (1) Investments in securities | | 383,491 | 340,472 | 43,019 | | 368,209 |
| (2) Shares of affiliated companies | | 83,201 | 118,639 | (35,437) | | 101,249 |
| (3) Long-term loans of affiliated companies | | 48,403 | 7,490 | 40,912 | | 57,597 |
| (4) Investments in real estates | | 452,844 | 457,967 | (5,123) | | 454,068 |
| (5) Other investments | | 858,471 | 1,380,865 | (522,393) | | 852,342 |
| (6) Allowance for doubtful accounts | | (8,355) | 4 | (8,360) | | (8,355) |
| Total investments and other assets | | 1,818,056 | 2,305,439 | (487,383) | (21.1) | 1,825,112 |
| Total fixed assets | | 14,973,454 | 16,162,419 | (1,188,964) | (7.4) | 15,071,623 |
| III. Deferred assets | | | | | | |
| | | - | 22,571 | (22,571) | - | - |
| Total assets | | 39,971,737 | 38,422,870 | 1,548,866 | 4.0 | 40,080,709 |

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

(In thousand yen, %)

| Term Account | First Quarter of FY 05 | First Quarter of FY 04 | Changes | | FY04 |
|---|------------------------------|------------------------------|-----------|--------|-------------|
| | Amount | Amount | Amount | Ratio | Amount |
| (Liabilities) | | | | | |
| I. Current liabilities | | | | | |
| 1. Notes payable | 1,514,555 | 1,371,389 | 143,166 | | 1,317,153 |
| 2. Accounts payable | 729,261 | 1,121,474 | (392,213) | | 739,197 |
| 3. Income taxes payable | 551,802 | 538,107 | 13,694 | | 1,309,397 |
| 4. Allowance for employee bonus | 144,062 | 146,744 | (2,682) | | 142,405 |
| 5. Other current liabilities | 807,373 | 946,067 | (138,693) | | 706,622 |
| Total current liabilities | 3,747,055 | 4,123,783 | (376,728) | (9.1) | 4,214,775 |
| II. Long-term liabilities | | | | | |
| 1. Allowance for employee retirement benefits | 432,414 | 338,283 | 94,130 | | 407,818 |
| 2. Other long-term liabilities | 249,561 | 924,340 | (674,778) | | 249,561 |
| Total long-term liabilities | 681,975 | 1,262,624 | (580,648) | (46.0) | 657,379 |
| Total liabilities | 4,429,031 | 5,386,407 | (957,376) | (17.8) | 4,872,155 |
| (Minority interest) | | | | | |
| Minority interest | 105,905 | 135,963 | (30,058) | (22.1) | 105,447 |
| (Shareholders' equity) | | | | | |
| I. Common stock | | | | | |
| II. Capital surplus | 7,095,096 | 7,095,096 | - | - | 7,095,096 |
| III. Retained earnings | 7,833,869 | 7,833,869 | - | - | 7,833,869 |
| IV. Differences in valuation of other securities | 22,601,604 | 19,952,975 | 2,648,628 | 13.3 | 22,301,749 |
| V. Foreign currency translation adjustments | 73,633 | 44,407 | 29,225 | 65.8 | 64,433 |
| VI. Treasury stocks | (739,843) | (621,844) | (117,999) | 19.0 | (780,249) |
| Total shareholders' equity | (1,427,557) | (1,404,005) | (23,552) | 1.7 | (1,411,792) |
| Total Liabilities, Minority interest and Shareholders' equity | 35,436,800 | 32,900,498 | 2,536,301 | 7.7 | 35,103,106 |
| | 39,971,737 | 38,422,870 | 1,548,866 | 4.0 | 40,080,709 |

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

Consolidated Statements of Income

(In thousand yen, %)

| Term Account | First Quarter of FY 05 | First Quarter of FY 04 | Changes | | FY04 |
|---|------------------------------|------------------------------|----------|--------|------------|
| | Amount | Amount | Amount | Ratio | Amount |
| I. Net sales | 4,642,922 | 4,344,251 | 298,671 | 6.9 | 19,458,014 |
| II. Cost of net sales | 2,690,883 | 2,441,283 | 249,600 | 10.2 | 10,933,923 |
| Gross profit | 1,952,039 | 1,902,968 | 49,071 | 2.6 | 8,524,090 |
| III. Selling, general and administrative expenses | 709,632 | 663,693 | 45,939 | 6.9 | 2,805,423 |
| Operating income | 1,242,406 | 1,239,274 | 3,131 | 0.3 | 5,718,667 |
| IV. Non-operating income | 29,049 | 41,011 | (11,961) | (29.2) | 304,954 |
| Interest and dividends received | 4,654 | 3,493 | 1,160 | | 13,229 |
| V. Non-operating expenses | 10,373 | 20,470 | (10,096) | (49.3) | 92,675 |
| Interest paid and discounts | 4,393 | 7,424 | 3,030 | | 24,168 |
| Ordinary income | 1,261,082 | 1,259,816 | 1,266 | 0.1 | 5,930,946 |
| VI. Extraordinary income | 1,330 | 1,330 | - | - | 5,321 |
| VII. Extraordinary losses | 14,709 | 20,730 | (6,020) | (29.0) | 29,640 |
| Income before income tax | 1,247,704 | 1,240,416 | 7,287 | 0.6 | 5,906,626 |
| Income, inhabitant and business taxes | 532,091 | 536,590 | (4,498) | (0.8) | 2,507,957 |
| Adjustments for income and other taxes | - | - | - | - | (38,773) |
| Minority interest | 2,090 | 1,908 | 182 | 9.5 | 17,671 |
| Net Income | 713,521 | 701,917 | 11,604 | 1.7 | 3,419,771 |

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

Consolidated Statements of Cash Flows

(In thousand yen)

| | Term | First Quarter of FY 05 | First Quarter of FY 04 | FY05 |
|---|------|------------------------------|------------------------------|-------------|
| Account | | Amount | Amount | Amount |
| . Cash flows from operating activities | | | | |
| Income before income tax | | 1,247,704 | 1,240,416 | 5,906,626 |
| Depreciation and amortization | | 242,873 | 252,113 | 1,064,003 |
| Interest and dividends received | | (4,654) | (3,493) | (13,229) |
| Interest paid | | 4,393 | 7,424 | 24,168 |
| Increase or decrease in accounts receivable-trade | | 373,080 | 223,632 | (54,619) |
| Increase or decrease in inventories | | (312,902) | (324,625) | (190,377) |
| Increase in trade payables | | 262,229 | 118,806 | 14,139 |
| Payout of bonuses to directors | | (44,600) | (39,600) | (39,600) |
| Others | | 113,017 | 30,619 | 23,780 |
| Subtotal | | 1,881,141 | 1,505,653 | 6,734,981 |
| Interest and dividend income received | | 4,654 | 3,493 | 13,229 |
| Interest expenses paid | | (4,393) | (7,424) | (24,168) |
| Income tax and other taxes paid | | (1,289,686) | (1,409,221) | (2,609,298) |
| Cash flows provided by operating activities | | 591,716 | 92,501 | 4,114,654 |
| . Cash flows from investing activities | | | | |
| Payments for purchase of tangible fixed assets | | (248,148) | (158,556) | (705,752) |
| Payments for purchase of investment in securities | | - | (12,900) | (12,900) |
| Proceeds from collection of loans receivable | | 19,252 | 2,552 | 24,427 |
| Others | | - | (376) | (29,221) |
| Cash flows used in investing activities | | (228,895) | (169,280) | (723,447) |
| . Cash flows from financing activities | | | | |
| Net increase or decrease in short-term loans payable | | - | 1,994 | (256,979) |
| Payment for acquisition of treasury stocks | | (15,765) | (18,177) | (25,964) |
| Payments for dividends | | (355,237) | (328,459) | (706,228) |
| Cash flows used in financing activities | | (371,003) | (344,642) | (989,172) |
| . Conversion differential of cash and cash equivalents | | (6,551) | 35,888 | 64,406 |
| . Increase in cash and cash equivalents | | (14,734) | (385,533) | 2,466,440 |
| . Balance of cash and cash equivalents at beginning of term | | 18,153,378 | 15,686,938 | 15,686,938 |
| . Balance of cash and cash equivalents at the end of term | | 18,138,644 | 15,301,404 | 18,153,378 |