

January 27, 2005

## Brief Third-Quarter Consolidated Financial Report for the Year Ending March 31, 2005

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

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

2. Third-quarter results for the year ending March 31, 2005 (April 1, 2004 - December 31, 2004)

(1) Consolidated business results

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

	Net sales		Operating income		Ordinary income	
	MY	%	MY	%	MY	%
Third Quarter of FY05	15,266	2.5	4,080	(7.6)	4,095	(9.2)
Third Quarter of FY04	14,897	4.1	4,417	10.2	4,510	12.5
FY04	19,458		5,718		5,930	

	Net income		Net income per share		Net income per share/diluted	
	MY	%	Yen		Yen	
Third Quarter of FY05	2,360	(8.8)	72.87		-	
Third Quarter of FY04	2,588	12.8	87.66		-	
FY04	3,419		114.29		-	

Note: Changes in net sales, operating income, ordinary income and net income from previous fiscal year are shown in percentage on a year-on-year basis.

(2) Consolidated financial position

	Total assets		Shareholders' equity		Equity ratio		Shareholders' equity per share	
	MY		MY		%		Yen	
Third Quarter of FY05	40,906		36,330		88.8		1,125.38	
Third Quarter of FY04	39,382		34,456		87.5		1,166.98	
FY04	40,080		35,103		87.6		1,187.40	

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

Third Quarter of FY05 32,282,988 shares Third Quarter of FY04 29,526,115 shares FY04 29,525,362 shares

【Consolidated cash flows】

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and equivalents at the fiscal year end	
	MY		MY		MY		MY	
Third Quarter of FY05	1,057		(202)		(1,652)		17,531	
Third Quarter of FY04	1,761		(607)		(909)		16,021	
FY04	4,114		(723)		(989)		18,153	

【Reference】

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

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

Reference: Expected net income per share (full-year) ¥97.88 (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 4.

## Outline of Business Results

### 1. Outline of Results

(Consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Third Quarter of FY05	15,266	4,080	4,095	2,360	72.87
Third Quarter of FY04	14,897	4,417	4,510	2,588	87.66
Growth Rate	2.5	(7.6)	(9.2)	(8.8)	-

(Non-consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Third Quarter of FY05	14,201	3,968	4,004	2,335	72.12
Third Quarter of FY04	13,918	4,300	4,420	2,510	85.02
Growth Rate	2.0	(7.7)	(9.4)	(7.0)	-

#### 【Outline of Results】

During the first three quarters (from April 2004 to December 2004), the Japanese economy showed signs of recovery, including improvements in corporate revenues and increases in capital investments, mainly by some manufacturers. However, there are mountains of uncertain problems such as soaring crude oil prices caused by unstable Iraqi situations and the appreciated yen and depreciated dollar values arising from U.S. fiscal conditions.

Also, the recovery of personal consumption is gradual, and was still far from full recovery due to various problems such as poor employment conditions and concerns over increased pension payment obligations and tax increases.

The foods industry was also affected significantly by the slow recovery of the depressed consumption caused by BSE and other problems that occurred in the U.S. two years ago, and by a record heat wave and unusual weather in the middle of the year.

Under these circumstances, the Company and the Group, as leaders in the field of natural seasonings, worked to expand their existing business and conduct active development of new business in order to steadily implement the "Five-year Long-term Business Plan" (from the fiscal year ended March 2004 to the year ending March 2008). The Company and the Group will also make maximum efforts for the "food safety" and "high quality" by establishing the surest system for "quality, safety and sanitary management," and strive to improve the entire Group's revenue in order to achieve stable growth even in the deflationary recession.

#### 【Net Sales】

In the third quarter (from October 2004 to December 2004), net sales at the Company (Ariake Japan Co., Ltd.) increased 4.2% compared to the same period of the previous year (5,267 million yen) on the recovery of demand, mainly in the processed and prepared foods fields and restaurant industry, because the effects of the heat wave and unusual weather that had lasted from the middle of the year calmed down.

Also, sales by overseas subsidiaries rose, primarily due to strong sales at the US subsidiary (Ariake U.S.A., Inc.) and brought consolidated net sales to 5,697 million yen, an increase of 4.5% compared to the same period of the previous year.

As a result, sales of the Company (Ariake Japan Co., Ltd.) for the first three quarters (from April 2004 to December 2004) rose 283 million yen from the same period of the previous year (an increase of 2.0%), and amounted to 14,201 million yen, due to the effects of circumstances in the first half of the year (from April 2004 to September 2004).

Consolidated net sales rose 368 million yen from the same period of the previous year (an increase of 2.5%), and amounted to 15,266 million yen.

#### 【Operating Income】

In the third quarter (from October 2004 to December 2004), the operating income margin improved

2.2% from the first half and resulted in 29.4% (27.1% for the first half), even though certain costs such as energy costs continued to increase. The operating income of the Company (Ariake Japan Co., Ltd.) for the first half (from April 2004 to September 2004) decreased from the same period of the previous year due to various factors for increased costs.

However, operating income for the first three quarters (from April 2004 to December 2004) remained at 27.9% (30.9% for the same period of the previous year) due to the effects of circumstances in the first half of the year.

Also, consolidated operating income for the third quarter (from October 2004 to December 2004) rose 1.8% from the first half and resulted in 27.9% (26.0% for the first half) due to the effects of the performance of the Company (Ariake Japan Co., Ltd.). But that for the first three quarters (from April 2004 to December 2004) was 26.7% (29.7% for the same period of the previous year).

#### 【Ordinary Income】

In the third quarter (from October 2004 to December 2004), the ordinary income margin of the Company (Ariake Japan Co., Ltd.) rose 2.3% from the first half (from April 2004 to September 2004) and resulted in 29.6% (27.3% for the first half) due to efforts for increased sales and cost reduction. But that for the first three quarters (from April 2004 to December 2004) was 28.2% (31.8% for the same period of the previous year) due to the effects of circumstances in the first half of the year.

Also, consolidated ordinary income for the third quarter (from October 2004 to December 2004) rose 2.0% from the first half and resulted in 28.1% (26.1% for the first half) due to the effects of the performance of the Company (Ariake Japan Co., Ltd.). But that for the first three quarters (from April 2004 to December 2004) remained at 26.8% (30.3% for the same period of the previous year).

#### 【Net Income】

In the first three quarters (from April 2004 to December 2004), consolidated net income was 2,360 million yen (2,588 million yen for the same period of the previous year) and non-consolidated net income was 2,335 million yen (2,510 million yen for the same period of the previous year) because there were no major extraordinary items, despite the posting of some losses on retirement of fixed assets.

#### 【Assets, Liabilities and Shareholders' Equity】

At the end of the third quarter, consolidated assets totaled 40,906 million yen, an increase of 1,524 million yen over the same period of the previous year, when consolidated assets totaled 39,382 million yen. This was mainly due to the increase in cash and time deposits resulting from increased income.

At the end of the third quarter, consolidated liabilities totaled 4,462 million yen, a decrease of 339 million yen compared to the same period of the previous year, when consolidated liabilities totaled 4,802 million yen. This was mainly due to a decrease in current liabilities.

#### 【Cash Flows】

The balance of cash and cash equivalents as of the end of the third quarter of this fiscal year was 17,531 million yen, an increase of 1,510 million yen compared to the balance at the end of the previous year, when cash and cash equivalents totaled 16,021 million yen. An overview of specific items is given below.

(Cash flows from operating activities)

At the end of the third quarter, cash inflow from operating activities was 1,057 million yen. The main factors affecting this figure were an increase in profits and income and other taxes paid.

(Cash flows from investing activities)

At the end of the third quarter, cash outflow from investment activities was 202 million yen, mainly due to capital investment expenditures.

(Cash flows from financing activities)

At the end of the third quarter, cash outflow from financing activities was 1,652 million yen, mainly due to the acquisition of treasury shares and payments for dividends.

## 2. Forecast for interim business results

Regarding the economic forecast for the full year, current personal consumption appears to be still far from optimistic, while uncertainties of social and economic circumstances increased in Japan and overseas. Also, optimistic forecasts for economic recovery are difficult to make, and severe management conditions will continue.

The foods industry has been striving to stimulate demand in general by strongly promoting the "food safety" and "healthy foods," but will continually face very difficult market conditions because of the effects of the BSE problem related to US beef, the record heat wave, unusual weather, and other events.

Under this severe environment, the entire Company is striving to actively promote its marketing

strategies and reduce costs, and will be able to achieve its full-year business results as planned. Accordingly, consolidated sales will be 20,400 million yen (19,458 million yen for the previous year), while ordinary income will be 5,500 million yen (5,930 million yen for the previous year). And non-consolidated sales will be 19,000 million yen (18,288 million yen for the previous year), while ordinary income will be 5,400 million yen (5,813 million yen for the previous year).

Consolidated Balance Sheets  
For the Third Quarter of FY04 and FY05

(In thousand yen, %)

Term Account	Third Quarter of FY 05	Third Quarter of FY 04	Changes		FY04
	Amount	Amount	Amount	Ratio	Amount
(Assets)					
I. Current assets					
1. Cash and time deposits	17,531,911	16,021,814	1,510,097		18,153,378
2. Notes and accounts receivable	5,592,211	5,400,632	191,579		4,356,435
3. Inventories	2,607,707	2,089,831	517,875		2,184,910
4. Deferred tax assets	139,321	156,896	(17,575)		150,801
5. Other current assets	314,901	264,169	50,732		165,550
6. Allowance for doubtful accounts	(2,174)	(1,071)	(1,102)		(1,991)
Total current assets	26,183,879	23,932,272	2,251,606	9.4	25,009,085
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures	5,553,058	6,176,777	(623,718)		5,972,267
(2) Machines, devices, and delivery equipment	2,944,805	3,213,541	(268,735)		3,096,563
(3) Land	3,957,715	4,019,865	(62,150)		3,999,572
(4) Construction in progress	190,091	7,492	182,598		31,071
(5) Other fixed assets	106,781	112,338	(5,557)		102,267
Total tangible fixed assets	12,752,453	13,530,016	(777,562)	(5.7)	13,201,741
2. Intangible fixed assets	49,978	51,115	(1,136)	(2.2)	44,768
3. Investments and other assets					
(1) Investments in securities	382,746	328,498	54,248		368,209
(2) Long-term loans	78,269	103,135	(24,866)		101,249
(3) Deferred tax assets	74,743	41,467	33,275		57,597
(4) Investments in real estates	450,396	455,368	(4,971)		454,068
(5) Other investments	942,460	914,764	27,696		852,342
(6) Allowance for doubtful accounts	(8,382)	(38)	(8,343)		(8,355)
Total investments and other assets	1,920,234	1,843,196	77,038	4.2	1,825,112
Total fixed assets	14,722,667	15,424,327	(701,660)	(4.5)	15,071,623
III. Deferred assets	-	25,987	(22,987)	-	-
Total assets	40,906,546	39,382,587	1,523,958	3.9	40,080,709

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

(In thousand yen, %)

Term Account	Third Quarter of FY 05	Third Quarter of FY 04	Changes		FY04
	Amount	Amount	Amount	Ratio	Amount
(Liabilities)					
I. Current liabilities					
1. Notes and accounts payable	1,649,159	1,432,395	216,763		1,317,153
2. Short-term loans	421,990	934,678	(512,688)		739,197
3. Income taxes payable	490,938	689,186	(198,248)		1,309,397
4. Allowance for employee bonuses	143,738	148,814	(5,076)		142,405
5. Other current liabilities	922,877	780,430	142,447		706,622
Total current liabilities	3,628,703	3,985,505	(356,802)	(9.0)	4,214,775
II. Long-term liabilities					
1. Allowance for employee retirement benefits	483,317	384,026	99,290		407,818
2. Other long-term liabilities	350,930	432,653	(81,723)		249,561
Total long-term liabilities	834,248	816,680	17,567	2.2	657,379
Total liabilities	4,462,951	4,802,186	(339,234)	(7.1)	4,872,155
(Minority interest)					
Minority interest	112,810	123,942	(11,131)	(9.0)	105,447
(Shareholders' equity)					
I. Common stock	7,095,096	7,095,096	-	-	7,095,096
II. Capital surplus	7,833,869	7,833,869	-	-	7,833,869
III. Retained earnings	23,842,248	21,470,606	2,371,641	11.0	22,301,749
IV. Differences in valuation of other securities	73,462	55,451	18,010	32.5	64,433
V. Foreign currency translation adjustments	(553,323)	(589,244)	35,921	(6.1)	(780,249)
VI. Treasury stocks	(1,960,568)	(1,409,320)	(551,247)	39.1	(1,411,792)
Total shareholders' equity	36,330,784	34,456,458	1,874,325	5.4	35,103,106
Total Liabilities, Minority interest and Shareholders' equity	40,906,546	39,382,587	1,523,958	3.9	40,080,709

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

## Consolidated Statements of Income

(In thousand yen, %)

Term Account	Third Quarter of FY 05	Third Quarter of FY 04	Changes		FY04
	Amount	Amount	Amount	Ratio	Amount
I. Net sales	15,266,133	14,897,142	368,990	2.5	19,458,014
II. Cost of net sales	8,964,908	8,349,427	615,481	7.4	10,933,923
Gross profit	6,301,224	6,547,715	(246,490)	(3.8)	8,524,090
III. Selling, general and administrative expenses	2,220,478	2,130,350	90,127	4.2	2,805,423
Operating income	4,080,746	4,417,365	(336,618)	(7.6)	5,718,667
IV. Non-operating income	102,178	169,160	(66,981)	(39.6)	304,954
Interest and dividends received	8,991	14,064	(5,072)		13,229
V. Non-operating expenses	87,085	75,834	11,250	14.8	92,675
Interest paid and discounts	13,973	19,779	(5,805)		24,168
Ordinary income	4,095,839	4,510,690	(414,851)	(9.2)	5,930,946
VI. Extraordinary income	3,782	3,990	(208)	(5.2)	5,321
VII. Extraordinary losses	77,443	49,421	28,021	56.7	29,640
Income before income tax	4,022,178	4,465,259	(443,080)	(9.9)	5,906,626
Income, inhabitant and enterprise taxes	1,670,379	1,884,218	(213,838)	(11.3)	2,507,957
Adjustments for income and other taxes	(11,633)	(22,799)	(11,165)	(49.0)	(38,773)
Minority interest	(Subtraction) 3,394	(Subtraction) 15,211	(11,817)	(77.7)	(Subtraction) 17,671
Net Income	2,360,038	2,588,628	(228,590)	(8.8)	3,419,771

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

## Consolidated Statements of Cash Flows

(In thousand yen)

Term	Third Quarter of FY 05	Third Quarter of FY 04	FY04
Account	Amount	Amount	Amount
. Cash flows from operating activities			
Income before income tax	4,022,178	4,465,259	5,906,626
Depreciation and amortization	756,773	794,608	1,064,003
Interest and dividends received	(8,991)	(14,064)	(13,229)
Interest paid	13,973	19,779	24,168
Increase in accounts receivable-trade	(1,224,545)	(1,062,320)	(54,619)
Increase in inventories	(413,702)	(68,303)	(190,377)
Increase in accounts payables	389,605	178,409	14,139
Payout of bonuses to directors and auditors	(44,600)	(39,600)	(39,600)
Others	60,414	85,017	23,780
Subtotal	3,551,106	4,358,785	6,734,891
Interest and dividend income received	8,991	14,064	13,229
Interest expenses paid	(13,973)	(19,779)	(24,168)
Income tax and other taxes paid	(2,488,838)	(2,591,586)	(2,609,298)
Cash flows provided by operating activities	1,057,286	1,761,484	4,114,654
. Cash flows from investing activities			
Payments for additions to tangible fixed assets	(550,900)	(586,791)	(705,752)
Payments for additions to investment in securities	-	(12,900)	(12,900)
Proceeds from sales of fixed assets	331,323	-	-
Proceeds from collection of loans receivable	25,940	20,897	24,427
Others	(9,149)	(28,907)	(29,221)
Cash flows used in investing activities	(202,785)	(607,701)	(723,447)
. Cash flows from financing activities			
Net decrease in short-term loans payable	(346,837)	(182,852)	(256,979)
Payment for acquisition of treasury stocks	(548,775)	(23,492)	(25,964)
Payments for dividends	(756,450)	(703,462)	(706,228)
Cash flows used in financing activities	(1,652,064)	(909,807)	(989,172)
. Conversion differential of cash and cash equivalents	176,096	90,900	64,406
. Increase or decrease in cash and cash equivalents	(621,466)	334,876	2,466,440
. Cash and cash equivalents at beginning of term	18,153,378	15,686,938	15,686,938
. Cash and cash equivalents at the end of term	17,531,911	16,021,814	18,153,378

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