

November 11, 2005

Brief Interim 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
 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, 2005
 Adoption of US GAAP: No

1. Interim results for the Year Ending March 31, 2006 (April 1, 2005 to September 30, 2005)

(1) Consolidated business results Note: Amounts under one million yen have been rounded down.

	Net sales		Operating income		Ordinary income	
	MY	%	MY	%	MY	%
Interim closing for FY2006	10,235	7.0	2,665	7.0	2,711	8.6
Interim closing for FY2005	9,568	1.3	2,491	(9.7)	2,497	(12.0)
FY2005	20,171		5,289		5,342	

	Net income		Net income per share		Net income per share/diluted	
	MY	%	Yen	Yen	Yen	Yen
Interim closing for FY2006	1,639	10.1	50.18		—	
Interim closing for FY2005	1,489	(8.4)	45.86		—	
FY2005	3,123		94.92		—	

Notes ① Investment profit and loss arising from equity method Interim closing for FY2006 — Interim closing for FY2005 — FY2005 —
 ② Average number of shares outstanding during the term (consolidated)
 Interim closing for FY2006 32,677,029 shares Interim closing for FY2005 32,471,535 shares FY2005 32,387,346 shares
 ③ Changes to accounting policies: None
 ④ 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 Note: Amounts under one million yen have been rounded down.

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	MY	MY	%	Yen
Interim closing for FY2006	44,536	39,473	88.6	1,204.18
Interim closing for FY2005	41,171	36,243	88.0	1,116.22
FY2005	41,361	37,010	89.5	1,144.94

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

Interim closing for FY2006 32,780,745 shares Interim closing for FY2005 32,469,774 shares FY2005 32,282,205 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 FY2006	1,350	(1,933)	674	19,669
Interim closing for FY2005	1,404	(314)	(393)	18,944
FY2005	3,479	(671)	(1,737)	19,435

(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 by 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, 2006 (April 1, 2005 to March 31, 2006)

Full-year	Net sales	Ordinary income	Net income
	MY	MY	MY
	22,000	6,300	3,700

Reference: Expected net income per share (full-year) ¥113.23 (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 14.

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 six 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 four remaining subsidiaries, overseas. Among the subsidiaries in Japan, Ariake Food Systems Co., Ltd. was absorbed by Ariake Japan Co., Ltd. during the interim period (as of July 1, 2005) and no longer exists as a separate company. Accordingly, the Company has five consolidated subsidiaries as of the end of the interim period as of September 30, 2005).

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 (S.A.S.), a French subsidiary established in March 2003 and F.P.N.I. BELGIUM (N.V.), a Belgian subsidiary established in January 2004, plan to manufacture natural soup stocks and sell them mainly to customers in Europe.

Domestic Subsidiaries

A.C.C. Co., Ltd. leases portions of building owned by the parent company and operates convenience stores. Ariake Food Systems Co., Ltd. was absorbed by Ariake Japan Co., Ltd. as of July 1, 2005 and no longer exists as a separate entity.

Overseas Subsidiaries

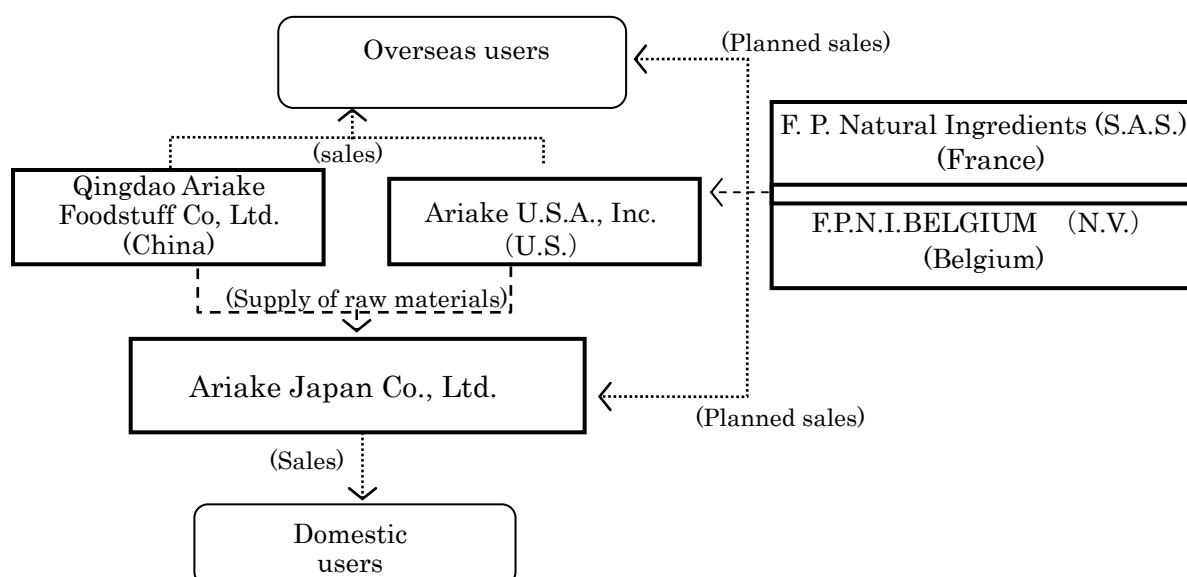
Ariake U.S.A., Inc. manufactures natural seasonings and sells them to customers in the U.S. and other countries. It also supplies these seasonings to the parent company.

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 (S.A.S.) plans to manufacture natural soup stocks and sells them to customers in Europe and U.S.

F. P. N. I. BELGIUM (N.V.) plans to manufacture natural soup stocks and sells them to customers in Europe and U.S.

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



2. Business Strategy

a. Basic business policy

As a 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 shareholders' 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.

b. 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. Also, the Company has pursued a policy of paying substantial stable dividends by implementing various measures in keeping with the growth of the business while bearing in mind various indicators. 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.

Specifically, as a strategy for returning earnings to the shareholders, with the objective of achieving a stable distribution of profits, the Company has been issuing dividends in relation to shareholders' investment capital based on DOE (Dividend on Equity).

We have determined that DOE is an effective means of directly ensuring a high dividend rate for our shareholders. The Company has established a long-term goal of a DOE of 2.5% and management is endeavoring to achieve this objective.

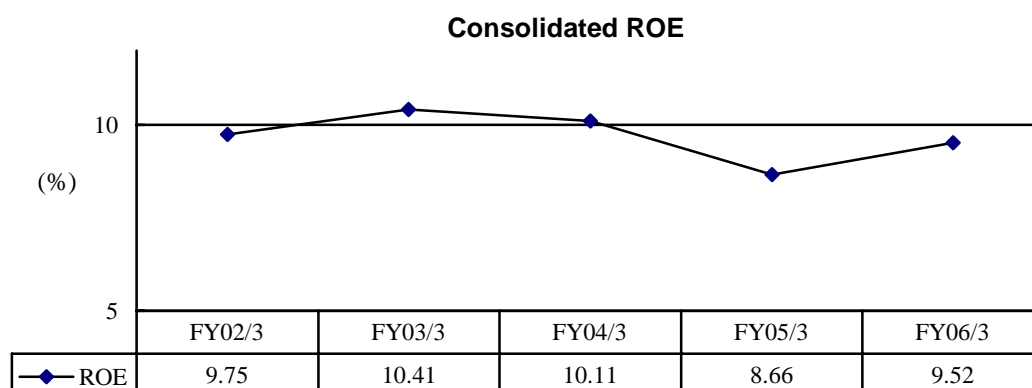
For the period under review, the annual dividend will be raised by 5 yen per share, to 30 yen per share, in view of performance for the fiscal year ended in March 2005 and expectations for future performance. Additionally, with regard to internal reserves, based on the Company's New Five-year Long-term Management Plan which starts in FY2006, 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 and agile operation of treasury stock acquisition which was implemented in FY2005.

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

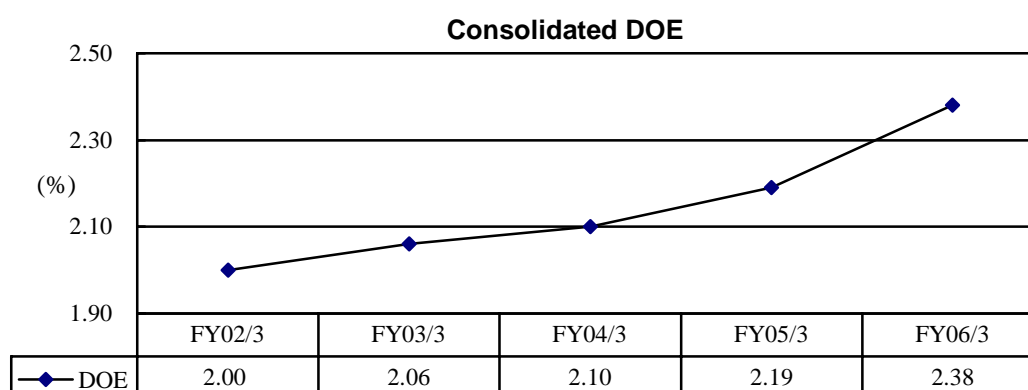
The Company recognizes that promoting stable, long-term holdings of the company's stock on the part of investors while broadening the shareholder base is an important issue related to capital strategy. Accordingly, in 1998 we lowered the size of the minimum stock trading unit from 1,000 shares to 100 shares. At the same time, as a result of undertaking aggressive IR activities, we have increased the number of our shareholders - principally individual investors, which have resulted in an increase in the number of shareholders of more than 17,200 as of this interim closing (end of September 2005). 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.

d. 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) and Dividend on Equity (DOE) as its main management indicator for the medium term. For this reason, the Group will execute stable management based on the New Five-year Long-term Management Plan, and has set a long-term target of 12.0% for ROE and 2.5% for DOE.



(Figures for the year ending March 2006 are projected)



(Figures for the year ending March 2006 are projected)

e. Mid to Long-term business plan and management issues

The Group conducts management based on a continued mid- to long-term view. In Japan, the 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 established the Kyushu Number 2 Plant in 1998, applying expertise acquired over time in both the hardware and software aspects of the business.

In addition, we maintain natural seasoning production and sales companies in the U.S. (Ariake U.S.A., Inc.) and China (Qingdao Ariake Foodstuff Co., Ltd.). 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. In March 2003, we established F. P. Natural Ingredients (S.A.S.), a 100% subsidiary in France. In January 2004, we established another 100% subsidiary F.P.N.I.BELGIUM (N.V.) in Belgium to pursue the same business. 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 at the beginning of FY2006, the New Five-year Long-term Management Plan – for the period from FY2006 (i.e., the fiscal year ending March 2006)

to FY2010 (i.e., the fiscal year ending March 2010).

The main points of the New Five-year Long-term Management Plan are as follows:

1. Extend our operations from a natural seasonings-specialized manufacturer to a comprehensive seasonings maker in order to increase corporate value
2. Expand demand by thoroughly exploiting the domestic market as well as developing the global market
3. Grow into being a world-class leading company through technical innovation.

Specifically, this plan involves the following four items.

- 1) Stimulate domestic demand as a comprehensive seasonings manufacturer in which the foods market is contracting due to an aging population combined with the diminishing number of children
- 2) Through aggressive capital investment related to technical innovation, achieve low-cost and high-quality products
- 3) Aggressively promote our foreign strategy
- 4) Implement effective capital policies which increase corporate value

With this framework, the targets for FY2010 (ending March 2010), the final year of the New Five-year Long-term Management Plan, are as follows.

Consolidated net sales: 38.8 billion yen; Ordinary income: 11.4 billion yen
Non-consolidated net sales: 28.8 billion yen; Ordinary income: 9.0 billion yen

(Reference) Growth rate for FY2006 – FY2010 plan

	Consolidated	Non-consolidated
Net Sales	192%	153%
Ordinary income	213%	172%

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.

f. Issues which the Company needs to address

The Group, based on the recognition that the natural seasonings business is an industry which will see major growth both domestically and internationally, formulated the New Five-year Long-Term Management Plan which kicked off in FY2006. In order to promote this management plan, the Company requires total funds of 15.7 billion yen. Although we will undertake a thorough investigation in response to circumstances, the required funds will be procured from, among other sources, the capital markets and from the Company's own funds. We believe success of the plan will contribute to the whole foods market and the stable growth of the Company's profit base.

Accordingly, while temporarily putting pressure on the Company's funds in hand, the Company has placed the maintenance of its stock value at a high level as an important management issue and we plan to diligently work towards the achievement of this goal.

In addition, in order to increase corporate value at the same time as operating a stable enterprise, the Company has drawn up and implemented capital policies to continuously develop a large number of friendly investors.

g. Basic thoughts on corporate governance and the implementation of policy

(Basic thoughts on corporate governance)

The Group recognizes corporate governance as a major management issue and is promoting management efficiency based on sufficient debate and speedy decision-making. By having a continuously functioning check and audit of the day to day status of management, the Company has created a structure under which fair and transparent management can be undertaken.

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.

(The status of the implementation of policy)

Specifically, the Board of Directors, which is comprised of eight 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.

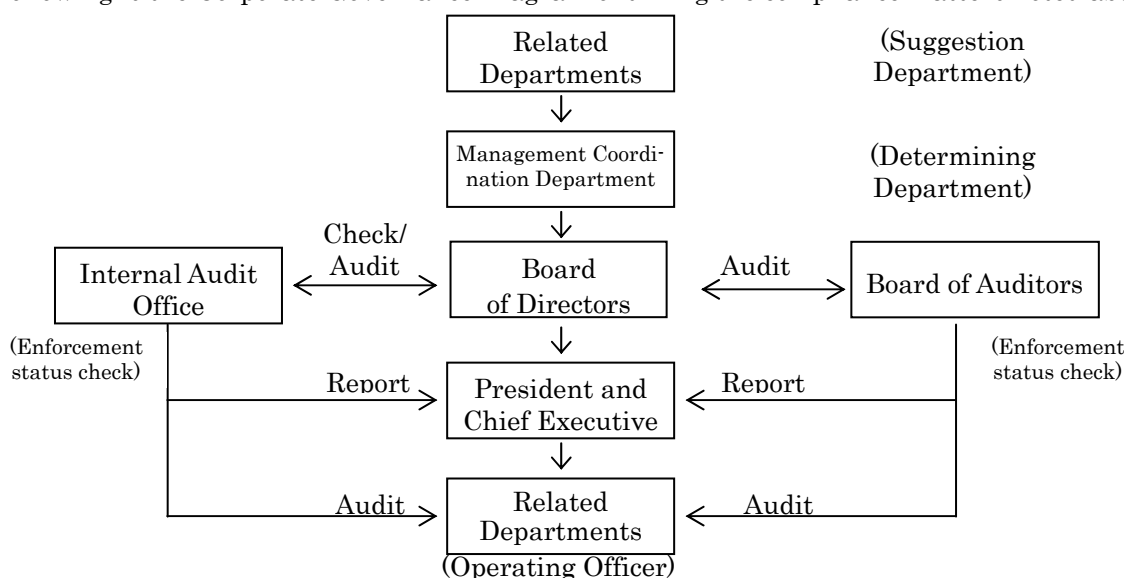
The Company established an Internal Audit Office to function as an internal check and audit. The office implements internal audits relating daily management issues and the status of the conduct of business. As required, the office reports and proposes regarding results of them to the Board of Directors and the Board of Auditors

Also, the Company has adopted an audit system. Under this system, the Board of Auditors consisting of three auditors (including two outside auditors stipulated in the Japanese Commercial Code) attends Board of Directors and other important meetings, provides objective and fair opinions on overall management and individual matters, and oversees the activities of directors to ensure their legal compliance.

An auditor contract has been completed with Chuo Aoyama Audit Corp., which acts as our accounting auditor. From 1990, the Company has undergone continuous audits by two employee representatives (Kenji Komoto and Tetsu Shimamura), three certified public accountants and three assistants. Note that the auditing firm and the Company have no special vested interests.

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.

The following is the Corporate Governance Diagram outlining the compliance matters noted above:



Concerning the timely release of information, 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 Disclosure of 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.

h. Matters relating to the parent company

The Company does not have a parent company and therefore this is not applicable.

i. Other important matters relating to the business of the Company

There are no matters applicable to this category.

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	(In million yen) Interim net income per share (yen)
Interim closing for FY2006	10,235	2,665	2,711	1,639	50.18
Interim closing for FY2005	9,568	2,491	2,497	1,489	45.86
Growth Rate	7.0%	7.0%	8.6%	10.1%	—

(Non-Consolidated business results)

	Net sales	Operating income	Ordinary income	Interim net income	(In million yen) Interim net income per share (yen)
Interim closing for FY2006	9,498	2,479	2,528	1,502	45.97
Interim closing for FY2005	8,933	2,423	2,442	1,440	44.36
Growth Rate	6.3%	2.3%	3.5%	4.3%	—

(1) Overall performance for the current period

During this interim period, improving business performance, rising private-sector capital expenditures, and other factors resulted in a mild economic recovery and signs of improving employment conditions. Nevertheless, with the sudden and unabated rise in prices for oil and related products, anxieties about the future were not alleviated and personal consumption remained weak.

The food products industry, beset by these factors, as well as the prolongation of the BSE problem that emerged two years ago and ongoing deflationary mood, saw no prospects for an increase in demand and labored under extremely difficult conditions.

In this environment, as the leader in the field of natural seasoning, the Company and the Group are working hard to expand existing businesses and actively develop new business fields. At the same time, we have 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.

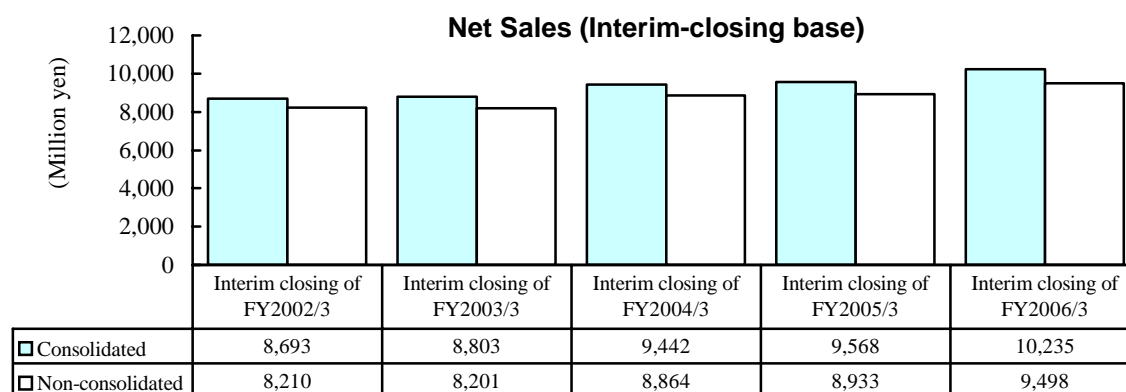
In more specific terms, we acquired 30,000m² of land adjacent to the Kyushu Number 2 Plant and began constructing a new 23,000m² plant. This plant costs approximately 7,000 million yen and is scheduled for completion at the end of 2006. It will be equipped with the latest technology to respond to customer needs and, as a replacement for the Kyushu Number 1 Plant, is planned to increase production capacity to 1.5 times the current level.

In respect to our subsidiary companies, in our European operations, we decided to initially enter the French and Belgian markets and established F.P. Natural Ingredients (S.A.S.) in France in March 2003 as fully owned subsidiary. During the period under review, we increased the capital of this subsidiary by 3 million euros, to 6 million euros. In January 2004, We established F.P.N.I. BELGIUM (N.V.) in Belgium, and, during the period under review, increased its capital by 2 million euros, to 6.5 million euros. We have already acquired industrial sites in the French city of Alencon and the Belgium city of Massmechelen. We have begun ordering equipment and are aiming to complete the projects by the end of FY2007. Total construction cost is expected to reach 5,000 million yen.

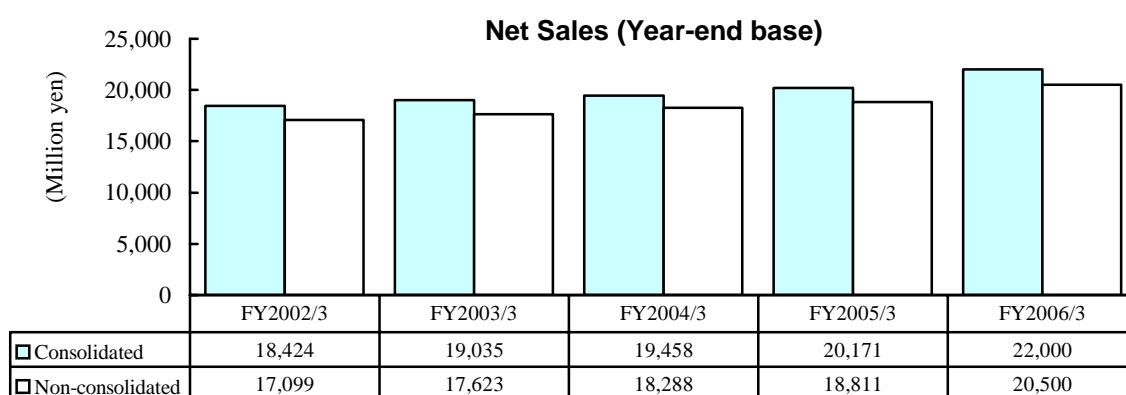
Concerning our operations in China, on the back of the rapidly expanding seasonings business in China,

our Chinese subsidiary (Qingdao Ariake Foodstuff Co, Ltd.) decided to construct a new plant, in addition to its current plant, which we anticipate will be completed in 2006 to respond to the increase in demand. Construction costs for this project are expected total approximately 800 million yen. In respect to our U.S. operations, our American subsidiary, ARIAKE U.S.A., Inc., have decided to build a new plant in order to be able to respond to future increases in demand. Total construction costs for this plant are expected to reach approximately 1,500 million yen. Through implementing these plans, we will be able to firmly advance along the New Five-year Long-term Management Plan making a new start in FY2006, the first year of the plan.

Net Sales



(Figures for the year ending March 2006 are projected)



(Figures for the year ending March 2006 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. We also mounted a technological response to customer needs by introducing aseptic facilities (sterile filling equipment), which led to an increase in demand.

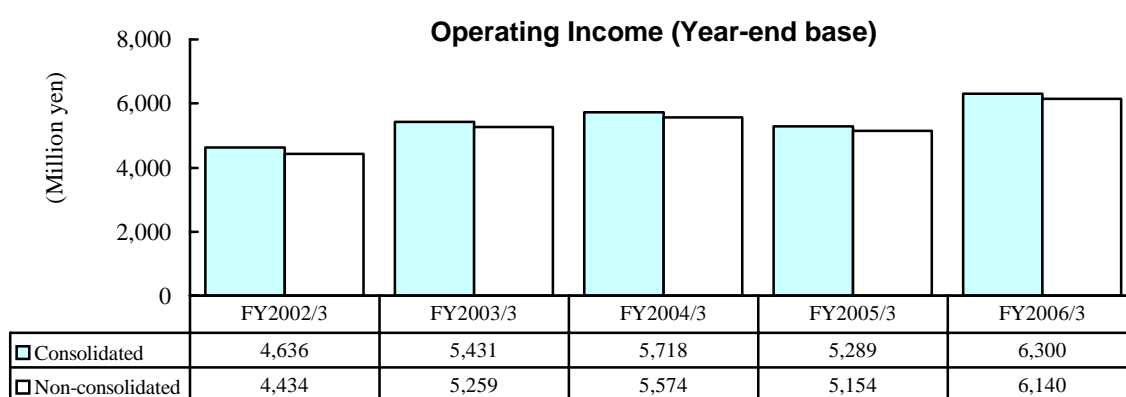
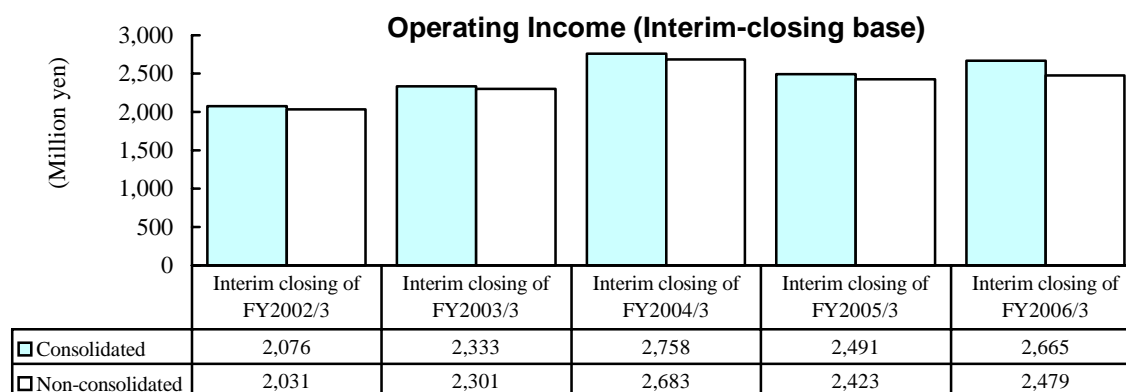
Specifically, year-on-year sales growth came to 9.9% in processed foods, 7.5% in restaurant sales, and was nil in instant noodles. Overall sales grew 6.3%.

Regarding the operating results of consolidated subsidiaries, the strategy of increasing sales to processed food makers and instant noodle makers bore fruit in the form of a significant increase in sales revenue, which rose 16.0% year on year.

As a result, consolidated net sales for the interim period were 10,235 million yen, representing a year-on-year growth rate of 7.0%.

Non-consolidated net sales were 9,498 million yen, representing a year-on-year growth rate of 6.3%.

Operating Income



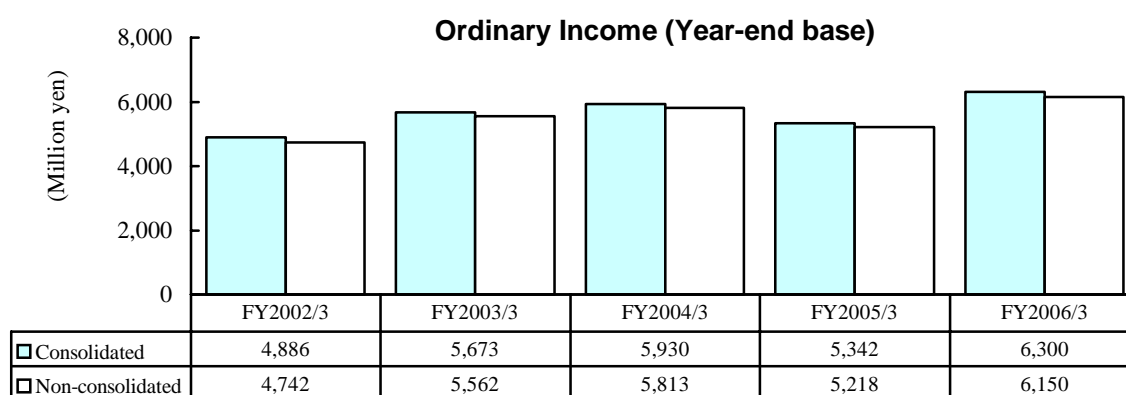
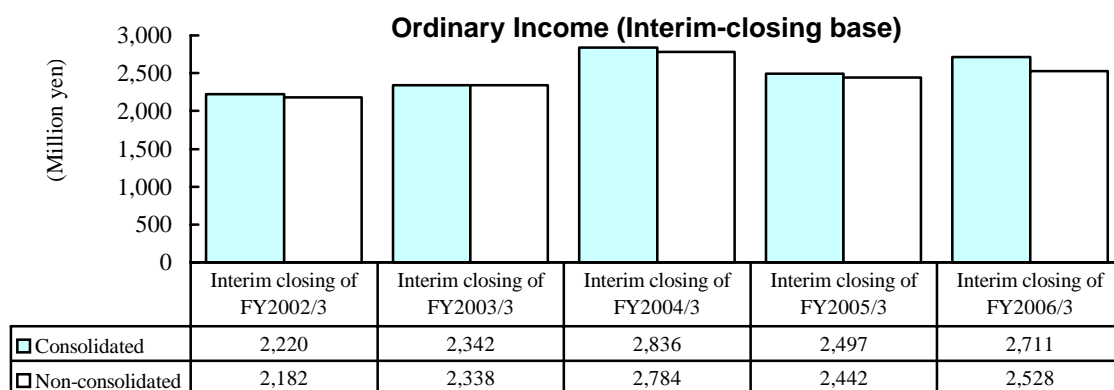
(Figures for the year ending March 2006 are projected)

Consolidated operating income was 2,665 million yen, an increase of 173 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. Despite the leap in oil prices causing higher costs for energy, packaging, shipping, and other items, non-consolidated operating income came to 2,479 million yen, a year-on-year increase of 2.3%.

Regarding consolidated subsidiaries, we achieved a significant sales increase following aggressive efforts by overseas subsidiaries. As a result, consolidated operating income rose 7.0% year on year and the consolidated operating margin came to 26.0%.

Ordinary income



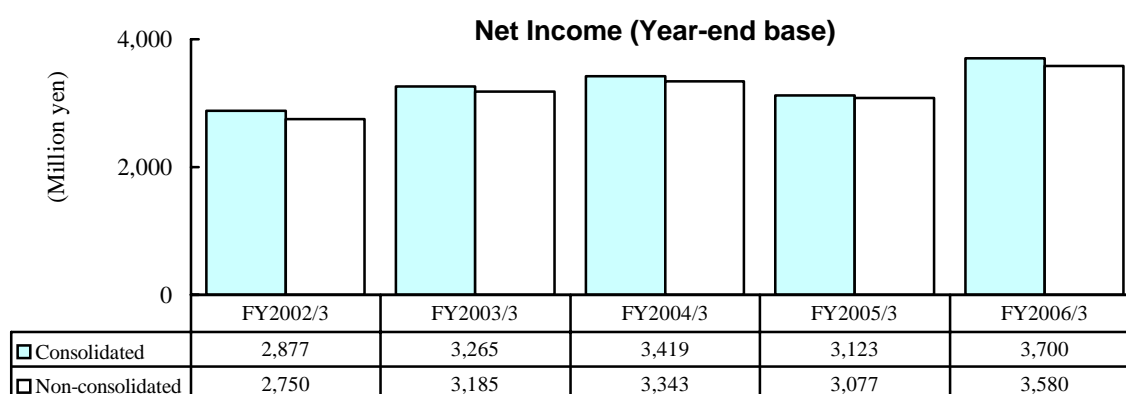
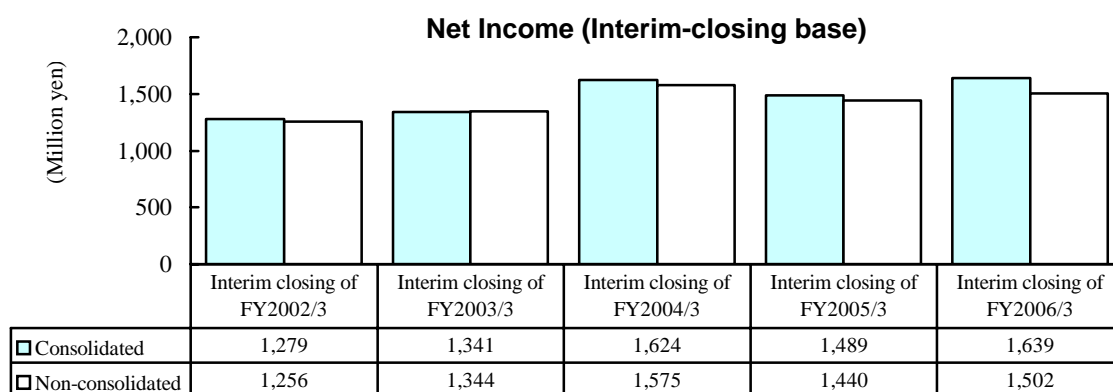
(Figures for the year ending March 2006 are projected)

Consolidated ordinary income was 2,711 million yen (a year-on-year increase of 214 million yen).

The Company (Ariake Japan Co., Ltd.) is endeavoring to lower its costs, but the sudden rise in oil prices, and other factors, held operating income growth to only 2.3% year on year, and ordinary income growth to 3.5% year on year. The Company recorded non-consolidated ordinary income of 2,528 million yen (a year-on-year increase of 85 million yen).

At the consolidated level, a significant rise in the operating income of overseas subsidiaries resulted in a large increase in ordinary income. Consolidated ordinary income rose 8.6% year on year, to 2,711 million yen, and the ordinary income margin came to 26.5%.

Net income



(Figures for the year ending March 2006 are projected)

Consolidated interim net income was 1,639 million yen (a year-on-year increase of 150 million yen). As a result of tax-saving measures implemented on a consolidated basis during the period under review and higher income at overseas subsidiaries, the interim net income margin rose to 16.0%.

Non-consolidated interim net income was 1,502 million yen, a year-on-year increase of 61 million yen.

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.

The Company will steadily work to implement its New Five-year Long-term Management Plan, and as a sign of our gratitude for our shareholders' constant support and encouragement, and our desire for their continued support, we have decided to make the 5 yen per share commemorative dividend for the fiscal year ended March 2005 a part of the regular dividend for the present fiscal year. Therefore, for the interim period under review, an ordinary dividend of 15 yen per share will be paid.

Accordingly, dividend payments for the year will be 30 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)
FY2006	22,000	6,300	6,300	3,700	112.87
FY2005	20,171	5,289	5,342	3,123	94.92
Growth Rate	9.1%	19.1%	17.9%	18.5%	—

(Forecast for non-consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2006	20,500	6,140	6,150	3,580	109.21
FY2005	18,811	5,154	5,218	3,077	93.51
Growth Rate	9.0%	19.1%	17.9%	16.3%	—

(1) Forecast for full-year business results

With the sudden rise in oil prices, the long-term trends of a lower birth rate and an aging society, and other causes for concern throughout Japanese society accumulating, more time will likely be needed before a sustained economic recovery can take place.

The food products industry, caught in the overall trend of stagnant consumption, is trying to spark demand through strong promotion of food safety and health, but, under the present severe conditions, little or no change is expected.

Under these environment, the Company and Group will steadily execute the New Five-year Long-term Management Plan – for the period from FY2006 to FY2010. 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 22,000 million yen in consolidated net sales (a year-on-year increase of 9.1%) and 6,300 million yen in consolidated ordinary income (a year-on-year increase of 17.9%)

For the Company, the outlook is for 20,500 million in net sales (a year-on-year increase of 9.0%) and 6,150 million yen in ordinary income (a year-on-year increase of 17.9%).

(2) Dividends

In light of the steady achievement of goals provided in various measures and the anticipation that ordinary income will exceed 6,000 million for the year, we are planning to set the ordinary dividend at 30 yen per share. This includes the addition of the 5 yen per share amount distributed as a commemorative dividend for the fiscal year ended in March 2005.

(3) Management indicators

We expect to achieve an ROE (return on equity) of 9.52% for the current fiscal year and have set the medium-term goal of 12.0%. As for DOE (dividend on equity), our outlook is for 2.38% for the full year, while our medium-term goal is 2.5%. These goals reflect our commitment to increase asset value for our shareholders.

II. Financial Condition

(1) Overview of the current interim period

(In million yen)

	Previous interim period	Current interim period	Difference
Total assets	41,171	44,536	3,364
Shareholders' equity	36,243	39,473	3,230
Shareholders' equity ratio	88.0%	88.6%	0.6%

(In million yen)

	Previous interim period	Current interim period	Difference
Cash flows from operating activities	1,404	1,350	(53)
Cash flows from investing activities	(314)	(1,933)	(1,618)
Cash flows from financing activities	(393)	674	1,067
Increase/decrease in cash and cash equivalents	791	234	(556)
Balance of cash and cash equivalents at the beginning of the interim term	18,153	19,435	1,281
Balance of cash and cash equivalents at the end of the interim term	18,944	19,669	725

- Regarding financial conditions at the end of the interim period, cash on hand and at banks was up by 725 million yen, and fixed assets increased by 1,406 million yen compared to the end of the previous interim period, and total assets was 44,536 million yen. Shareholders' equity was 39,473 million yen due to a 1,660 million yen increase in retained earnings. As a result, the shareholders' equity ratio was 88.6%, an increase of 0.6% compared to the interim period of the previous year.
- Cash flows from operating activities
For the interim period under review, solid operating activities produced net cash inflows of 1,350 million yen (53 million yen less cash provided than for the same period a year ago).
- Cash flows from investing activities
For the interim period under review, capital expenditures of 486 million yen and investment security acquisitions of 1,451 million yen resulted in net cash outflows of 1,933 million yen (1,618 million yen more cash used than for the same period a year ago).
- Cash flows from financing activities
For the interim period under review, dividend payments of 564 million yen combined with treasury stock sales worth 1,270 million yen to produce net cash inflows of 674 million yen (1,067 million yen more cash provided than for the same period a year ago).

(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 1,500 million yen for the year. We have scheduled approximately 500 million yen in new capital expenditures at overseas subsidiaries.
- Cash flows from financing activities
Based on expectations for solid full-year performance, we are expecting to declare an annual dividend of 30 yen per share. This will include the addition of the 5 yen per share commemorative dividend paid for the fiscal year ended March 2005, as an ordinary dividend.

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

	FY2002/3	FY2003/3	FY2004/3	FY2005	Interim closing for FY2006
Capital-to-asset ratio (%)	83.1	84.5	87.6	89.5	88.6
Capital-to-asset ratio based on current value (%)	266.4	220.1	249.6	209.2	191.0
Amortization term (years)	0.4	0.2	0.2	0.1	0.2
Interest coverage ratio	74.6	129.9	170.3	203.3	199.0

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, 2004)			At the end of the Current Consolidated Interim Period (As of September 30, 2005)			Difference	Summary of Consolidated Balance Sheets for FY2005 (As of March 31, 2005)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)		Amount	Amount	Ratio (%)
(Assets)											
I. Current assets											
1. Cash and time deposits			18,944,742			19,669,990				19,435,209	
2. Notes and accounts receivable			4,306,863			4,885,943				4,550,319	
3. Inventories			2,532,736			3,149,356				2,703,526	
4. Other current assets			335,142			373,955				243,353	
5. Allowance for doubtful accounts			(1,922)			(3,033)				(2,016)	
Total current assets			26,117,562	63.4		28,076,213	63.0	1,958,650		26,930,392	65.1
II. Fixed assets											
1. Tangible fixed assets											
(1) Buildings and structure		10,353,264			10,064,880				9,926,594		
Cumulative amount of depreciation		4,535,860	5,817,404		4,793,475	5,271,404			4,639,128	5,287,465	
(2) Machines, devices, and delivery equipment		12,466,223			12,647,779				12,495,683		
Cumulative amount of depreciation		9,511,905	2,954,318		9,886,686	2,761,092			9,666,827	2,828,855	
(3) Land			4,080,392			4,157,577				3,863,517	
(4) Construction in progress			128,036			395,788				165,527	
(5) Other fixed assets		770,764			773,101				769,635		
Cumulative amount of depreciation		663,955	106,809		678,105	94,995			668,410	101,225	
Total tangible fixed assets			13,086,961	31.8		12,680,858	28.5	(406,102)		12,246,592	29.6
2. Intangible fixed assets			48,579	0.1		106,907	0.2	58,328		104,215	0.3
3. Investments and other assets											
(1) Investments in securities			370,539			1,888,382				395,212	
(2) Long-term loans receivable			81,237			71,736				76,601	
(3) Deferred tax assets			79,601			106,744				92,597	
(4) Investments in real estates	*1		451,620			808,843				813,107	
(5) Other investments			943,909			805,122				711,513	
(6) Allowance for doubtful accounts			(8,382)			(8,409)				(8,379)	
Total investments and other assets			1,918,527	4.7		3,672,420	8.3	1,753,893		2,080,652	5.0
Total fixed assets			15,054,067	36.6		16,460,186	37.0	1,406,118		14,431,461	34.9
Total assets			41,171,630	100.0		44,536,399	100.0	3,364,769		41,361,854	100.0

(In thousand yen)

Account	Annotation	At the end of the Previous Consolidated Interim Period (As of September 30, 2004)			At the end of the Current Consolidated Interim Period (As of September 30, 2005)			Difference	Summary of Consolidated Balance Sheets for FY2005 (As of March 31, 2005)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)		Amount	Amount	Ratio (%)
(Liabilities)											
I. Current liabilities											
1. Notes and accounts payable			1,373,107			1,574,119				1,569,731	
2. Short-term loans payable			748,167			298,674				307,419	
3. Income taxes payable			1,055,109			1,137,167				972,907	
4. Allowance for employee bonuses			143,625			144,934				140,502	
5. Other current liabilities			690,061			1,027,058				625,034	
Total current liabilities			4,010,071	9.7		4,181,954	9.4	171,883		3,615,595	8.7
II. Long-term liabilities											
1. Allowance for employee retirement benefits			457,865			537,495				503,707	
2. Other long-term liabilities			350,930			218,198				124,451	
Total long-term liabilities			808,796	2.0		755,693	1.7	(53,102)		628,159	1.5
Total liabilities			4,818,867	11.7		4,937,647	11.1	118,780		4,243,754	10.2
(Minority interests)											
Minority interest			109,297	0.3		124,852	0.3	15,554		107,829	0.3
(Shareholders' equity)											
I. Common stock			7,095,096	17.2		7,095,096	15.9	-		7,095,096	17.2
II. Capital surplus			7,833,869	19.0		7,833,869	17.6	-		7,833,869	18.9
III. Retained earnings			23,377,104	56.8		25,037,815	56.2	1,660,711		24,605,411	59.5
IV. Differences in valuation of other securities			66,113	0.2		105,654	0.2	39,540		80,688	0.2
V. Adjustment account for currency conversion			(692,536)	(1.7)		(495,448)	(1.1)	197,087		(642,192)	(1.6)
VI. Treasury stocks			(1,436,181)	(3.5)		(103,087)	(0.2)	1,333,094		(1,962,602)	(4.7)
Total shareholders' equity			36,243,465	88.0		39,473,899	88.6	3,230,434		37,010,269	89.5
Total liabilities, minority interest and shareholders' equity			41,171,630	100.0		44,536,399	100.0	3,364,769		41,361,854	100.0

(2) Interim Consolidated Statements of Income

(In thousand yen)

Account	Annotation	Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)			Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)			Difference	Summary of Consolidated Statement of Income of FY2005 (April 1, 2003 to March 31, 2004)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)		Amount	Amount	Ratio (%)
I. Net sales			9,568,139	100.0		10,235,806	100.0	667,666		20,171,280	100.0
II. Cost of sales			5,618,513	58.7		5,792,094	56.6	173,580		11,918,293	59.1
Gross profit			3,949,625	41.3		4,443,711	43.4	494,086		8,252,987	40.9
III. Selling, general and administrative expenses	*1		1,457,958	15.3		1,778,147	17.4	320,188		2,963,092	14.7
Operating income			2,491,667	26.0		2,665,564	26.0	173,897		5,289,895	26.2
IV. Non-operating income											
1. Interest income and dividends		5,906			9,787				14,250		
2. Foreign exchange gains		29,761			46,479				38,728		
3. House rent received		19,175			19,123				38,249		
4. Depopulating areas grant		-			-				29,144		
5. Other non-operating income		16,717	71,561	0.8	20,143	95,533	0.9	23,972	43,026	163,399	0.8
V. Non-operating expenses											
1. Interest paid		9,485			6,787				17,119		
2. Stock issuing costs		1,292			450				1,292		
3. Expenses for new overseas business		35,049			16,994				51,325		
4. Other non-operating expenses		20,057	65,885	0.7	25,222	49,454	0.4	(16,431)	41,192		0.5
Ordinary income			2,497,342	26.1		2,711,643	26.5	214,301		5,342,363	26.5
VI. Extraordinary income											
1. Amortization of difference caused by change of accounting principle for employee retirement benefits		2,661	2,661	0.0	-	-	-	(2,661)	5,323	5,323	0.0
VII. Imperiment losses											
1. Losses on retirement of fixed assets		1,325			13,964				67,371		
2. Losses from write-down of investment in securities		461			-				-		
3. Losses from write-down of golf club memberships		-			185				-		
4. Allowance for retirement benefits for directors and auditors		11,150	12,937	0.1	-	14,149	0.1	1,211	11,150	78,521	0.4
Income before income tax			2,487,067	26.0		2,697,494	26.4	210,427		5,269,165	26.1
Income, inhabitant and business taxes		1,006,724			1,106,197				2,139,916		
Adjustments for income and other taxes		(11,633)	995,090	10.4	(58,295)	1,047,902	10.3	52,811	(842)	2,139,073	10.6
Minority interest in net income			2,955	0.0		9,748	0.1	6,793		6,890	0.0
Net income			1,489,021	15.6		1,639,843	16.0	150,821		3,123,200	15.5

(3) Interim Consolidated Statements of Income

(In thousand yen)

Account	Annotation	Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)		Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)		Difference	Summary of Consolidated Statement of Income of FY2005 (April 1, 2003 to March 31, 2004)	
		Amount		Amount			Amount	
(Capital surplus)								
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
(Retained earnings)								
I	Retained earnings at beginning of the term							
	1. Consolidated retained earnings at beginning of period		22,301,749		22,605,441	2,303,661		22,301,749
II	Increase in retained earnings							
	Net income	1,489,021	1,489,021	1,639,843	1,639,843	150,821	3,123,200	3,123,200
III	Decrease in retained earnings							
	1. Dividends	369,067		564,938			774,939	
	2. Bonuses to directors and auditors	44,600		49,000			44,600	
	3. Transfer to legal reserve	-	413,667	593,500	1,207,438	793,771	-	819,539
IV	Interim retained earnings at the end of the (interim) term		23,377,104		25,037,815	1,660,711		24,605,411

(4) Interim Consolidated Statements of Cash Flows

(In thousand yen)

Account	Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Difference	Summary of Consolidated Statement of Income of FY2005 (April 1, 2003 to March 31, 2004)
	Amount	Amount		Amount
I. Cash flows from operating activities				
Net income before income tax	2,487,067	2,697,494		5,269,165
Depreciation and amortization	494,748	471,509		1,009,746
Increase or decrease in allowance for doubtful accounts	(42)	1,047		48
Increase in allowance for employee retirement benefits	50,047	33,787		95,889
Interest and dividends received	(5,906)	(9,787)		(14,250)
Interest paid	9,485	6,787		17,119
Losses on valuation of investment securities	461	-		-
Increase or decrease in accounts receivable-trade	53,204	(315,363)		(203,167)
Increase in inventories	(344,887)	(425,600)		(526,175)
Increase in trade payables	112,141	16,835		294,448
Decrease in consumption tax and other taxes payable	(50,773)	(17,441)		(47,586)
Payments of bonuses to directors and auditors	(44,600)	(49,000)		(44,600)
Others	(92,157)	(120,894)		108,375
Subtotal	2,668,787	2,289,374	(379,413)	5,959,012
Interest and dividend received	5,906	9,787		14,250
Interest expenses paid	(9,485)	(6,787)		(17,119)
Income and other taxes paid	(1,261,012)	(941,937)		(2,476,406)
Cash flows provided by operating activities	1,404,196	1,350,437	(53,759)	3,479,737
II. Cash flows from investing activities				
Payments for purchase of tangible fixed assets	(330,764)	(486,546)		(902,122)
Proceeds from sales of fixed assets	-	-		269,831
Payments for purchase of investment securities	-	(1,451,700)		-
Payment for loans receivable	(1,200)	(217)		(1,518)
Proceeds from collection of loans receivable	22,752	4,998		27,493
Others	(5,500)	(200)		(65,191)
Cash flows used in investing activities	(314,712)	(1,933,665)	(1,618,953)	(671,508)
III. Cash flows from financing activities				
Net decrease in short-term loans payable	-	(27,655)		(411,629)
Proceeds from sales of treasury stocks	-	1,270,000		-
Payment for acquisition of treasury stocks	(24,389)	(3,984)		(550,810)
Payments for dividends	(369,006)	(564,199)		(774,904)
Cash flows used in financing activities	(393,395)	674,161	1,067,557	(1,737,344)
IV. Conversion differential of cash and cash equivalents	95,275	143,849	48,573	210,946
V. Increase in cash and cash equivalents	791,363	234,781	(556,581)	1,281,830
VI. Balance of cash and cash equivalents at beginning of term	18,153,378	19,435,209	1,281,830	18,153,378
VII. Balance of cash and cash equivalents at the end of (the interim) term	18,944,742	19,669,990	725,248	19,435,209

Basic conditions to prepare Consolidated Interim Financial Statements

Term	Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)
1. Matters relating to the scope of consolidation	Consolidated subsidiary companies are the following six. Ariake Food System Co., Ltd. A.C.C. Co., Ltd. Ariake U.S.A., Inc. Qingdao Ariake Foodstuff Co., Ltd. F. P. Natural Ingredients (S.A.S.) 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.A., Inc. Qingdao Ariake Foodstuff Co., Ltd. F. P. Natural Ingredients (S.A.S.) 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.A., Inc. Qingdao Ariake Foodstuff Co., Ltd. F. P. Natural Ingredients (S.A.S.) F. P. N. BELGIUM (N.V.)
2. Non-consolidated subsidiary companies	There is no affiliated companies accounted for by the equity method.	Same as left	Same as left
3. Matters relating to business year of consolidated subsidiaries	The closing date of Ariake U.S.A., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients (S.A.S.) 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 date to the interim consolidated book closing date are adjusted according to consolidation requirements.	Same as left	The closing day of Ariake U.S.A., 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 date 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, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)
	<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, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)
	<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 (ii)Allowance for employee bonuses The Company reserves the estimated amount of the bonuses to prepare for payment to employees. (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 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. 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 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, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)
	<p>(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</p> <p>(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 Coordination 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</p> <p>(8)Other important matters to prepare Interim Financial Statements Accounting of the consumption tax The Company applies the tax-exclusion accounting method</p>	<p>(6)Accounting of lease transactions Same as left</p> <p>(7)Hedge accounting methods (i) Methods of hedge accounting Same as left</p> <p>(ii) Measures of hedging and targets of hedging Same as left</p> <p>(iii) Policies on hedging Same as left</p> <p>(iv) Methods to assess effectiveness of hedging Same as left</p> <p>(8)Other important matters to prepare Interim Financial Statements Accounting of the consumption tax Same as left</p>	<p>(6)Accounting of lease transactions Same as left</p> <p>(7)Hedge accounting methods (i) Methods of hedge accounting Same as left</p> <p>(ii) Measures of hedging and targets of hedging Same as left</p> <p>(iii) Policies on hedging Same as left</p> <p>(iv) Methods to assess effectiveness of hedging Same as left</p> <p>(8)Other important matters to prepare Financial Statements Accounting of the consumption tax Same as left</p>

Term	Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)
		(9)Changes in important matters fundamental to the preparation of Interim Financial Statements (Accounting standards for the impairment of fixed assets) Beginning with the current interim consolidated accounting period, the Company is applying accounting standards for the impairment of fixed assets (“Opinions on Accounting Standards for Impairment of Fixed Assets” (Business Accounting Council, August, 9, 2002) and “Guidelines for the Application of Accounting Standards Pertaining to the Impairment of Fixed Assets” (Corporate Accounting Standards Application Guidelines, Issue 6, October 31, 2003)). Application of these standards will have no impact on income.	
5.Scope of cash in 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

Changes in Method of Presentation

Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)
(Interim Consolidated Statements of Income) Until the prior interim consolidated accounting period, “House rent received” was included under “Other non-operating income.” However, because it came to exceed 10% of non-operating income, the Company decided to present it as a separate item under “Non-operating income.” “House rent received” for the previous interim consolidated accounting period was 19,751,000 yen.	

Notes

Notes on the Consolidated Balance Sheet

At the end of the Previous Consolidated Interim Period (As of September 30, 2004)	At the end of the Current Consolidated Interim Period (As of September 30, 2005)	At the end of FY2005 (As of March 31, 2004)
*1. Accumulated amount of depreciation of investments in real estates Investments in real estates 51,378 thousand yen	*1. Accumulated amount of depreciation of investments in real estates 76,879 thousand yen	*1. Accumulated amount of depreciation of investments in real estates 72,614 thousand yen

Notes on the Consolidated Statements of Income

Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)
*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 247,923 thousand yen Packing and transportation expenses 551,312 thousand yen Depreciation costs 42,472 thousand yen Additions to allowance for employee bonuses 50,427 thousand yen Additions to allowance for employee retirement benefits 15,678 thousand yen	*1. Major items accounted in Selling, general and administrative expenses are as follows: Salary, benefits and bonuses 520,943 thousand yen Packing and transportation expenses 935,610 thousand yen Depreciation costs 95,279 thousand yen Additions to allowance for employee bonuses 35,469 thousand yen Additions to allowance for employee retirement benefits 31,799 thousand yen

On the Statements of Cash Flows

Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)
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 thousand yen	Relation between the ending balance of cash and cash equivalents and the accounts on the Interim Consolidated Balance Sheets (As of September 30, 2005) Cash and time deposits 19,669,990 thousand yen Cash and cash equivalents 19,669,990 thousand yen	Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets (As of March 31, 2005) Cash and time deposits 19,435,209 thousand yen Cash and cash equivalents 19,435,209 thousand yen

1. (Lease transactions)

Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)																																				
<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"> <thead> <tr> <th></th> <th style="text-align: center;">Amount equal to purchase price</th> <th style="text-align: center;">Amount equal to accumulated depreciation costs</th> <th style="text-align: center;">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"> <thead> <tr> <th></th> <th style="text-align: center;">Amount equal to purchase price</th> <th style="text-align: center;">Amount equal to accumulated depreciation costs</th> <th style="text-align: center;">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;">48,803</td> <td style="text-align: center;">13,223</td> <td style="text-align: center;">35,580</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">48,803</td> <td style="text-align: center;">13,223</td> <td style="text-align: center;">35,580</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	48,803	13,223	35,580	Total	48,803	13,223	35,580	<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"> <thead> <tr> <th></th> <th style="text-align: center;">Amount equal to purchase price</th> <th style="text-align: center;">Amount equal to accumulated depreciation costs</th> <th style="text-align: center;">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;">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	Other tangible fixed assets	42,650	19,284	23,366	Total	42,650	19,284	23,366
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<p>(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense</p> <p style="text-align: right;">(In thousand yen)</p> <table> <tbody> <tr> <td style="text-align: left;">Lease charges paid</td> <td style="text-align: right;">4,259</td> </tr> <tr> <td style="text-align: left;">Amount equal to depreciation cost</td> <td style="text-align: right;">3,359</td> </tr> <tr> <td style="text-align: left;">Amount equal to interest expense</td> <td style="text-align: right;">268</td> </tr> </tbody> </table>	Lease charges paid	4,259	Amount equal to depreciation cost	3,359	Amount equal to interest expense	268	<p>(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense</p> <p style="text-align: right;">(In thousand yen)</p> <table> <tbody> <tr> <td style="text-align: left;">Lease charges paid</td> <td style="text-align: right;">5,726</td> </tr> <tr> <td style="text-align: left;">Amount equal to depreciation cost</td> <td style="text-align: right;">5,308</td> </tr> <tr> <td style="text-align: left;">Amount equal to interest expense</td> <td style="text-align: right;">582</td> </tr> </tbody> </table>	Lease charges paid	5,726	Amount equal to depreciation cost	5,308	Amount equal to interest expense	582	<p>(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense</p> <p style="text-align: right;">(In thousand yen)</p> <table> <tbody> <tr> <td style="text-align: left;">Lease charges paid</td> <td style="text-align: right;">7,693</td> </tr> <tr> <td style="text-align: left;">Amount equal to depreciation cost</td> <td style="text-align: right;">6,514</td> </tr> <tr> <td style="text-align: left;">Amount equal to interest expense</td> <td style="text-align: right;">535</td> </tr> </tbody> </table>	Lease charges paid	7,693	Amount equal to depreciation cost	6,514	Amount equal to interest expense	535																		
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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)

At the end of the Previous 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

At the end of the Current Consolidated Interim Period (As of September 30, 2005)

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

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
(1) Stocks	1,696,187	1,871,882	175,694
(2) Bonds			
Government bond and local government bond	—	—	—
Corporate bond	—	—	—
Others	—	—	—
(3) Others	—	—	—
Total	1,696,187	1,871,882	175,694

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

	Amount Recorded on Interim Consolidated Balance Sheet
(1) Other securities Unlisted stocks (excluding OTC stocks)	16,500

At the end of FY2005 (As of March 31, 2005)

1. Other securities with market price

(In thousand yen)

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
(1) Stocks	246,177	380,212	134,034
(2) Bonds			
Government bond and local government bond	—	—	—
Corporate bond	—	—	—
Others	—	—	—
(3) Others	—	—	—
Total	246,177	380,212	134,034

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)

At the end of the Previous Consolidated Interim Period (As of September 30, 2004)

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

At the end of the Current Consolidated Interim Period (As of September 30, 2005)

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

At the end of FY2005 (As of March 31, 2005)

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, 2004 to September 30, 2004), Current Consolidated Interim Period (April 1, 2005 to September 30, 2005), and Previous Consolidated Fiscal Year (April 1, 2004 to March 31, 2005)

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, 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

Current Consolidated Interim Period (April 1, 2005 to September 30, 2005) (In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
I Net sales					
(1) Sales to external customers	9,659,531	576,274	10,235,806	—	10,235,806
(2) Internal sales or transfers between segments	27,831	772,101	799,933	(799,933)	—
Total	9,687,363	1,348,376	11,035,739	(799,933)	10,235,806
Operating expenses	7,195,396	1,219,775	8,415,172	(844,930)	7,570,241
Operating income	2,491,966	128,600	2,620,567	44,997	2,665,564

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

FY2005 (April 1, 2004 to March 31, 2005)

(In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
Net sales					
(1) Sales to external customers	19,109,909	1,061,371	20,171,280	—	20,171,280
(2) Internal sales or transfers between segments	50,865	1,342,657	1,393,523	(1,393,523)	—
Total	19,160,774	2,404,029	21,564,804	(1,393,523)	20,171,280
Operating expenses	13,980,329	2,265,367	16,245,697	(1,364,311)	14,881,385
Operating income	5,180,445	138,661	5,319,106	(29,211)	5,289,895

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 FY2005(April 1, 2004 to September 30, 2004), interim closing for FY2005(April 1, 2005 to September 30, 2005), and FY2005(April 1, 2004 to March 31, 2005) is less than 10% of consolidated sales, description is omitted.

(Important Subsequent Events)

Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)	Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)	FY2005 (April 1, 2004 to March 31, 2005)
		<p>(Disposal of Treasury Stock) The Company's Board of Directors resolved in its meeting of June 6, 2005 to dispose of treasury stock. An overview of this resolution is provided below.</p> <ol style="list-style-type: none">1. Purpose of Disposal The Company will transfer some of its shares to Ohsho Food Service Corporation, one of its customers, to strengthen the cooperative relationship with that company.2. Details of Disposed Shares Common shares 500,000 shares3. Disposal Price Per share 2,540 yen4. Total Disposal Price 1,270,000,000 yen5. Settlement Date June 23, 2005 <p>(Regarding the Issuance of Warrants) In the 27th regular General Shareholders' Meeting held on June 16, 2005, the Company resolved, as described below, to issue stock options according to the provisions of Articles 280.20 and 280.21 (Stock Warrants) of the Commercial Code.</p> <ol style="list-style-type: none">1. Type of shares to be issued Common shares2. Eligible Employees and Number of Shares Optioned Up to 300,000 shares will be optioned to the Company's directors and employees.3. Exercise Price The exercise price will be the average of the daily closing prices (including quotes, same applies below) for the Company's common shares (excluding days on which there were no transactions) traded on the Tokyo Stock Exchange during the month prior to the month in which the warrants were issued, multiplied by a factor of 1.02, with amounts less than one yen rounded up.4. Warrant Issue Period Warrants may be issued during the period beginning July 1, 2006 and ending June 30, 2009.5. Other Details of the stock option system are provided in "4. Status of the Issuing Company, 1. Status of Shares, etc., (7) Details of the Stock Option System."

5. Breakdown of Sales by Product

(In thousand yen)

Term Classification		Previous Consolidated Interim Period (April 1, 2004 to September 30, 2004)		Current Consolidated Interim Period (April 1, 2005 to September 30, 2005)		FY2005 (April 1, 2004 to March 31, 2005)	
		Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Product	Liquid soup	2,216,761	23.2	2,161,616	21.1	4,456,798	22.1
	Liquid natural seasonings	4,742,541	49.6	5,503,328	53.8	10,327,096	51.2
	Powdered natural seasonings	1,554,618	16.2	1,399,511	13.6	3,161,966	15.7
	Others	452,027	4.7	478,854	4.7	921,024	4.5
	Subtotal	8,965,949	93.7	9,543,310	93.2	18,866,885	93.5
Merchandise	Liquid natural seasonings	568,461	5.9	656,998	6.4	1,228,852	6.1
	Powdered natural seasonings	33,728	0.4	35,497	0.4	75,542	0.4
	Subtotal	602,189	6.3	692,495	6.8	1,304,395	6.5
Total		9,568,139	100.0	10,235,806	100.0	20,171,280	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.