

Non-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 board meeting for consolidated settlement: May 16, 2005 Interim dividend system: Yes
 Date of the interim dividend: June 16, 2005 Application of the unit-shares system Applied (unit: 100 shares)

1. Results for the year ending March 31, 2005 (April 1, 2004 - March 31, 2005)

(1) Business results

* Amounts under one million yen have been rounded down

	Net sales		Operating income		Ordinary income	
	MY	%	MY	%	MY	%
FY2005	18,811	2.9	5,154	(7.5)	5,218	(10.2)
FY2004	18,288	3.8	5,574	6.0	5,813	4.5

	Net income		Net income per share	Net income per share/diluted	Return on shareholders' equity	Ordinary income to total assets	Ordinary income to sales
	MY	%	Yen 1/100 yen	Yen 1/100 yen	%	%	%
FY2005	3,077	(7.9)	93.51	—	8.3	12.8	27.7
FY2004	3,343	4.9	111.70	—	9.6	14.9	31.8

Note ①Average number of shares during the year: FY2005 32,387,346 shares FY2004 29,530,872 shares
 ②Changes to accounting policies: None
 ③Changes 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) Dividends

* Amounts under one million yen have been rounded down

	Annual dividends per share			Total amount of dividends	Dividend payout ratio	Dividend to equity
	Interim	Year-end				
	Yen 1/100 yen	Yen 1/100 yen	Yen 1/100 yen	MY	%	%
FY2005	30.00	12.50	17.50	970	32.1	2.1
FY2004	25.00	12.50	12.50	738	22.4	2.0

(Note) Breakdown of dividends of FY2005 Common share dividend 12.50 yen Commemorative dividend 5.00 yen

(3) Financial position

* Amounts under one million yen have been rounded down

	Total Assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	MY	MY	%	Yen 1/100 yen
FY2005	41,557	37,808	91.0	1,169.68
FY2004	40,136	36,085	89.9	1,220.67

(Note) ①Number of shares outstanding: FY2005 32,282,205 shares FY2004 29,525,362 shares
 ②Number of treasury stock as of term end: FY2005 526,478 shares FY2004 300,714 shares

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

	Net sales	Ordinary income	Net income	Annual dividends per share		
				Interim	Year-end	
	MY	MY	MY	Yen 1/100 yen	Yen 1/100 yen	Yen 1/100 yen
Mid-year	9,600	2,790	1,630	15.00	—	—
Full-year	20,500	6,150	3,580	—	15.00	30.00

(Reference) Expected net income per share (full-year) 110.90 (Yen 1/100 yen)

* Since forecasts described above have been made based on information available as of the date of announcement, actual results may be different from these forecasts due to various factors.

For more information regarding the forecasts, see page 12.

7. Non-consolidated Financial Statement

(1) Non-consolidated Balance Sheets

(In thousand yen)

Account	FY2004 (As of Mar. 31, 2004)		FY2005 (As of Mar. 31, 2005)		Difference from previous year end	
	Amount	Ratio	Amount	Ratio	() indicates decrease	
(Assets)		%		%		
I. Current assets						
1. Cash and time deposits		17,360,743		18,333,676	972,932	
2. Notes receivable-trade		770,607		628,461	(142,146)	
3. Accounts receivable-trade	*4	3,406,318		3,611,112	204,793	
4. Merchandise		41,322		53,320	11,997	
5. Products		1,029,652		1,040,777	11,125	
6. Materials		497,453		938,299	440,845	
7. Work in progress		310,952		337,499	26,547	
8. Stored products		131,344		117,331	(14,012)	
9. Advanced payments		63,533		24,820	(38,713)	
10. Prepaid expenses		30,595		34,238	3,642	
11. Deferred tax assets		139,553		100,682	(38,871)	
12. Other current assets		46,847		59,101	12,253	
13. Allowance for doubtful accounts		(1,998)		(2,016)	(18)	
Total current assets		23,826,927	59.4	25,277,303	60.8	1,450,375
II. Fixed assets						
1. Tangible fixed assets						
(1) Buildings	8,330,108		8,159,798			
Accumulated depreciation	3,526,665	4,803,443	3,783,663	4,376,134	(427,309)	
(2) Structures	661,109		662,589			
Accumulated depreciation	460,020	201,088	485,401	177,187	(23,900)	
(3) Machines and devices	9,647,435		9,832,474			
Accumulated depreciation	7,458,712	2,188,723	7,830,942	2,001,532	(187,191)	
(4) Ships and vessels	17,592		17,592			
Accumulated depreciation	16,675	917	16,690	902	(14)	
(5) Vehicles	150,318		162,658			
Accumulated depreciation	125,043	25,274	132,500	30,157	4,883	
(6) Tools, furniture and fixtures	685,815		695,064			
Accumulated depreciation	611,186	74,628	619,088	75,975	1,346	
(7) Land		3,810,757		3,601,671	(209,086)	
(8) Construction in progress		3,166		132,102	128,936	
Total tangible fixed assets		11,107,999	27.7	10,395,663	25.0	(712,335)
2. Intangible fixed assets						
(1) Software		7,438		9,546	2,107	
(2) Telephone subscription right		6,943		6,943	-	
Total intangible fixed assets		14,381	0.0	16,489	0.1	2,107

Term Account	FY2004 (As of Mar. 31, 2004)		FY2005 (As of Mar. 31, 2005)		Difference from previous year end
	Amount	Ratio	Amount	Ratio	() indicates decrease
3. Investments and other assets		%		%	
(1) Investments in securities	367,355		394,382		27,026
(2) Stocks of affiliated companies	2,899,022		3,316,862		417,840
(3) Investments in affiliated companies	413,095		413,095		-
(4) Long-term loans to employees	97,318		73,831		(23,486)
(5) Long-term loans to affiliated companies	68,698		69,803		1,105
(6) Long-term prepaid expenses	114,407		86,774		(27,633)
(7) Investment in real estate	*1 454,068		813,107		359,039
(8) Insurance reserve	423,855		446,170		22,315
(9) Deferred tax assets	54,419		90,314		35,894
(10) Others	303,511		172,289		(131,221)
(11) Allowance for doubtful accounts	(8,390)		(8,379)		11
Total investments and other assets	5,187,362	12.9	5,868,252	14.1	680,889
Total fixed assets	16,309,743	40.6	16,280,405	39.2	(29,337)
Total assets	40,136,670	100.0	41,557,708	100.0	1,421,037

(In thousand yen)

Account	Term	FY2004 (As of Mar. 31, 2004)		FY2005 (As of Mar. 31, 2005)		Difference from previous year end
		Amount	Ratio	Amount	Ratio	() indicates decrease
(Liabilities)			%		%	
I. Current liabilities						
1. Notes payable		600,332		644,411		44,109
2. Accounts payable-trade		747,928		859,603		111,674
3. Accounts payable-nontrade		391,711		364,825		(26,885)
4. Accrued expenses		65,446		70,005		4,558
5. Income taxes payable		1,307,429		969,329		(338,100)
6. Consumption tax payable		92,595		55,131		(37,463)
7. Deposits payable		20,341		21,516		1,174
8. Allowance for employee bonuses		131,138		129,603		(1,534)
9. Notes payable, equipment		57,306		36,659		(20,647)
10. Others		8,899		7,048		(1,851)
Total current liabilities		3,423,130	8.5	3,158,164	7.6	(264,966)
II. Long-term liabilities						
1. Allowance for employee retirement benefits		378,753		466,359		87,606
2. Others		249,561		124,451		(125,109)
Total long-term liabilities		628,314	1.6	590,811	1.4	(37,502)
Total liabilities		4,051,445	10.1	3,748,976	9.0	(302,468)
(Shareholders' equity)						
I. Common stock	*2	7,095,096	17.7	7,095,096	17.1	-
II. Capital surplus						
1. Capital reserve	7,833,869			7,833,869		
Total capital surplus		7,833,869	19.5	7,833,869	18.8	-
III. Retained earnings						
1. Legal reserve of retained earnings	428,500			428,500		
2. Voluntary reserves						
(1) Reserve for special depreciation	91,770			102,543		
(2) Separate accumulated fund	7,700,000			7,700,000		
3. Unappropriated retained earnings at end of term	14,283,248			16,530,523		
Total retained earnings		22,503,519	56.1	24,761,566	59.6	2,258,047
IV. Unrealized gains on investments in securities		64,533	0.1	80,803	0.2	16,269
V. Treasury stocks		(1,411,792)	(3.5)	(1,962,602)	(4.7)	(550,810)
Total shareholders' equity		36,085,225	89.9	37,808,732	91.0	1,723,506
Total Liabilities and Shareholders' equity		40,136,670	100.0	41,557,708	100.0	1,421,037

(2) Non-consolidated Statements of Income

(In thousand yen)

Account	Annotation	FY2004 (April 1, 2003 to March 31, 2004)			FY2005 (April 1, 2004 to March 31, 2005)			Difference from previous year end
		Amount		Ratio (%)	Amount		Ratio (%)	() indicates decrease
I. Net sales				%			%	
1. Product sales		17,411,401			17,742,792			
2. Merchandise sales		877,381	18,288,783	100.0	1,068,544	18,811,337	100.0	522,553
II. Cost of sales								
1. Product inventory at beginning of term		797,421			1,029,652			
2. Merchandise inventory at beginning of term		36,174			41,322			
3. Product cost of manufacture of the current term	*2	9,928,627			10,311,844			
4. Cost of merchandise of the current term		750,367			899,513			
Total		11,512,591			12,282,333			
Product inventory at end of term		1,029,652			1,040,777			
Merchandise inventory at end of term		41,322	10,441,616	57.1	53,320	11,188,236	59.5	746,619
Gross profit			7,847,167	42.9		7,623,100	40.5	(224,066)
III. Selling, general and administrative expenses	*1&2		2,273,116	12.4		2,469,015	13.1	195,898
Operating income			5,574,050	30.5		5,154,085	27.4	(419,965)
IV. Non-operating income								
1. Interest income		10,365			5,237			
2. Dividend income		4,407			4,841			
3. House-rent received		48,562			47,777			
4. Foreign exchange gains		178,173			38,728			
5. Other non-operating income		64,385	305,894	1.7	52,001	148,586	0.8	(157,308)
V. Non-operating expenses								
1. Stock issuing costs		6,410			1,292			
2. Expenses for new overseas business		29,447			51,325			
3. Other non-operating expenses		31,041	66,900	0.4	31,594	84,213	0.5	17,313
Ordinary income			5,813,044	31.8		5,218,458	27.7	(594,586)

Account	Annotation	FY2004 (April 1, 2003 to March 31, 2004)			FY2005 (April 1, 2004 to March 31, 2005)			Difference from previous year end
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)	
VI. Extraordinary income								
Amortization of difference caused by change of accounting principle for retirement benefits		4,059	4,059	0.0	4,061	4,061	0.0	2
VII. Extraordinary losses								
1. Losses on retirement of fixed assets		5,010			10,562			
2. Losses on valuation of investment securities		3,899			—			
3. Retirement benefits for directors		20,730	29,640	0.2	11,150	21,712	0.1	(7,928)
Income before income tax			5,787,463	31.6		5,200,807	27.6	(585,655)
Income, inhabitant and business taxes		2,493,356			2,131,000			
Adjustments for income and other taxes		(48,959)	2,444,396	13.3	(7,779)	2,123,220	11.2	(321,176)
Net income			3,343,066	18.3		3,077,586	16.4	(265,479)
Profit brought forward			11,309,262			13,858,808		2,549,546
Interim dividends paid			369,080			405,872		36,791
Unappropriated retained earnings at end of term			14,283,248			16,530,523		2,247,274

Breakdown of the cost of products manufactured

(In thousand yen)

Account	Annotation	FY2004 (April 1, 2003 to March 31, 2004)		FY2005 (April 1, 2004 to March 31, 2005)		Difference from previous year end
		Amount	Ratio (%)	Amount	Ratio (%)	
I. Material costs		5,590,139	56.1	5,825,161	56.1	235,022
II. Labor costs		1,546,641	15.5	1,587,786	15.3	41,144
(of which are allowance for employee bonus)		(94,663)		(94,134)		
(of which are retirement benefits expenses)		(86,251)		(84,464)		
III Expenses		2,822,434	28.4	2,975,136	28.6	152,702
(of which are depreciation and amortization)		(794,739)		(751,897)		
(of which are sub contractor expenses)		(210,067)		(217,946)		
Total manufacturing cost of the current term		9,959,215	100.0	10,388,085	100.0	428,870
Work in progress inventory at beginning of term		311,687		310,952		(735)
Total		10,270,902		10,699,037		428,134
Subtract: Work in progress inventory at end of term		310,952		337,499		26,547
Subtract: Transfer to other accounts	*1	31,323		49,693		18,370
Cost of products manufactured of the current term		9,928,627		10,311,844		383,217

(Note)

FY2004 (April 1, 2003 to March 31, 2004)	FY2005 (April 1, 2004 to March 31, 2005)
(Cost Accounting Method) Separate cost accounting per individual lots based on actual cost. *1 (Transfer to other accounts) Among the transfer to other accounts are principally transfers to selling, general and administrative expenses (advertising expenses, etc.)	(Cost Accounting Method) Same as left *1 (Transfer to other accounts) Same as left

(3) Proposal of Appropriation of Retained Earnings

(In thousand yen)

Account	Annotation	FY2004 Approval date of general shareholders' meeting (As of June 18, 2004)		FY2005 Approval date of general shareholders' meeting (As of June 16, 2005)		Difference from previous year end
		Amount		Amount		
I. Unappropriated retained earnings at end of term			14,283,248		16,530,523	2,247,274
II. Reversal of voluntary reserves						
1. Reserve for special amortization reversed		22,370	22,370	27,485	27,485	5,115
Total			14,305,618		16,558,008	2,252,390
III. Profit to be appropriated						
1. Dividends		369,067		564,938		
2. Bonus to directors		44,600		49,000		
(Bonus to auditors included)		(5,000)		(5,000)		
3. Voluntary reserves						
(1) Reserve for special amortization		33,142	446,809	12,521	626,459	179,649
IV. Balance to be carried forward			13,858,808		15,931,549	2,072,740

(Note) The Company paid out interim dividends of 405,872,175 yen (12.50 yen per share) on December 10, 2004.

Important Accounting Policy

Term	Previous Fiscal Year (April 1, 2003 to March 31, 2004)	Current Fiscal Year (April 1, 2004 to March 31, 2005)
1. Standard and method of valuating securities	<p>(1) Securities Stocks of subsidiaries and affiliated companies Cost method under the moving average method</p> <p>(2) Other Securities Securities with any market price Mark-to-market method based on the market price as of the day of settlement of accounts (all the valuation differences are incorporated directly into the capital stock and costs for sale are computed with the moving average method)</p> <p>Securities without any market price Cost method under the moving average method</p>	<p>(1) Securities Stocks of subsidiaries and affiliated companies Same as left</p> <p>(2) Other Securities Securities with any market price Same as left</p> <p>Securities without any market price Same as left</p>
2. Standard and method of valuating derivatives	<p>(1) Derivatives Mark-to-market method</p>	<p>(1) Derivatives Same as left</p>
3. Standard and method of valuating inventories	<p>(1) Merchandise Identified cost method</p> <p>(2) Products Identified cost method</p> <p>(3) Materials Cost method under the moving average method</p> <p>(4) Work in progress Identified cost method</p> <p>(5) Supplies Last cost method</p>	<p>(1) Merchandise Same as left</p> <p>(2) Products Same as left</p> <p>(3) Materials Same as left</p> <p>(4) Work in progress Same as left</p> <p>(5) Supplies Same as left</p>
4. Method of depreciation of fixed assets	<p>(1) Tangible fixed assets 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 three years based on the provision of the Corporate Income Tax Law. Useful lives of major assets are as follows: Buildings: 15 - 50 years Machines and devices: 9 years</p> <p>(2) Intangible fixed assets As for software for own use, straight-line method for internally available period (5 years) is applied</p> <p>(3) Long-term prepaid expenses Straight-line method</p> <p>(4) Investments in real estates Declining balance method</p>	<p>(1) Tangible fixed assets Same as left</p> <p>(2) Intangible fixed assets Same as left</p> <p>(3) Long-term prepaid expenses Same as left</p> <p>(4) Investments in real estates Same as left</p>
5. Accounting of deferred assets	<p>Stock issuance costs Expensed at payment.</p>	<p>Stock issuance costs Same as left</p>
6. Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen	<p>Receivables and payables denominated in foreign currencies were converted to Japanese yen using the closing spot exchange rate for the final day of the fiscal year, and differences were recorded as gains or losses.</p>	<p>Same as left</p>

Term	Previous Fiscal Year (April 1, 2003 to March 31, 2004)	Current Fiscal Year (April 1, 2004 to March 31, 2005)
7. Standards for additions to allowances	<p>(1) 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>(2) Allowance for employee bonus The Company reserves the estimated amount of the bonus to prepare for payment to employees.</p> <p>(3) 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 fiscal year is reserved based on estimation of retirement benefit liabilities and pension assets regarded as existing at the end of the fiscal year. As for the difference (20,297 thousand yen) due to changes to the accounting standards, the five-year proportionally-divided amount is posted in extraordinary income as amortization of transition amount for employee retirement benefits. For the difference in actuarial calculation, the five-year proportionally-divided amount with the straight-line method based on a fixed number of years (five years) within the average remaining service periods of employees at occurrence in each fiscal year shall be expensed from the following fiscal year.</p>	<p>(1) Allowance for doubtful accounts Same as left</p> <p>(2) Allowance for employee bonus Same as left</p> <p>(3) Allowance for employee retirement benefits Same as left</p>
8. 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	Same as left
9. Hedge accounting methods	<p>(1) Methods of hedge accounting Deferred hedge accounting is used. Allocation accounting is applied to foreign-currency-denominated liabilities with exchange contracts</p> <p>(2) Measures of hedging and targets of hedging Measures of hedging Currency swaps Targets of hedging Purchase liabilities following imports of materials from subsidiaries overseas with possible losses due to currency fluctuations</p> <p>(3) Policies on hedging Based on the basic policies approved by the Management Committee of the Company, the Management Administration Department is in charge of controlling and executing trading, and regularly reporting to the Management Committee. Counter-parties of trading are limited to high-quality financial institutions.</p>	<p>(1) Methods of hedge accounting Same as left</p> <p>(2) Measures of hedging and targets of hedging Measures of hedging Same as left. Targets of hedging Same as left</p> <p>(3) Policies on hedging Same as left</p>

Term	Previous Fiscal Year (April 1, 2003 to March 31, 2004)	Current Fiscal Year (April 1, 2004 to March 31, 2005)
	(4) Methods to assess effectiveness of hedging The accumulated total of price fluctuations or cash-flow fluctuations of the targets of hedging is compared with the accumulated total of price fluctuations or cash-flow fluctuations of the measures of hedging, and the effectiveness is assessed according to these fluctuations	(4) Methods to assess effectiveness of hedging Same as left
10. Other important matters to prepare Financial Statements	Accounting of the consumption tax The Company applies the tax-exclusion accounting method.	Accounting of the consumption tax Same as left

Notes

On the Balance Sheets

Previous Fiscal Year (As of March 31, 2004)	Current Fiscal Year (As of March 31, 2005)
*1. Accumulated amount of depreciation of investments in real estates 48,930 thousand yen	*1. Accumulated amount of depreciation of investments in real estates 72,614 thousand yen
*2 Shares issued by the Company and total number of shares issued	*2 Shares issued by the Company and total number of shares issued
Number of authorized shares 60,000,000 common shares	Number of authorized shares 60,000,000 common shares
Number of share outstanding 29,826,076 common shares	Number of share outstanding 32,808,683 common shares
*3 Treasury stock The number of treasury stock held by the Company is 300,174 common shares	*3 Treasury stock The number of treasury stock held by the Company is 526,478 common shares
*4 Major assets in and liabilities to affiliated companies are as follows. Excluding accounts independently posted on the Balance Sheets.	*4 Major assets in and liabilities to affiliated companies are as follows. Excluding accounts independently posted on the Balance Sheets.
Accounts receivable 13,174 thousand yen	Accounts receivable 10,615 thousand yen
Accounts payable 48,682 thousand yen	Accounts payable 26,624 thousand yen
5. Dividend limit Net assets based on the market value of securities increased 64,533 thousand yen.	5. Dividend limit Net assets based on the market value of securities increased 80,803 thousand yen.
There are limitations based on the prescriptions of Article 124.3 of the Enforcement Regulations of the Commercial Law on said amount being applied to dividends.	There are limitations based on the prescriptions of Article 124.3 of the Enforcement Regulations of the Commercial Law on said amount being applied to dividends.

On the Statements of Income

Previous Fiscal Year (April 1, 2003 to March 31, 2004)	Current Fiscal Year (April 1, 2004 to March 31, 2005)
*1. Major items accounted in selling, general and administrative expenses are as follows:	*1. Major items accounted in selling, general and administrative expenses are as follows:
Packing and transportation expenses 799,023 thousand yen	Packing and transportation expenses 861,139 thousand yen
Warehousing costs 198,086 thousand yen	Warehousing costs 235,495 thousand yen
Salary, benefits and bonuses 340,628 thousand yen	Salary, benefits and bonuses 350,971 thousand yen
Depreciation costs 93,224 thousand yen	Depreciation costs 82,137 thousand yen
Additions to allowance for employee bonuses 36,475 thousand yen	Additions to allowance for employee bonuses 35,469 thousand yen
Additions to allowance for employee retirement benefits 28,678 thousand yen	Additions to allowance for employee retirement benefits 31,799 thousand yen
Expenses included in selling expenses Approx 44%	Expenses included in selling expenses 45%
Expenses included in general and administrative expenses Approx 56%	Expenses included in general and administrative expenses 55%
*2. Total of research and development expenses included in the general and administrative expenses and the production cost 278,672 thousand yen	*2. Total of research and development expenses included in the general and administrative expenses and the production cost 302,789 thousand yen

1. Lease transactions

Previous Fiscal Year (April 1, 2003 to March 31, 2004)	Current Fiscal Year (April 1, 2004 to March 31, 2005)																								
<p>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: center;">(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;">Tools, furniture and fixtures</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;">29,538</td> <td style="text-align: center;">13,628</td> <td style="text-align: center;">15,909</td> </tr> </tbody> </table>		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term	Tools, furniture and fixtures	29,538	13,628	15,909	Total	29,538	13,628	15,909	<p>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: center;">(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;">Tools, furniture and fixtures</td> <td style="text-align: center;">42,650</td> <td style="text-align: center;">19,284</td> <td style="text-align: center;">23,366</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">42,650</td> <td style="text-align: center;">19,284</td> <td style="text-align: center;">23,366</td> </tr> </tbody> </table>		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term	Tools, furniture and fixtures	42,650	19,284	23,366	Total	42,650	19,284	23,366
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<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>																								

2. Securities

In previous fiscal year (April 1, 2003 to March 31, 2004) and current fiscal year (April 1, 2004 to March 31, 2005), there were no shares of subsidiaries and affiliated companies that could be marked to market.

3. Matters related to deferred tax accounting
1 Breakdown of deferred tax assets and liabilities

(In thousand yen)

	Previous Fiscal Year (As of Mar. 31, 2004)	Current Fiscal Year (As of Mar. 31, 2005)
Deferred tax assets		
Enterprise tax payable	107,913	61,073
Excess allowance for employee bonuses	57,876	57,290
Excess allowance for employee retirement benefits	130,064	175,271
Losses on valuation of golf-club memberships	8,577	8,682
Total deferred tax assets	304,432	302,318
Deferred tax liabilities		
Reserve for special depreciation	(67,794)	(57,900)
Others	(42,665)	(53,421)
Total deferred tax liabilities	(110,459)	(111,322)
Net deferred tax assets	193,973	190,996

(Data per share)

(In Yen)

	Previous Fiscal Year (From April 1, 2003 to March 31, 2004)	Current Fiscal Year (From April 1, 2004 to March 31, 2005)
Net assets per share	1,220.67	1,169.68
Net income per share	111.70	93.51
Due to absence of residual shares with dilution effects, here is not indicated the net income after residual share adjustment.		
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:		
Net assets per share	1,132.34	1,108.67
Net income per share	106.53	101.55

1. The net income per share in the current fiscal year (from April 1, 2004 to March 31, 2005) is calculated as though a stock split took place at the beginning of the term.

2. Bases for computation of net income per share are as follows:

(In thousand yen)

	Previous Fiscal Year (From April 1, 2003 to March 31, 2004)	Current Fiscal Year (From April 1, 2004 to March 31, 2005)
Net income	3,343,066	3,077,586
Amount not attributed to common shareholders (Bonuses to directors and auditors as appropriation of surplus included)	44,600 (44,600)	49,000 (49,000)
Net income related to common shares	3,298,466	3,028,586
Average number of shares outstanding during the fiscal years (thousand shares)	29,530	32,387
Outlines of the residual shares not taken into calculation of 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 share acquisition method) Common shares	Stock option resolved at the regular general meeting of shareholders held on June 21, 2001 (Treasury share acquisition method) Common shares
	276,000 shares	290,000 shares

(Important Subsequent Events)

Previous Fiscal Year (From April 1, 2003 to March 31, 2004)	Current Fiscal Year (From April 1, 2004 to March 31, 2005)																																								
<p style="text-align: center;">_____</p>	<p>The Company is aiming at greater efficiency and at establishing an even firmer Group business base. In, in order to further expand and develop our operations, a resolution was passed by the Board of Directors on May 11, 2005 to absorb the Company's wholly owned Ariake Food Systems Co., Ltd. Based on this resolution, a merger agreement was concluded on May 11 in accordance with the methods prescribed in Article 413.3.1 of the Commercial Code.</p> <p>The follow is an overview of the merger agreement:</p> <p>(1) Merger Date July 1, 2005</p> <p>(2) Merger Method The Company will be the surviving company and Ariake Food Systems Co., Ltd. will be dissolved and absorbed. No new shares will be issued nor will there be an increase in capital due to the merger.</p> <p>(3) Transfer of Assets On the merger date all Ariake Food Systems' assets, liabilities, rights and obligations will be transferred to the Company.</p> <p>The assets, liabilities and net assets as of March 31, 2005 which are intended to be transferred from Ariake Food Systems Co., Ltd. on July 1, 2005 are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Account (Assets)</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Account (Liabilities)</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td style="text-align: right;">356,402</td> <td>Current liabilities</td> <td style="text-align: right;">24,278</td> </tr> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">330,803</td> <td>Accrued expenses</td> <td style="text-align: right;">7,055</td> </tr> <tr> <td>Accounts receivable</td> <td style="text-align: right;">24,043</td> <td>Allowance for employee bonuses</td> <td style="text-align: right;">10,898</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">1,555</td> <td>Others</td> <td style="text-align: right;">6,324</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">96,065</td> <td>Long-term liabilities</td> <td style="text-align: right;">37,347</td> </tr> <tr> <td>Tangible fixed assets</td> <td style="text-align: right;">92,194</td> <td>Allowance for employee retirement benefits</td> <td style="text-align: right;">37,347</td> </tr> <tr> <td>Intangible fixed assets</td> <td style="text-align: right;">195</td> <td></td> <td></td> </tr> <tr> <td>Investments and other assets</td> <td style="text-align: right;">3,675</td> <td>Total liabilities</td> <td style="text-align: right;">61,626</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">452,468</td> <td>Net assets</td> <td style="text-align: right;">390,841</td> </tr> </tbody> </table> <p>Note that the above noted matters concerning Ariake Food Systems Co., Ltd. are conditioned on the approval and acceptance of the "Approval for Merger Agreement with Ariake Japan Co., Ltd." to be tabled at an extraordinary general meeting of shareholders to be held on May 26, 2005.</p>	Account (Assets)	Amount	Account (Liabilities)	Amount	Current assets	356,402	Current liabilities	24,278	Cash and time deposits	330,803	Accrued expenses	7,055	Accounts receivable	24,043	Allowance for employee bonuses	10,898	Others	1,555	Others	6,324	Fixed assets	96,065	Long-term liabilities	37,347	Tangible fixed assets	92,194	Allowance for employee retirement benefits	37,347	Intangible fixed assets	195			Investments and other assets	3,675	Total liabilities	61,626	Total assets	452,468	Net assets	390,841
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