

July 29, 2005

## Brief First-Quarter Consolidated Financial Report for the Year Ending March 31, 2006

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

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

2. First-quarter results for the year ending March 31, 2006 (April 1, 2005 - June 30, 2005)

(1) Consolidated business results

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

	Net sales		Operating income		Ordinary income	
	MY	%	MY	%	MY	%
First quarter of 06/3	4,872	4.9	1,356	9.1	1,387	10.0
First quarter of 05/3	4,642	6.9	1,242	0.3	1,261	0.1
05/3	20,171		5,289		5,342	

	Net income		Net income per share		Net income per share/diluted	
	MY	%	Yen		Yen	
First quarter of 06/3	865	21.3	26.49		-	
First quarter of 05/3	713	1.7	21.95		-	
05/3	3,123		94.92		-	

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

(2) Consolidated financial position

	Total assets		Shareholders' equity		Equity ratio		Shareholders' equity per share	
	MY		MY		%		Yen	
First quarter of 06/3	42,897		38,664		90.1		1,179.46	
First quarter of 05/3	39,971		35,436		88.7		1,090.33	
05/3	41,361		37,010		89.5		1,144.94	

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

First Quarter of 06/3 32,781,912 shares First Quarter of 05/3 32,501,043 shares 05/03 32,282,205 shares

【Consolidated cash flows】

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and equivalents at the fiscal year end	
	MY		MY		MY		MY	
First quarter of 06/3	375		(1,836)		723		18,791	
First quarter of 05/3	591		(228)		(371)		18,138	
05/3	3,479		(671)		(1,737)		19,435	

【Reference】

Forecast for consolidated business results for the year ending March 31, 2006 (April 1, 2005 - March 31, 2006 )

	Net sales		Operating income		Ordinary income		Net income	
	MY		MY		MY		MY	
Interim	10,300		2,860		2,860		1,680	
Full-year	22,000		6,300		6,300		3,700	

Reference: Expected net income per share (full-year) ¥113.23 (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 the section 2 of the accompanying materials.

## Outline of Business Results

### 1. Outline of Results

(Consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
First quarter of 06/3	4,872	1,356	1,387	865	26.49
First quarter of 05/3	4,642	1,242	1,261	713	21.95
Growth Rate (%)	4.9	9.1	10.0	21.3	-

(Non-consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
First quarter of 06/3	4,535	1,237	1,269	748	22.90
First quarter of 05/3	4,326	1,221	1,241	700	21.55
Growth Rate (%)	4.8	1.3	2.3	6.8	-

### 1. Outline of Results

In the first quarter of the fiscal year, Ariake Japan Co., Ltd. (the “Company”) and its group began the first year of our New Five-year Long-term Management Plan, with the goal of expanding our operations from a natural seasonings-specialized manufacturer to a comprehensive seasonings maker. Specifically, we added a new expansion onto Second Kyushu Plant in Japan, while in Europe we are building a new plant using new technologies, with the goals of thoroughly exploiting the domestic market, as well as developing the global market.

In order to ensure that we achieve these goals, the entire company is striving to improve the entire Group’s revenue, actively cultivating demand in the first quarter, and focusing on “food safety” and “high quality”, by establishing the surest system for quality, safety and sanitary management.

Additionally, on July 1st, 2005 we took over our wholly owned subsidiary Ariake Food System Co., Ltd., in order to strengthen our business foundation and streamline our operations.

#### Net Sales

In the first quarter of the fiscal year (from April 2005 to June 2005), the Company met its planned target with a 4.8% increase in net sales compared to the same quarter in the previous fiscal year (4,326 million yen), thanks to strong sales in the processed and prepared foods fields, as well as the restaurant industry. Meanwhile, consolidated net sales were 4,872 million yen, a 4.9% increase compared to the same quarter in the previous fiscal year (4,642 million yen), thanks to strong sales by our U.S. and Chinese subsidiaries.

#### Operating Income

In the first quarter of the fiscal year, the Company met its planned target with a 1.3% increase in operating income compared to the same quarter in the previous fiscal year (1,221 million yen), thanks to achieving a planned increase in revenues through increased sales and more stable operations. Consolidated operating income was 1,356 million yen, a 9.1% increase compared to the same quarter in the previous fiscal year (1,242 million yen), thanks to strong earnings through the reliable business operations of our overseas subsidiaries.

## **Ordinary Income**

In the first quarter of the fiscal year, the Company reported ordinary income of 1,269 million yen, a 2.3% increase compared to the same quarter in the previous fiscal year (1,241 million yen), thanks to increased revenues through expanded sales.

Consolidated ordinary income was 1,387 million yen, a 10.0% increase compared to the same quarter in the previous fiscal year (1,261 million yen), boosted by strong earnings by our overseas subsidiaries.

## **Net Income for Quarter**

In the first quarter of the fiscal year (from April 2005 to June 2005), the Company reported net income of 748 million yen, consequent to growth of our ordinary income. This represents a 6.8% increase compared to the same quarter in the previous fiscal year (700 million yen).

Consolidated net income was 865 million yen, a 21.3% increase compared to the same quarter in the previous fiscal year (713 million yen).

## **Assets, Liabilities and Shareholders' Equity**

At the end of the first quarter of the fiscal year (end of June 2005), consolidated assets totaled 42,897 million yen, an increase of 2,925 million yen compared to the 39,971 million yen of the same period in the previous fiscal year (end of June 2004). This was mainly due to the increase in cash and time deposits resulting from increased income.

Our consolidated liabilities were 4,116 million yen, a decrease of 313 million yen compared to the 4,429 million yen of the same period in the previous fiscal year.

Also, our consolidated shareholders' equity was 38,664 million yen, an increase of 3,228 million yen compared to the 35,436 million yen of the same period in the previous fiscal year. This was mainly due to the increase in retained earnings and the disposal of treasury stocks.

## **Cash Flows**

The balance of cash and cash equivalents as of the end of the first quarter of this fiscal year was 18,791 million yen, a decrease of 643 million yen compared to the balance at the end of the previous year (end of March 2005), when cash and cash equivalents totaled 19,435 million yen. An overview of specific items is given below.

### ***Cash flows from operating activities***

Cash inflow from operating activities was 375 million yen. The main factors affecting this figure were an increase in income and income tax and other taxes paid.

### ***Cash flows from investing activities***

Cash outflow from investing activities was 1,836 million yen, mainly due to the acquisition of securities as investments.

### ***Cash flows from financing activities***

Cash outflow from financing activities was 723 million yen, mainly due to the disposal of treasury stocks.

## **2. Forecast for interim business results**

Regarding the forecast for the interim period ending September 2005, the economic prospect is not yet bright and business conditions are severe. However, the Company will work to improve its results beyond the increases realized in the first quarter and intends to achieve the targets outlined in the original plan: 10,300 million yen in consolidated net sales; 2,860 million yen in consolidated ordinary income; and 1,680 million yen in consolidated net income.

Consolidated Balance Sheets  
For the First Quarter of 06/3 and 05/3

(In thousand yen, %)

Term Account	First Quarter of 06/3	First Quarter of 05/3	Changes		05/3
	Amount	Amount	Amount	Ratio	Amount
(Assets)					
I. Current assets					
1. Cash and time deposits	18,791,855	18,138,644	653,210		19,435,209
2. Notes and accounts receivable	4,463,791	3,979,193	484,598		4,550,319
3. Inventories	3,195,901	2,494,441	701,459		2,703,526
4. Deferred tax assets	105,897	153,914	(48,016)		105,897
5. Other current assets	208,195	234,327	(26,131)		137,456
6. Allowance for doubtful accounts	(2,266)	(2,238)	(27)		(2,016)
Total current assets	26,763,376	24,998,282	1,765,093	7.1	26,930,392
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures	5,307,375	5,876,230	(568,854)		5,287,465
(2) Machines, devices, and delivery equipment	2,858,823	3,010,129	(151,305)		2,828,855
(3) Land	4,163,523	4,074,708	88,815		3,863,517
(4) Construction in progress	72,269	53,443	18,825		165,527
(5) Other fixed assets	99,052	97,382	1,669		101,225
Total tangible fixed assets	12,501,045	13,111,894	(610,848)	(4.7)	12,246,592
2. Intangible fixed assets	106,014	43,503	62,510	143.7	104,215
3. Investments and other assets					
(1) Investments in securities	1,845,412	383,491	1,461,920		395,212
(2) Long-term loans	75,067	83,201	(8,133)		76,601
(3) Deferred tax assets	92,597	48,403	44,193		92,597
(4) Investments in real estates	810,975	452,844	358,130		813,107
(5) Other investments	711,564	858,471	(146,907)		711,513
(6) Allowance for doubtful accounts	(8,379)	(8,355)	(23)		(8,379)
Total investments and other assets	3,527,238	1,818,056	1,709,181	94.0	2,080,652
Total fixed assets	16,134,297	14,973,454	1,160,843	7.8	14,431,461
Total assets	42,897,674	39,971,737	2,925,936	7.3	41,361,854

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

(In thousand yen, %)

Term Account	First Quarter of 06/3	First Quarter of 05/3	Changes		06/3
	Amount	Amount	Amount	Ratio	Amount
(Liabilities)					
I. Current liabilities					
1. Notes and accounts payable	1,663,173	1,514,555	148,617		1,569,731
3. Short-term loans payable	290,066	729,261	(439,194)		307,419
3. Income taxes payable	533,222	551,802	(18,579)		972,907
4. Allowance for employee bonus	142,177	144,062	(1,884)		140,502
5. Other current liabilities	842,184	807,373	34,810		625,034
Total current liabilities	3,470,824	3,747,055	(276,230)	(7.4)	3,615,595
II. Long-term liabilities					
1. Allowance for employee retirement benefits	520,729	432,414	88,315		503,707
2. Other long-term liabilities	124,451	249,561	(125,109)		124,451
Total long-term liabilities	645,181	681,975	(36,794)	(5.4)	628,159
Total liabilities	4,116,006	4,429,031	(313,024)	(7.1)	4,243,754
(Minority interest)					
Minority interest	116,692	105,905	10,786	10.2	107,829
(Shareholders' equity)					
I. Common stock					
II. Capital surplus	7,095,096	7,095,096	-	-	7,095,096
III. Retained earnings	7,833,869	7,833,869	-	-	7,833,869
IV. Differences in valuation of other securities	24,263,620	22,601,604	1,662,016	7.4	24,605,411
V. Foreign currency translation adjustments	80,688	73,633	7,055	9.6	80,688
VI. Treasury stocks	(508,427)	(739,843)	231,415	(31.3)	(642,192)
Total shareholders' equity	(99,871)	(1,427,557)	1,327,686	(93.0)	(1,962,602)
Total Liabilities, Minority interest and Shareholders' equity	38,664,975	35,436,800	3,228,174	9.1	37,010,269
	42,897,674	39,971,737	2,925,936	7.3	41,361,854

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

## Consolidated Statements of Income

(In thousand yen, %)

Term Account	First Quarter of 06/3	First Quarter of 05/3	Changes		06/3
	Amount	Amount	Amount	Ratio	Amount
I. Net sales	4,872,304	4,642,922	229,381	4.9	20,171,280
II. Cost of net sales	2,759,330	2,690,883	68,446	2.5	11,918,293
Gross profit	2,112,974	1,952,039	160,935	8.2	8,252,987
III. Selling, general and administrative expenses	756,894	709,632	47,261	6.7	2,963,092
Operating income	1,356,080	1,242,406	113,673	9.1	5,289,895
IV. Non-operating income	44,561	29,049	15,511	53.4	163,399
Interest and dividends received	4,765	4,654	111		14,250
V. Non-operating expenses	13,194	10,373	2,821	27.2	110,931
Interest paid and discounts	2,959	4,393	(1,434)		17,119
Ordinary income	1,387,447	1,261,082	126,364	10.0	5,342,363
VI. Extraordinary income	-	1,330	(1,330)	(100.0)	5,323
VII. Extraordinary losses	10,064	14,709	(4,644)	(31.6)	78,521
Income before income tax	1,377,383	1,247,704	129,678	10.4	5,269,165
Income, inhabitant and business taxes	507,223	532,091	(24,868)	(4.7)	2,139,916
Adjustments for income and other taxes	-	-	-	-	(842)
Minority interest	4,511	2,090	2,420	115.8	6,890
Net Income	865,648	713,521	152,126	21.3	3,123,200

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

## Consolidated Statements of Cash Flows

(In thousand yen)

	Term	First Quarter of 06/3	First Quarter of 05/3	
Account		Amount	Amount	Amount
<b>I. Cash flows from operating activities</b>				
Income before income tax		1,377,383	1,247,704	5,269,165
Depreciation and amortization		230,539	242,873	1,009,746
Interest and dividends received		(4,765)	(4,654)	(14,250)
Interest paid		2,959	4,393	17,119
Increase or decrease in accounts receivable-trade		87,055	373,080	(203,167)
Increase in inventories		(481,957)	(312,902)	(526,175)
Increase in trade payables		114,207	262,229	294,448
Payout of bonuses to directors		(49,000)	(44,600)	(44,600)
Others		54,426	113,017	156,726
Subtotal		1,320,846	1,881,141	5,959,012
Interest and dividend income received		4,765	4,654	14,250
Interest expenses paid		(2,959)	(4,393)	(17,119)
Income tax and other taxes paid		(946,908)	(1,289,686)	(2,476,406)
Cash flows provided by operating activities		375,745	591,716	3,479,737
<b>II. Cash flows from investing activities</b>				
Payments for acquisition of tangible fixed assets		(387,603)	(248,148)	(902,122)
Payments for acquisition of investment in securities		(1,450,200)	-	-
Proceeds from sale of fixed assets		-	-	269,831
Proceeds from collection of loans receivable		1,681	19,252	27,493
Others		(327)	-	(66,710)
Cash flows used in investing activities		(1,836,448)	(228,895)	(671,508)
<b>III. Cash flows from financing activities</b>				
Net increase or decrease in short-term loans payable		(19,146)	-	(411,629)
Proceeds from sale of treasury stocks		1,270,000	-	-
Payment for acquisition of treasury stocks		(768)	(15,765)	(550,810)
Payments for dividends		(526,172)	(355,237)	(774,904)
Cash flows provided by (used in) financing activities		723,912	(371,003)	(1,737,344)
IV. Conversion differential of cash and cash equivalents		93,436	(6,551)	210,946
V. Increase in cash and cash equivalents		(643,354)	(14,734)	1,281,830
VI. Balance of cash and cash equivalents at beginning of term		19,435,209	18,153,378	18,153,378
VII. Balance of cash and cash equivalents at the end of term		18,791,855	18,138,644	19,435,209

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