

November 11, 2004

## Brief Interim Consolidated Financial Report for Year Ending March 31, 2005

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 interim board meeting: November 11, 2004  
 Adoption of US GAAP: No

### 1. Interim results for the Year Ending March 31, 2005 (April 1, 2004 to September 30, 2004)

#### (1) Consolidated business results

	Net sales		Operating income		Ordinary income	
	MY	%	MY	%	MY	%
Interim closing for FY3/05	9,568	1.3	2,491	(9.7)	2,497	(12.0)
Interim closing for FY3/04	9,442	7.3	2,758	18.2	2,836	21.1
FY3/04	19,458		5,718		5,930	

	Net income		Net income per share		Net income per share/diluted	
	MY	%	Yen 1/100 yen		Yen 1/100 yen	
Interim closing for FY3/05	1,489	(8.4)	45.86		—	
Interim closing for FY3/04	1,624	21.1	55.02		—	
FY3/04	3,419		114.29		—	

Notes Investment profit and loss arising from equity method Interim closing for FY3/05 — Interim closing for FY3/04 — FY3/04 —  
 Average number of shares outstanding during the term (consolidated)  
 Interim closing for FY3/05 32,471,535 shares Interim closing for FY3/04 29,531,086 shares FY3/04 29,530,872 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		%		Yen 1/100 yen	
Interim closing for FY3/05	41,171		36,243		88.0		1,116.22	
Interim closing for FY3/04	39,187		33,877		86.4		1,147.37	
FY3/04	40,080		35,103		87.6		1,187.40	

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

Interim closing for FY3/05 32,469,774 shares Interim closing for FY3/04 29,526,419 shares FY3/04 29,525,362 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	
Interim closing for FY3/05	1,404		(314)		(393)		18,944	
Interim closing for FY3/04	1,357		(426)		(359)		16,372	
FY3/04	4,114		(723)		(989)		18,153	

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

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

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

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

### 2. Forecast consolidated business results for the Year Ending March 31, 2005 (April 1, 2004 to March 31, 2005)

Full-year	Net sales		Ordinary income		Net income	
	MY		MY		MY	
	20,400		5,500		3,170	

Reference: Expected net income per share (full-year) ¥97.61 (Yen 1/100 yen) (calculated by using expected average number of shares outstanding during the term)

\* 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. For more information regarding the forecasts, see page 10.

## 1. Outline of the Business Group

### Outline of the Business Group

The Ariake Group (the "Group") is comprised of Ariake Japan Co., Ltd. (the "Company") and five 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 three remaining subsidiaries, overseas. Following is an outline of the business operations of the various 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 (SAS), a French subsidiary established during the previous fiscal year, 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 parent company and delivers all of its processed output to the parent company.

A.C.C. Co., Ltd. leases portions of building owned by the parent company and operates convenience stores.

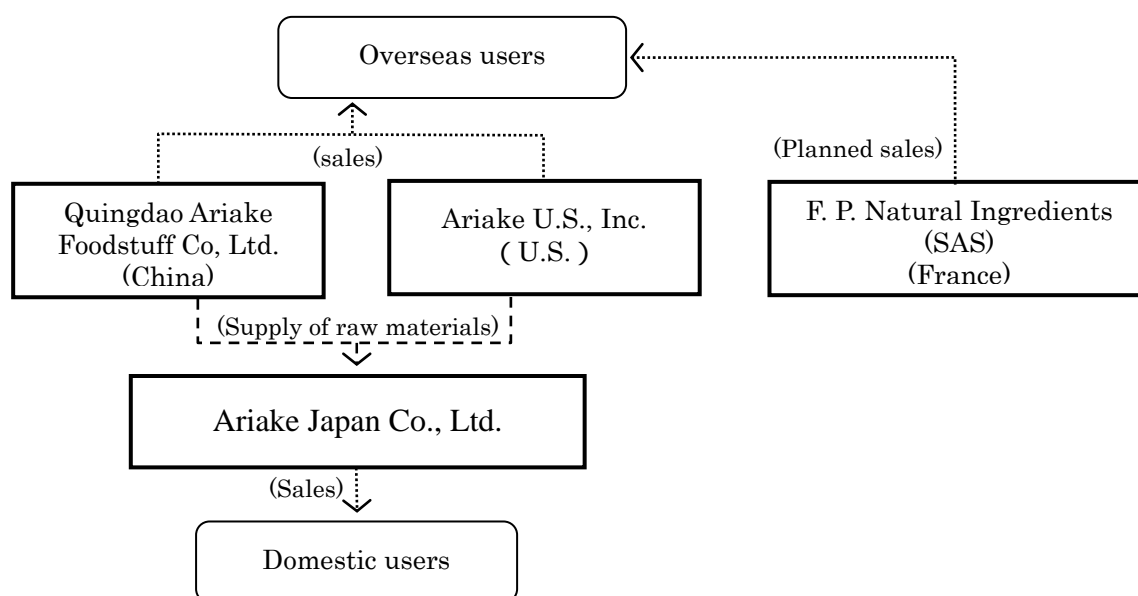
### Overseas Subsidiaries

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

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

The major companies of the Group and the relationships among them are shown in the diagram below.



## 2. Business Strategy

### 1. Basic business policy

As the leader 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 develop businesses that cater to the needs of the times, based on the concept of the customer coming first.
3. The Group will aim to optimize shareholder value and is always attractive to shareholders.

The Group will endeavor to develop and foster the growth of products that take full advantage of the characteristic of natural seasonings, "excellent taste, good for health, ease to use" and strive to produce high quality products and increase profitability by achieving technological breakthroughs while ensuring food safety, which is achieved through meticulous safety and hygiene management. In this way, the Group will advance resolutely toward the goal of increasing profitability.

### 2. Basic policy regarding distribution of earnings

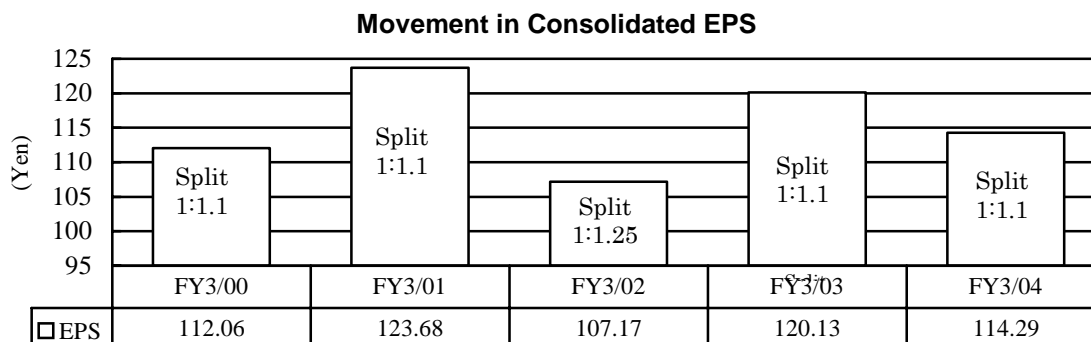
The Company considers that appropriate distribution of earnings to the shareholders is one of the Company's most important management priorities. Therefore, the Company is based on the principle of paying dividends more consistent with its business performance, the Company has pursued a policy of paying stable dividends in keeping with the growth of the business while bearing in mind the dividend payout ratio. At the same time, the Company has maintained ample internal reserves to strengthen the Company's financial position taking into account the anticipated future business environment and long-term business development.

With regard to internal reserves, we will endeavor to expand upon corporate activities by applying these reserves to strategic investments and loans aimed at developing the natural seasonings business and increasing profits, and to improving stock value through flexible operation of treasury stock acquisition.

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

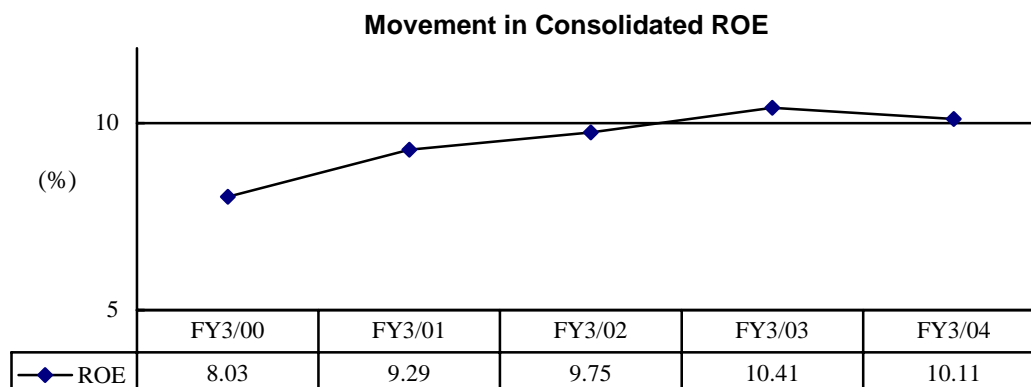
The Company recognizes that promoting stable, long-term holdings of the company's stock on the part of investors while broadening the shareholder base is an important issue related to capital strategy. Accordingly, in 1998 we lowered the size of the minimum stock trading unit from 1,000 shares to 100 shares, but our positive IR activities have resulted in an increase in the number of shareholders of more than 10,500 as of this interim book closing (end of September 2004) centering on private shareholders. The Company will decide future policy based on the principle of maximizing shareholder benefits, carefully considering issues of cost and effectiveness and taking into account business performance.

As a strategy for returning earnings to the shareholders, the Company has adopted earnings per share (EPS) as a management indicator of shareholder returns. 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.



#### **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**

The Group conducts management based on a continued mid- to long-term view. The domestic Japanese food industry is a mature market, but the natural seasonings market can be expected to expand through the Company's various measures; furthermore, there will be an insufficient supply of raw materials in Japan due to this expansion, and there is a great potential for global development of this business. Incorporating these factors into the foundation of the management plans, we maintain production and sales companies in the U.S. (Ariake U.S., Inc.) and China (Qingdao Ariake Foodstuff Co., Ltd.), and we have established the Kyushu Number 2 Plant applying expertise acquired over time in both the hardware and software aspects of the business. We have also turned our attention to the European market, making the decision to make inroads into the manufacture and sales of natural soup stock, and in March 2003 we established the 100% subsidiary F. P. Natural Ingredients (SAS) in France. We are currently planning steady development of our business, and are promoting efforts targeting the concrete realization of these goals.

In this backdrop, the Group has established "Five-year Long-term Management Plan – for the period from FY2003 (i.e., the fiscal year ending March 2004) to FY2007 (i.e., the fiscal year ending March 2008)".

The main aim of this five-year long-term management plan is to achieve continued steady growth for the Group and increase share value despite the current extended period of deflation and the future aging of society exacerbated by a low birth rate.

Specifically, this plan involves the following four items.

1. Promote the focused strategy to be the growing group even when there is deflation
  - A. Expand the market by improving corporate quality and increasing added value
  - B. Develop new demand through newly developed products
2. Create corporate wealth by utilizing a series of 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 European plan and early enhancement of competitive strength
4. Consider policies for efficient use of capital
  - A. Implement effective capital investments targeting mainly overseas markets
  - B. Execute capital policies to maximize stockholders' value in the long run

With this framework, the targets for FY2007 (ending March 2008), the final year of the Five-year 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 believe that our responsibility to the investors that have invested in the Company is to increase shareholders' value with long-term stability by ensuring stable performance through yearly plans based on this long-term vision, thus establishing a firm profit foundation. This approach represents the essence of our management policies.

#### **6. Measures to maintain the corporate governance framework**

The Company and the Group have always conducted operations based on a management system in accordance with global standards so as to enable full discussions and rapid decision-making by the Board of Directors.

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 also adopted an auditor system. The Board of Auditors, which is comprised of three auditors, attends Board of Directors meetings and other important meetings to present fair and objective opinions regarding specific items and management in general, and to oversee the legality of operations executed by the Board of Directors.

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 ChuoAoyama 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 interim period (Consolidated business results)

	Net sales	Operating income	Ordinary income	Interim net income	Interim net income per share (yen)
Interim closing for FY3/05	9,568	2,491	2,497	1,489	45.86
Interim closing for FY3/04	9,442	2,758	2,836	1,624	55.02
Growth Rate	1.3%	(9.7%)	(12.0%)	(8.4%)	—

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

	Net sales	Operating income	Ordinary income	Interim net income	Interim net income per share (yen)
Interim closing for FY3/05	8,933	2,423	2,442	1,440	44.36
Interim closing for FY3/04	8,864	2,683	2,784	1,575	53.36
Growth Rate	0.8%	(9.7%)	(12.3%)	(8.6%)	—

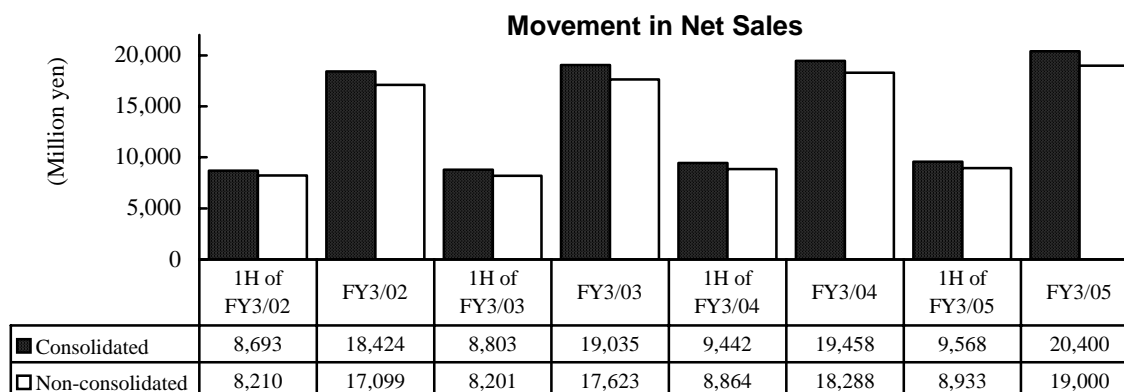
#### (1) Overall performance for the current period

During this interim period, the Japanese economy has shown signs of recovery, for example, with strong exports supporting improvements in corporate profits and increased capital investments in some manufacturing industries. However, personal consumption has improved only slowly and concerns about a possible deceleration in economic growth due to the rapid rise in oil prices have now been added to pension issues and other areas of uncertainty. These conditions have produced the uncertain conditions amid which the economy has continued its slow growth.

Within this economic context, the food industry faced extremely difficult conditions. These were characterized by sharply lower consumption following the emergence of BSE in the U.S. last December and the turmoil of bird flu at the beginning of this year, both of which resulted in sluggish overall food product demand, as well as earlier-than-normal summer heat beginning in June, which was earlier than usual that caused anemic sales of both materials for instant noodles and other processed foods, and rice products for distribution through convenience stores.

In this environment, as the leader in the field of natural seasoning, the Company and the Group are working toward the achievement of goals laid down in its new “Five-year Long-term Management Plan – for the period from FY2003 to FY2007.” In addition to expanding on existing businesses and actively developing new business fields, it has established a strict quality, safety, and health management system to ensure “food safety” and “high quality,” and has devoted the efforts of the entire Group to increase profits so as to achieve stable growth despite the current deflation.

## Net Sales



(Figures for year ending March 2005 are projected)

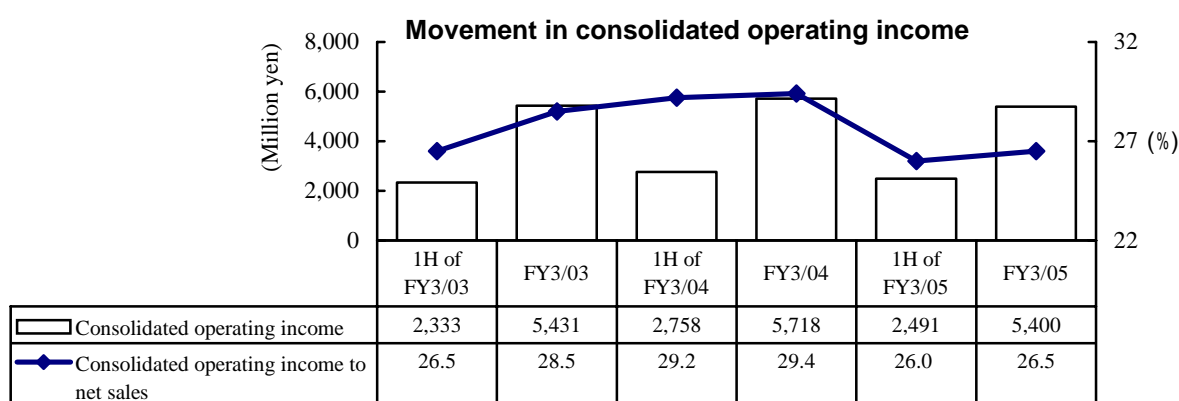
In Japan (Ariake Japan Co., Ltd.), we have, in the processed food field, undertaken active expansion into the take out / home delivery and joint development sales targeting the restaurant industry. The startup of operations at a new Packing Center within the Kyushu Number 2 Plant has made a particularly large contribution to increased demand for higher-quality products. However, sharply lower consumption following the emergence of BSE in the U.S. last December and the turmoil of bird flu at the beginning of this year, which resulted in sluggish overall food product demand, and earlier-than-normal summer heat beginning in June, which was earlier than usual that caused anemic sales of both instant noodles and rice products for distribution through convenience stores had a significant impact on the company's sales. Specifically, in the processed food field, where sales to convenience stores had fallen, we worked to increase sales through collaborations with companies in a similar business but different industry, and through other initiatives, as well, but year-on-year sales remained largely unchanged. In the instant noodle field, sales were significantly affected by summer heat and sales declined 9.0% year on year. Results were better in the restaurant field, where key customers working vigorously to expand their operations, and our development of new customers (new restaurants and users), resulted in 8.2% growth. Overall, however, sales growth came to only 0.8% year on year.

Regarding the sales performance of our overseas subsidiaries, streamlining implemented at the end of last year bore fruit for the local net sales of our American subsidiary (Ariake U.S., Inc.), which actively worked to increase sales to processed food manufacturers and achieved a significant 65% year-on-year improvement in sales. Local net sales of our Chinese subsidiary (Qingdao Ariake Foodstuff Co., Ltd.) were roughly equal to results for the same period last year, at RMB 9,571,000, despite that company's bid to emphasize exports to Japan by increasing sales to local instant noodle makers and processed food manufacturers.

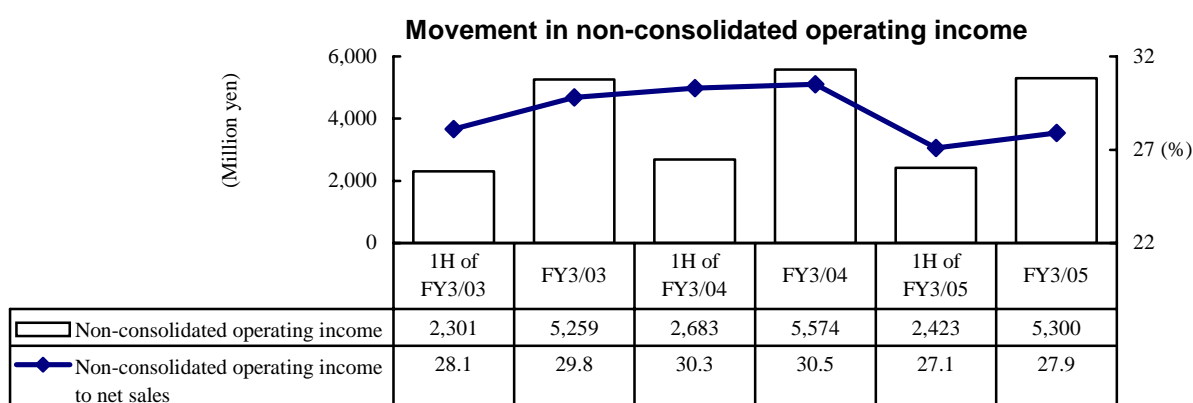
As a result, consolidated net sales for the interim period were 9,568 million yen (an increase of 126 million yen compared to the same period of the previous year), representing a year-on-year growth rate of 1.3%.

Non-consolidated net sales were 8,933 million yen (an increase of 69 million yen compared to the same period of the previous year), representing a year-on-year growth rate of 0.8%.

## Operating Income



(Figures for year ending March 2005 are projected)



(Figures for year ending March 2005 are projected)

Consolidated operating income was 2,491 million yen, a decrease of 266 million yen compared to the same period of the previous year.

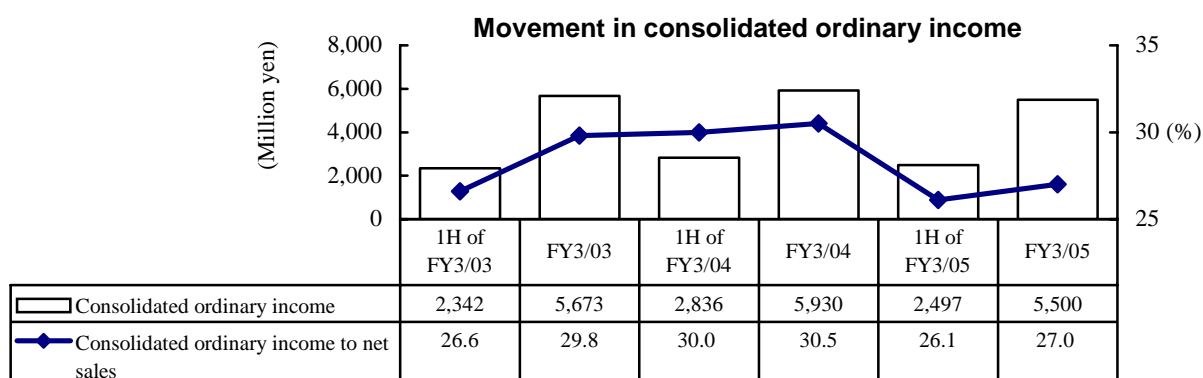
The Company (Ariake Japan Co., Ltd.) devoted significant effort to aggressive capital investment and cost cutting. However, it also wrote down BSE-related inventory because of last year's BSE problem, wrote off some of its single-use packet products for summer, was burdened with higher energy costs because of the sudden rise in oil prices and a series of bad weather events, suffered price hikes for some raw materials, and experienced other negative conditions. Therefore, despite cost reductions at the Kyushu Plant, non-consolidated operating income declined by 9.7% year-on-year, and operating income to net sales was 27.1% (30.3% during the same period of the previous year).

At our American subsidiary (Ariake U.S., Inc.), we substantially increased local net sales, and at our Chinese subsidiary (Qingdao Ariake Foodstuff Co., Ltd.), we increased production of products for Japan and implemented improvements to the production system.

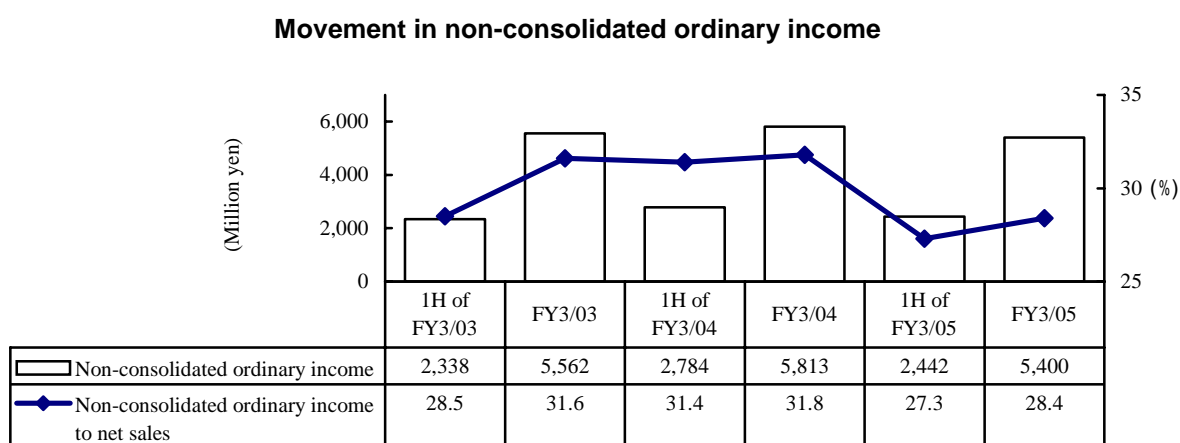
In China, we are re-examining the operating environment moving forward, in light of the overheating Chinese economy's upward pressure on labor, raw materials, energy, and other key cost items.

As a result, operating income decreased by 9.7% year-on-year, even on a consolidated basis, and consolidated operating income to net sales was 26.0% (29.2% during the same period of the previous year).

## Ordinary income



(Figures for year ending March 2005 are projected)



(Figures for year ending March 2005 are projected)

Consolidated ordinary income was 2,497 million yen (a year-on-year decrease of 339 million yen).

The Company (Ariake Japan Co., Ltd.) reported lower operating income because of the BSE problem in the U.S., unusual weather, and other extraordinary conditions, while its non-consolidated ordinary income decreased 12.3%, or 341 million yen year-on-year, to 2,442 million yen.

Overseas subsidiaries, as well, have firmly established profitability through strong business operations. At the U.S. subsidiary in particular, the effects of streamlining are gradually emerging. As a result, the Group posted consolidated ordinary income of 2,497 million yen (a year-on-year decrease of 339 million yen).

Consolidated interim net income was 1,489 million yen (a year-on-year decrease of 135 million yen).

The Group posted no major extraordinary gains or losses, the profit ratio was 15.6%, and consolidated interim net income declined by 8.4% compared to the same period of the previous year.

Non-consolidated interim net income was 1,440 million yen, a year-on-year decrease of 135 million yen, for 8.6%.

Regarding the interim dividend, the environment surrounding the Company during this interim period was extremely harsh, but as a result of determined efforts by the Company and the Group, and our revision of our plans for the year, we expect to be able to realize results on a par with those of the previous year. Therefore, in keeping with the level set in the previous year, we will pay interim dividends of 12.50 yen per share.

Accordingly, dividend payments for the year will be 25 yen per share.

## 2. Forecast for the full year

(Forecast for consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY3/05	20,400	5,400	5,500	3,170	97.61
FY3/04	19,458	5,718	5,930	3,419	114.29
Growth Rate	4.8%	(5.6%)	(7.3%)	(7.3%)	—

(Forecast for non-consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY3/05	19,000	5,300	5,400	3,080	94.84
FY3/04	18,288	5,574	5,813	3,343	111.70
Growth Rate	3.9%	(4.9%)	(7.1%)	(7.9%)	—

### (1) Forecast for full-year business results

With domestic and overseas socio-economic conditions characterized by uncertain factors, the economic environment does not permit an optimistic view of personal consumption. For the remainder of the fiscal year, therefore, it is difficult to be hopeful for an economic recovery, and harsh business conditions will likely continue. The food industry is generally working very hard to emphasize “food safety” and “healthy food,” and to stimulate demand. However, with the combined impact of the BSE problem in the U.S., higher prices for energy and other items due to the sudden rise in oil prices, and the effect of unusual weather conditions on prices, conditions permitting very little growth are expected to continue.

The Company is facing similar conditions. Prices for some raw materials are rising because of higher energy costs and unusual weather conditions and there is no indication that this upward trend will stop. And the market, rather than improving, is showing signs of slowing. Under these conditions, the Company will aggressively implement its business strategy.

Specifically, we aim to expand the market through products with increased added value, gain access to new markets through collaborations with companies in a similar business but different industry, and expand sales through initiatives such as offering products based on new technologies to new and existing customers.

Furthermore, we will implement significant cost reductions, with our principal aim being to increase the yield from raw materials.

Overseas, we aim to make steady progress in bringing our European operations fully on line and are on schedule with our efforts. In China, we are carefully developing our operations, while paying strict attention to the country's economic conditions.

Through these firm initiatives, the Company and Group will steadily execute the new “Five-year Long-term Management Plan – for the period from FY2003 to FY2007.” Through the execution of this new plan, we will promote strategies that will overcome the deflationary environment, and will devote our energies to the creation of a corporate structure that will generate steady income even during a period of minimal growth, thereby achieving both net sales and profits in line with plans.

For the Company and Group, the fiscal year outlook is for 20,400 million yen in consolidated net sales (a year-on-year increase of 4.8%) and 5,500 million yen in consolidated ordinary income (a year-on-year decrease of 7.3%)

For the Company, the outlook is for 19,000 million in net sales (a year-on-year decrease of 3.9%) and 5,400 million yen in ordinary income (a year-on-year decrease of 7.1%).

### (2) Dividends

Considering that performance targets are expected to be met for the current period, the year-end dividend will be 25 yen per share.

### (3) Management indicators

The Company's target management indicator is return on equity (ROE) and the outlook is for this figure to reach 8.9% for the full year. However, with the long-term ROE target set at 15.0%, we are committed to further increases in asset value for our investors.

Regarding earnings per share (EPS), another of the Company's indicators, the outlook is for this figure to end the year at 97.61 yen. The Company implements stock splits when its EPS exceeds 100 yen for an extended period, and, in light of its business results for the this period, will consider appropriate measures, including stock splits, for providing returns to shareholders.

## II. Financial Condition

### (1) Overview of the current interim period

(In million yen)

	Previous interim period	Current interim period	Difference
Total assets	39,187	41,171	1,984
Shareholders' equity	33,877	36,243	2,365
Shareholders' equity ratio	86.4%	88.0%	1.6%

(In million yen)

	Previous interim period	Current interim period	Difference
Cash flows from operating activities	1,357	1,404	46
Cash flows from investing activities	(426)	(314)	111
Cash flows from financing activities	(359)	(393)	(33)
Increase/decrease in cash and cash equivalents	685	791	106
Balance of cash and cash equivalents at the beginning of the interim term	15,686	18,153	2,466
Balance of cash and cash equivalents at the end of the interim term	16,372	18,944	2,572

- Regarding financial conditions at the end of the interim period, cash on hand and at banks was up by 2,572 million yen compared to the end of the previous interim period, and total assets was 41,171 million yen due in part to a decrease of 690 million yen in depreciable assets. Shareholders' equity was 36,243 million yen due to a 2,501 million yen increase in retained earnings. As a result, the shareholders' equity ratio was 88.0%, an increase of 1.6% compared to the interim period of the previous year.
- Operating activities generated net cash inflows of 1,404 million yen (an increase of 46 million yen compared to the interim period of the previous year).  
The main factors affecting this figure were cash inflows from healthy business activities and an increase in corporate tax and other payments.
- Cash flows from investing activities  
For the interim period, outlays of 330 million yen for capital investments resulted in 314 million yen in net cash outflows from investing activities (a 111 million yen decrease in net outflows compared to the previous interim period).
- Cash flows from financing activities  
For the interim period, financing activities generated net cash outflows of 393 million yen (a 33 million yen increase in net outflows compared to the previous interim period) due primarily to outlays of 369 million yen for dividend payments.

### (2) Full-year outlook

- Cash flows from operating activities  
Despite the harsh business environment, we expect to achieve full-year sales and profits in line with projections, and to see an increase in income as well.
- Cash flows from investing activities  
We are planning domestic capital investments of 1,410 million yen for the year. Investments in overseas subsidiaries will be limited mainly to maintenance and upgrades. Investments and loans for subsidiaries will be about 500 million yen, in keeping with the progress of the European plan.

— Cash flows from financing activities

At the 26<sup>th</sup> General Shareholders' Meeting held on June 18, 2004, we proposed and received approval for the active acquisition and retirement of treasury stocks. The goal of this measure is to allow for the active acquisition and retirement of capital stock to increase capital efficiency and provide returns to shareholders. Implementation of this measure began in October. We will continue to acquire and retire treasury stocks when the business environment and other factors indicate it is appropriate to do so.

Dividend payments for the year will be equivalent to those for the previous year.

As a result of the above, the amount of cash and cash equivalents at the end of the current fiscal year should increase slightly over the level at the end of the current interim period.

(3) Trends in cash flow indexes

	FY3/01	FY3/02	FY3/03	FY3/04	Interim closing for FY3/05
Capital-to-asset ratio (%)	85.1	83.1	84.5	87.6	88.0
Capital-to-asset ratio based on current value (%)	423.7	266.4	220.1	249.6	225.6
Amortization term (years)	0.0	0.4	0.2	0.2	0.5
Interest coverage ratio	145.0	74.6	129.9	170.3	148.0

Notes:

Capital-to-asset ratio: equity capital / total assets

Capital-to-asset ratio based on current value : total current stock value / total assets

Amortization term: interest-bearing debts / operating cash flow

Interest coverage ratio: operating cash flow / interest payments

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

\* Total current stock value is calculated as final stock price at end of term x number of share outstanding at term end (after deduction of treasury stock)

“Operating cash flow” uses cash flow from operating activities shown in Interim Consolidated Statements of Cash Flows. “Interest-bearing debts” refers to all debts posted in consolidated balance sheets for which interest is paid.

## 4. Consolidated Financial Statement

### (1) Interim Consolidated Balance Sheets

(In thousand yen)

Account	Annotation	At the end of the Previous Consolidated Interim Period (As of September 30, 2003)			At the end of the Current Consolidated Interim Period (As of September 30, 2004)			Summary of Consolidated Balance Sheets for FY 3/04 (As of March 31, 2004)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)
<b>(Assets)</b>										
<b>I. Current assets</b>										
1. Cash and time deposits			16,372,218			18,944,742			18,153,378	
2. Notes and accounts receivable			4,516,283			4,306,863			4,356,435	
3. Inventories			2,305,210			2,532,736			2,184,910	
4. Other current assets			392,905			335,142			316,351	
5. Allowance for doubtful accounts			(816)			(1,922)			(1,991)	
Total current assets			23,585,800	60.2		26,117,562	63.4		25,009,085	62.4
<b>II. Fixed assets</b>										
<b>1. Tangible fixed assets</b>										
(1) Buildings and structure		10,472,452			10,353,264			10,333,711		
Cumulative amount of depreciation		4,200,742	6,271,710		4,535,860	5,817,404		4,361,444	5,972,267	
(2) Machines, devices, and delivery equipment		12,349,796			12,466,223			12,301,606		
Cumulative amount of depreciation		9,050,863	3,298,932		9,511,905	2,954,318		9,205,043	3,096,563	
(3) Land			4,019,865			4,080,392			3,999,572	
(4) Construction in progress			20,451			128,036			31,071	
(5) Other fixed assets		756,507			770,764			755,325		
Cumulative amount of depreciation		639,227	117,280		663,955	106,809		653,058	102,267	
Total tangible fixed assets			13,728,240	35.0		13,086,961	31.8		13,201,741	32.9
2. Intangible fixed assets			54,462	0.1		48,579	0.1		44,768	0.1
<b>3. Investments and other assets</b>										
(1) Investments in securities			328,498			370,539			368,209	
(2) Long-term loans receivable			106,547			81,237			101,249	
(3) Deferred tax assets			41,467			79,601			57,597	
(4) Investments in real estates	*1		456,668			451,620			454,068	
(5) Other investments			861,828			943,909			852,342	
(6) Allowance for doubtful accounts			(20)			(8,382)			(8,355)	
Total investments and other assets			1,794,989	4.6		1,918,527	4.7		1,825,112	4.6
Total fixed assets			15,577,693	39.7		15,054,067	36.6		15,071,623	37.6
<b>III. Deferred assets</b>										
Initial cost of business			23,615			—			—	
Total deferred assets			23,615	0.1		—	—		—	—
Total assets			39,187,109	100.0		41,171,630	100.0		40,080,709	100.0

(In thousand yen)

Account	Annotation	At the end of the Previous Consolidated Interim Period (As of September 30, 2003)			At the end of the Current Consolidated Interim Period (As of September 30, 2004)			Summary of Consolidated Balance Sheets for FY 3/04 (As of March 31, 2004)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)
(Liabilities)										
I. Current liabilities										
1. Notes and accounts payable			1,271,955			1,373,107			1,317,153	
2. Short-term loans payable			1,117,730			748,167			739,197	
3. Income taxes payable			1,188,642			1,055,109			1,309,397	
4. Allowance for employee bonuses			141,719			143,625			142,405	
5. Other current liabilities			785,065			690,061			706,622	
Total current liabilities			4,505,114	11.5		4,010,071	9.7		4,214,775	10.5
II. Long-term liabilities										
1. Allowance for employee retirement benefits			359,636			457,865			407,818	
2. Other long-term liabilities			334,539			350,930			249,561	
Total long-term liabilities			694,175	1.8		808,796	2.0		657,379	1.6
Total liabilities			5,199,290	13.3		4,818,867	11.7		4,872,155	12.1
(Minority interests)										
Minority interest			110,047	0.3		109,297	0.3		105,447	0.3
(Shareholders' equity)										
I. Common stock										
II. Capital surplus			7,833,869	20.0		7,833,869	19.0		7,833,869	19.5
III. Retained earnings			20,875,784	53.3		23,377,104	56.8		22,301,749	55.6
IV. Differences in valuation of other securities			55,451	0.1		66,113	0.2		64,433	0.2
V. Adjustment account for currency conversion			(574,115)	(1.5)		(692,536)	(1.7)		(780,249)	(1.9)
VI. Treasury stocks			(1,408,314)	(3.6)		(1,436,181)	(3.5)		(1,411,792)	(3.5)
Total shareholders' equity			33,877,771	86.4		36,243,465	88.0		35,103,106	87.6
Total liabilities, minority interest and shareholders' equity			39,187,109	100.0		41,171,630	100.0		40,080,709	100.0

## (2) Interim Consolidated Statements of Income

(In thousand yen)

Account	Annotation	Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)			Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)			Summary of Consolidated Statement of Income of FY 3/04 (April 1, 2003 to March 31, 2004)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)
I. Net sales			9,442,099	100.0		9,568,139	100.0		19,458,014	100.0
II. Cost of sales			5,301,803	56.2		5,618,513	58.7		10,933,923	56.2
Gross profit			4,140,295	43.8		3,949,625	41.3		8,524,090	43.8
III. Selling, general and administrative expenses	*1		1,382,106	14.6		1,457,958	15.3		2,805,423	14.4
Operating income			2,758,189	29.2		2,491,667	26.0		5,718,667	29.4
IV. Non-operating income										
1. Interest income and dividends		9,056			5,906			13,229		
2. Foreign exchange gains		63,883			29,761			178,173		
3. Other non-operating income		64,237	137,178	1.4	35,892	71,561	0.8	113,552	304,954	1.6
V. Non-operating expenses										
1. Interest paid		14,557			9,485			24,168		
2. Stock issuing costs		4,227			1,292			6,410		
3. Expenses for new overseas business		19,381			35,049			29,447		
4. Other non-operating expenses		20,611	58,778	0.6	20,057	65,885	0.7	32,648	92,675	0.5
Ordinary income			2,836,588	30.0		2,497,342	26.1		5,930,946	30.5
VI. Extraordinary income										
1. Amortization of difference caused by change of accounting principle for employee retirement benefits		2,660	2,660	0.0	2,661	2,661	0.0	5,321	5,321	0.0
VII. Extraordinary losses										
1. Losses on retirement of fixed assets		—			1,325			5,010		
2. Losses from write-down of investment in securities		28,691			461			3,899		
3. Allowance for retirement benefits for directors and auditors		20,730	49,421	0.5	11,150	12,937	0.1	20,730	29,640	0.1
Income before income tax			2,789,827	29.5		2,487,067	26.0		5,906,626	30.4
Income, inhabitant and business taxes		1,179,743			1,006,724			2,507,957		
Adjustments for income and other taxes		(22,799)	1,156,943	12.2	(11,633)	995,090	10.4	(38,773)	2,469,183	12.7
Minority interest in net income			8,157	0.1		2,955	0.0		17,671	0.1
Net income			1,624,726	17.2		1,489,021	15.6		3,419,771	17.6

### (3) Interim Consolidated Profit and Loss Statements

(In thousand yen)

Account	Annotation	Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)		Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)		Consolidated Profit and Loss Statements of FY 3/04 (April 1, 2003 to March 31, 2004)	
		Amount		Amount		Amount	
<b>(Capital surplus)</b>							
I	Capital surplus at beginning of the term		7,833,869		7,833,869		7,833,869
II	Interim capital surplus at the end of the term		7,833,869		7,833,869		7,833,869
<b>(Retained earnings)</b>							
I	Retained earnings at beginning of the term						
	1. Consolidated retained earnings at beginning of period		19,626,265		22,301,749		19,626,265
II	Increase in retained earnings						
	Net income	1,624,726	1,624,726	1,489,021	1,489,021	3,419,771	3,419,771
III	Decrease in retained earnings						
	1. Dividends	335,607		369,067		704,687	
	2. Bonuses to directors and auditors	39,600	375,207	44,600	413,667	39,600	744,287
IV	Interim retained earnings at the end of the (interim) term		20,875,784		23,377,104		22,301,749



## Basic conditions to prepare Consolidated Interim Financial Statements

Term	Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)
1. Matters relating to the scope of consolidation	Consolidated subsidiary companies are the following five. Ariake Food System Co., Ltd. A.C.C. Co., Ltd. Ariake U.S. , Inc. Qingdao Ariake Foodstuff Co., Ltd. F. P. Natural Ingredients (SAS)	Consolidated subsidiary companies are the following six. Ariake Food System Co., Ltd. A.C.C. Co., Ltd. Ariake U.S. , Inc. Qingdao Ariake Foodstuff Co., Ltd. F. P. Natural Ingredients (SAS) F. P. N. BELGIUM (N.V)	Consolidated subsidiary companies are the following six. Ariake Food System Co., Ltd. A.C.C. Co., Ltd. Ariake U.S. , Inc. Qingdao Ariake Foodstuff Co., Ltd. F. P. Natural Ingredients (SAS) F. P. N. BELGIUM (N.V)  Since F. P. N. BELGIUM (N.V.) was newly launched on January 26, 2004, it was added as a consolidated subsidiary company from FY 3/04.
2. Non-consolidated subsidiary companies	There is nothing to report.	Same as left.	Same as left.
3. Matters relating to business year of consolidated subsidiaries	The closing day of Ariake U.S., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients (SAS) and F. P. N. BELGIUM (N.V) is June 30. Although the Company uses all the subsidiaries' interim financial statements as of June 30 to prepare the consolidated financial statements, any significant transactions accrued from that day to the interim consolidated closing day are adjusted according to consolidation requirements.	The closing day of Ariake U.S., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients (SAS) and F. P. N. BELGIUM (N.V) is June 30. Although the Company uses all the subsidiaries' interim financial statements as of June 30 to prepare the consolidated financial statements, any significant transactions accrued from that day to the interim consolidated book closing day are adjusted according to consolidation requirements.	The closing day of Ariake U.S., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients (SAS) 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 book closing day are adjusted according to consolidation requirements.
4. Matters relating to accounting standards	(1) Standard and method of valuating important assets (i) Securities Other Securities (a) Securities with any market price Mark-to-market method based on the market price as of the closing day of accounts (all the valuation differences are incorporated directly into the capital stock and costs for sale are computed with the moving average method) (b) Securities without any market price Cost method under the moving average method (ii) Derivatives Mark-to-market method (iii) Major inventories (a) Products Mainly cost method under the identified cost method (b) Materials Mainly cost method under the moving average method (c) Work in progress Mainly cost method under the identified cost method	(1) Standard and method of valuating important assets (i) Securities Other Securities (a) Securities with any market price Same as left  (b) Securities without any market price Same as left  (ii) Derivatives Same as left (iii) Major inventories (a) Products Same as left  (b) Materials Same as left  (c) Work in progress Same as left	(1) Standard and method of valuating important assets (i) Securities Other Securities (a) Securities with any market price Mark-to-market method based on the market price as of the closing day of accounts (all the valuation differences are incorporated directly into the capital stock and costs for sale are computed with the moving average method) (b) Securities without any market price Same as left  (ii) Derivatives Same as left (iii) Major inventories (a) Products Same as left  (b) Materials Same as left  (c) Work in progress Same as left

Term	Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)
	<p>(2)Important depreciation method for depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>(a)Domestic corporations Declining balance method As for buildings (except incidental equipment) acquired or put into business use after April 1, 1998, however, straight-line method is available. 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 3 years based on the provision of the Corporate Income Tax Law. Useful lives of major assets are as follows: Buildings and structures: 7 - 50 years Machines, devices and delivery equipment 4-9 years</p> <p>(b)Overseas subsidiaries : Primarily straight-line method based on the estimated useful life</p> <p>(ii) Intangible fixed assets Straight-line method As for software for own use, straight-line method for internally available period (5 years) is applied</p> <p>(iii) Investments in real estates Declining balance method</p> <p>(3)Accounting of deferred assets</p> <p>(i)New shares issuing expenses All expenses are posted at payment.</p> <p>(ii)Startup costs</p> <p>Startup costs for opening some overseas subsidiaries are booked as deferred charges in accordance with the accounting principles established in each country, and amortized evenly over 5 years after opening.</p>	<p>(2)Important depreciation method for depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>(a)Domestic corporations Declining balance method Same as left</p> <p>(b)Overseas subsidiaries : Same as left</p> <p>(ii) Intangible fixed assets Same as left</p> <p>(iii) Investments in real estates Declining balance method</p> <p>(3)Accounting of deferred assets</p> <p>(i)New shares issuing expenses Same as left</p> <p>_____</p>	<p>(2)Important depreciation method for depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>(a)Domestic corporations Declining balance method Same as left</p> <p>(b)Overseas subsidiaries : Same as left</p> <p>(ii) Intangible fixed assets Same as left</p> <p>(iii) Investments in real estates Declining balance method</p> <p>(3)Accounting of deferred assets</p> <p>(i)New shares issuing expenses Same as left</p> <p>_____</p>

Term	Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)
	<p>(4)Standards for additions to allowances (i) Allowance for doubtful accounts 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 consideration of the collectibility of individual doubtful accounts</p> <p>(ii)Allowance for employee bonuses The Company reserves the estimated amount of the bonuses to prepare for payment to employees.</p> <p>(iii)Allowance for employee retirement benefits To prepare for payment of benefits to retiring employees, the amount of actual payment as of the end of the current interim period is reserved based on estimation of retirement benefit liabilities and pension assets regarded as existing at the end of the current consolidated interim period. 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 profits as amortization expense of difference at change to standard for 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 fiscal year shall be expensed from the following fiscal year.</p> <p>(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 interim period, 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 for the closing day of the consolidated interim period and differences were included in the adjustment account for currency conversion under Minority interests and Shareholders' equity.</p>	<p>(4)Standards for additions to allowances (i) Allowance for doubtful accounts Same as left</p> <p>(ii)Allowance for employee bonus Same as left</p> <p>(iii)Allowance for employee retirement benefits Same as left</p> <p>(5)Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen Same as left</p>	<p>(4)Standards for additions to allowances (i) Allowance for doubtful accounts Same as left</p> <p>(ii)Allowance for employee bonus Same as left</p> <p>(iii)Allowance for employee retirement benefits To prepare for payment of benefits to retiring 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. 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 profits as amortization expense of difference at change to standard for 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 fiscal year shall be expensed from the following fiscal year.</p> <p>(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 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 overseas 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 currency conversion under Minority interests and Shareholders' equity.</p>

Term	Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)
	(6)Accounting of lease transactions Finance lease transactions are accounted by the method similar to operating lease transactions, excluding financial lease transactions where ownership of the leased property may be transferred to the lessee	(6)Accounting of lease transactions Same as left	(6)Accounting of lease Same as left.
	(7)Hedge accounting methods (i) Methods of hedge accounting Deferred hedge accounting is used. Allocation accounting is applied to foreign-currency-denominated liabilities with exchange contracts (ii) 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 (iii) 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 high-quality financial institutions. (iv) 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 cashflow fluctuations of the measures of hedging, and the effectiveness is assessed according to these fluctuations (8)Other important matters to prepare Interim Financial Statements Accounting of the consumption tax  The Company applies the tax-exclusion accounting method.	(7)Hedge accounting methods (i) Methods of hedge accounting Same as left  (ii) Measures of hedging and targets of hedging Same as left  (iii) Policies on hedging Same as left  (iv) Methods to assess effectiveness of hedging Same as left  (8)Other important matters to prepare Interim Financial Statements Accounting of the consumption tax Same as left	(7)Hedge accounting methods (i) Methods of hedge accounting Same as left  (ii) Measures of hedging and targets of hedging Same as left  (iii) Policies on hedging Same as left  (iv) Methods to assess effectiveness of hedging Same as left  (8)Other important matters to prepare Financial Statements Accounting of the consumption tax Same as left
5.Scope of cash in Interim Consolidated Statements of Cash Flows	Cash (cash and cash equivalents) in the Interim Consolidated Statement 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.	Same as left	Same as left

## Notes

### On the Interim Consolidated Balance Sheet

At the end of the Previous Consolidated Interim Period (As of September 30, 2003)	At the end of the Current Consolidated Interim Period (As of September 30, 2004)	At the end of Previous Consolidated Fiscal Year (As of March 31, 2004)
*1.Accumulated amount of depreciation of investments in real estates Investments in real estates 46,331 thousand yen	*1.Accumulated amount of depreciation of investments in real estates 51,378 thousand yen	*1.Accumulated amount of depreciation of investments in real estates 48,930 thousand yen

### On the Consolidated Statements of Income

Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)
*1. Major items accounted in Selling, general and administrative expenses are as follows: Salary, benefits and bonuses 256,072 thousand yen Packing and transportation expenses 425,583 thousand yen Depreciation costs 54,460 thousand yen Additions to allowance for employee bonuses 37,051 thousand yen Additions to allowance for employee retirement benefits 14,380 thousand yen	*1. Major items accounted in Selling, general and administrative expenses are as follows: Salary, benefits and bonuses 232,498 thousand yen Packing and transportation expenses 439,568 thousand yen Depreciation costs 48,037 thousand yen Additions to allowance for employee bonuses 36,807 thousand yen Additions to allowance for employee retirement benefits 17,034 thousand yen	*1. Major items accounted in Selling, general and administrative expenses are as follows: Salary, benefits and bonuses 545,784 thousand yen Packing and transportation expenses 878,505 thousand yen Depreciation costs 108,451 thousand yen Additions to allowance for employee bonuses 36,475 thousand yen Additions to allowance for employee retirement benefits 28,678 thousand yen

### On the Statements of Cash Flows

Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)
Relation between the ending balance of cash and cash equivalents and the accounts on the Interim Consolidated Balance Sheets (As of September 30, 2003) Cash and time deposits 16,372,218 thousand yen Cash and cash equivalents 16,372,218	Relation between the ending balance of cash and cash equivalents and the accounts on the Interim Consolidated Balance Sheets (As of September 30, 2004) Cash and time deposits 18,944,742 thousand yen Cash and cash equivalents 18,944,742	Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets (As of March 31, 2004) Cash and time deposits 18,153,378 thousand yen Cash and cash equivalents 18,153,378

1. (Lease transactions)

Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)																																												
<p>1. 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> <p style="text-align: right;">(In thousand yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Amount equal to purchase price</th> <th style="width: 20%;">Amount equal to accumulated depreciation costs</th> <th style="width: 30%;">Amount equal to balance at end of term</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Machines, devices, and delivery equipment</td> <td style="text-align: center;">39,500</td> <td style="text-align: center;">36,648</td> <td style="text-align: center;">2,851</td> </tr> <tr> <td style="text-align: center;">Other tangible fixed assets</td> <td style="text-align: center;">29,538</td> <td style="text-align: center;">10,519</td> <td style="text-align: center;">19,018</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">69,038</td> <td style="text-align: center;">47,168</td> <td style="text-align: center;">21,869</td> </tr> </tbody> </table>		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term	Machines, devices, and delivery equipment	39,500	36,648	2,851	Other tangible fixed assets	29,538	10,519	19,018	Total	69,038	47,168	21,869	<p>1. 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> <p style="text-align: right;">(In thousand yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Amount equal to purchase price</th> <th style="width: 20%;">Amount equal to accumulated depreciation costs</th> <th style="width: 30%;">Amount equal to balance at end of term</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Other tangible fixed assets</td> <td style="text-align: center;">29,538</td> <td style="text-align: center;">16,738</td> <td style="text-align: center;">12,799</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">29,538</td> <td style="text-align: center;">16,738</td> <td style="text-align: center;">12,799</td> </tr> </tbody> </table>		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term	Other tangible fixed assets	29,538	16,738	12,799	Total	29,538	16,738	12,799	<p>1. 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> <p style="text-align: right;">(In thousand yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Amount equal to purchase price</th> <th style="width: 20%;">Amount equal to accumulated depreciation costs</th> <th style="width: 30%;">Amount equal to balance at end of term</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Machines, devices, and delivery equipment</td> <td style="text-align: center;">21,000</td> <td style="text-align: center;">20,750</td> <td style="text-align: center;">250</td> </tr> <tr> <td style="text-align: center;">Other tangible fixed assets</td> <td style="text-align: center;">29,538</td> <td style="text-align: center;">13,628</td> <td style="text-align: center;">15,909</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">50,538</td> <td style="text-align: center;">34,378</td> <td style="text-align: center;">16,159</td> </tr> </tbody> </table>		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term	Machines, devices, and delivery equipment	21,000	20,750	250	Other tangible fixed assets	29,538	13,628	15,909	Total	50,538	34,378	16,159
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<p>(4) Calculation of the amount equal to depreciation cost</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>(4) Calculation of the amount equal to depreciation cost</p> <p>Same as left</p>	<p>(4) Calculation of the amount equal to depreciation cost</p> <p>Same as left</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>	<p>(5) Calculation of the amount equal to interest expense</p> <p>Same as left</p>	<p>(5) Calculation of the amount equal to interest expense</p> <p>Same as left</p>																																												

## 2. (Securities)

Previous Consolidated Interim Period (As of September 30, 2003)

### 1. Other securities with market price (In thousand yen)

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
(1) Stocks	246,177	309,598	63,420
(2) Bonds			
Government bond and local government bond	—	—	—
Corporate bond	—	—	—
Others	—	—	—
(3) Others	—	—	—
Total	246,177	309,598	63,420

### 2. Securities without any market price (In thousand yen)

	Amount Recorded on Interim Consolidated Balance Sheet
(1) Other securities Unlisted stocks (excluding OTC stocks)	18,900

Current Consolidated Interim Period (As of September 30, 2004)

### 1. Other securities with market price (In thousand yen)

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
(1) Stocks	246,177	355,539	109,362
(2) Bonds			
Government bond and local government bond	—	—	—
Corporate bond	—	—	—
Others	—	—	—
(3) Others	—	—	—
Total	246,177	355,539	109,362

### 2. Securities without any Market Price (In thousand yen)

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

Previous Consolidated Fiscal Year (As of March 31, 2004)

1. Other securities with market price

(In thousand yen)

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
(1) Stocks	246,177	353,209	107,032
(2) Bonds			
Government bond and local government bond	—	—	—
Corporate bond	—	—	—
Others	—	—	—
(3) Others	—	—	—
Total	246,177	353,209	107,032

2. Securities without any market price

(In thousand yen)

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

3. (Derivative Transactions)

Previous Consolidated Interim Period (As of September 30, 2003)

Hedge accounting is applied to all derivative transactions, so reporting has been omitted.

Current Consolidated Interim Period (As of September 30, 2004)

Hedge accounting is applied to all derivative transactions, so reporting has been omitted.

Previous Consolidated Fiscal Year (As of March 31, 2004)

Hedge accounting is applied to all derivative transactions, so reporting has been omitted.

## 4. (Information by segment)

### a. Information by business segment

Previous Consolidated Interim Period (April 1, 2003 - September 30, 2003), Current Consolidated Interim Period (April 1, 2004 - September 30, 2004), Previous Consolidated Fiscal Year (April 1, 2003 – March 31, 2004)

Business segment information has been omitted because net sales and operating income from the manufacturing and sales of natural seasonings account for more than 90% of total net sales and operating income for all segments.

### b. Information by geographic segment

Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003) (In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
I Net sales					
(1) Sales to external customers	9,019,365	422,733	9,442,099	—	9,442,099
(2) Internal sales or transfers between segments	24,547	797,816	822,364	(822,364)	—
Total	9,043,912	1,220,550	10,264,463	(822,364)	9,442,099
Operating expenses	6,341,226	1,142,150	7,483,376	(799,466)	6,683,909
Operating income	2,702,686	78,400	2,781,086	(22,897)	2,758,189

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., People's Republic of China and France

Current Consolidated Interim Period (April 1, 2004 to September 30, 2004) (In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
I Net sales					
(1) Sales to external customers	9,088,568	479,570	9,568,139	—	9,568,139
(2) Internal sales or transfers between segments	26,256	645,254	671,510	(671,510)	—
Total	9,114,824	1,124,824	10,239,649	(671,510)	9,568,139
Operating expenses	6,663,591	1,089,470	7,753,062	(676,590)	7,076,472
Operating income	2,451,232	35,353	2,486,586	5,080	2,491,667

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., People's Republic of China, France and Belgium

Previous Consolidated Fiscal Year (April 1, 2003 – March 31, 2004)

(In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
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)	—
Total	18,631,844	2,266,188	20,898,033	(1,440,019)	19,458,014
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

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., People's Republic of China and France

c. Overseas sales

Since the ratio of sales overseas at interim closing for FY 3/04(April 1, 2003 to September 30, 2003), interim closing for FY 3/05(April 1, 2004 to September 30, 2004), FY 3/04(April 1, 2003 to March 31, 2004) is less than 10% of consolidated sales, description is omitted.

(Per share data)

Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)												
<p>Net assets per share 1,147.37</p> <p>Interim net income per share 55.02</p> <p>Due to absence of residual shares with dilution effects, here is not indicated the interim net income after residual share adjustment.</p> <p>The Company made a 1.1-for-1 share split on May 20, 2003. Assuming that this share split was made at the beginning of the previous fiscal year, the per-share information would be as follows:</p> <table border="1"> <thead> <tr> <th>Previous interim period</th> <th>Previous fiscal year</th> </tr> </thead> <tbody> <tr> <td>Net assets per share 1,049.22</td> <td>Net assets per share 1,101.82</td> </tr> <tr> <td>Interim net income per share 45.42</td> <td>Net income per share 109.21</td> </tr> </tbody> </table>	Previous interim period	Previous fiscal year	Net assets per share 1,049.22	Net assets per share 1,101.82	Interim net income per share 45.42	Net income per share 109.21	<p>Net assets per share 1,116.22</p> <p>Interim net income per share 45.86</p> <p>Due to absence of residual shares with dilution effects, here is not indicated the interim net income after residual share adjustment.</p> <p>The Company made a 1.1-for-1 share split on May 20, 2004. Assuming that this share split was made at the beginning of the previous fiscal year, the per-share information would be as follows:</p> <table border="1"> <thead> <tr> <th>Previous interim period</th> <th>Previous fiscal year</th> </tr> </thead> <tbody> <tr> <td>Net assets per share 1,042.10 yen</td> <td>Net assets per share 1,079.83</td> </tr> <tr> <td>Interim net income per share 50.02yen</td> <td>Net income per share 105.29</td> </tr> </tbody> </table>	Previous interim period	Previous fiscal year	Net assets per share 1,042.10 yen	Net assets per share 1,079.83	Interim net income per share 50.02yen	Net income per share 105.29	<p>Net assets per share 1,187.40</p> <p>Net income per share 114.29</p> <p>Due to absence of residual shares with dilution effects, here is not indicated the net income after residual share adjustment.</p> <p>The Company made a 1.1-for-1 share split on May 20, 2003. Assuming that this share split was made at the beginning of the previous fiscal year, the per-share information would be as follows:</p> <p>Net assets per share 1,101.82</p> <p>Net income per share 109.21</p>
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Previous interim period	Previous fiscal year													
Net assets per share 1,042.10 yen	Net assets per share 1,079.83													
Interim net income per share 50.02yen	Net income per share 105.29													

Note: The amounts of interim (and full-term) net income per share are based on the following data:

	Previous Consolidated Interim Period (From April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (From April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (From April 1, 2003 to March 31, 2004)
Interim (full-term) net income (in thousand yen)	1,624,726 thousand yen	1,489,021 thousand yen	3,419,771 thousand yen
Amount not attributable to common shareholders (in thousand yen)	—	—	44,600 thousand yen
(Bonuses to directors and auditors through surplus appropriation, included)	(—)	(—)	(44,600 thousand yen)
Interim (full-term) net income available to common shares (in thousand yen)	1,624,726 thousand yen	1,489,021 thousand yen	3,375,171 thousand yen
Average number of shares outstanding during the term (in thousand shares)	29,531 thousand yen	32,471 thousand yen	29,530 thousand yen
Outlines of the residual shares not taken into calculation of interim (full-term) net income per share after residual shares due to absence of dilution effects	Stock option resolved at the regular general meeting of shareholders held on June 21, 2001 (Treasury stock acquisition method) Common shares 273,000 shares	Stock option resolved at the regular general meeting of shareholders held on June 21, 2001 (Treasury stock acquisition method) Common shares 290,000 shares	Stock option resolved at the regular general meeting of shareholders held on June 21, 2001 (Treasury stock acquisition method) Common shares 276,000 shares

(Important Subsequent Events)

Previous Consolidated Interim Period (From April 1, 2003 to September 30, 2003)	Current Consolidated Interim Period (From April 1, 2004 to September 30, 2004)	Previous Consolidated Fiscal Year (From April 1, 2003 to March 31, 2004)
<p>Based on a resolution of the Board of Directors approved at its meeting held November 13, 2003, it was determined that new shares would be issued in connection with the following stock split.</p> <p>1. 1.1:1 common stock split effective May 20, 2004</p> <p>(1) Share Increase Due to This Stock Split Common shares 2,982,607</p> <p>(2) Implementation Method The shares of shareholders appearing on the final list of shareholders or list of actual shareholders as of March 31, 2004 will be split 1.1 for 1.</p> <p>2. Dividend Payment Date April 1, 2004</p>		

## Breakdown of Sales by Product

(In thousand yen)

Classification		Term	Previous Consolidated Interim Period (April 1, 2003 to September 30, 2003)		Current Consolidated Interim Period (April 1, 2004 to September 30, 2004)		Previous Consolidated Fiscal Year (April 1, 2003 to March 31, 2004)	
		Category	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Product	Liquid soup	1,820,610	19.3	2,216,761	23.2	3,714,692	19.1	
	Liquid natural seasonings	5,207,645	55.2	4,742,541	49.6	10,567,862	54.3	
	Powdered natural seasonings	1,503,149	15.9	1,554,618	16.2	3,195,220	16.4	
	Others	443,485	4.7	452,027	4.7	925,001	4.8	
	Subtotal	8,974,890	95.1	8,965,949	93.7	18,402,777	94.6	
Merchandise	Liquid natural seasonings	432,839	4.6	568,461	5.9	969,431	5.0	
	Powdered natural seasonings	34,368	0.3	33,728	0.4	85,804	0.4	
	Subtotal	467,208	4.9	602,189	6.3	1,055,236	5.4	
Total		9,442,099	100.0	9,568,139	100.0	19,458,014	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.