

Financial Report for the Year Ended March 31, 2007

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
 Scheduled date of annual general meeting of shareholders: June 15, 2007
 Scheduled date of securities report submission: June 18, 2007
 Scheduled date of dividend payment commencement: June 18, 2007

(Amounts under one million yen are rounded down.)

1. Results for the Year Ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(1) Consolidated business results * Percentage figures represent changes from previous year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2007	22,449	3.2	5,466	(5.5)	5,300	(9.7)	3,110	(11.1)
FY2006	21,761	7.9	5,781	9.3	5,871	9.9	3,499	12.0

	Net income per share		Net income per share/diluted		Return on shareholders' equity		Ordinary income to total assets		Ordinary income to sales	
	Yen	%	Yen	%	%	%	%	%	%	%
FY2007	95.50	—	—	—	7.3	—	10.8	—	24.3	—
FY2006	105.52	—	—	—	8.9	—	13.3	—	26.6	—

Reference: Investment profit/ loss on equity method: FY2007 ¥ — million FY2006 ¥ — million

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Millions of yen	%	Millions of yen	%	%	%	Yen	%
FY2007	50,827	—	43,396	—	85.4	—	1,339.05	—
FY2006	46,905	—	41,564	—	88.6	—	1,266.47	—

Reference: Shareholders' equity: FY2007 ¥ 43,202 million FY2006 ¥ 41,564 million

(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2007	3,213	—	(10,384)	—	(921)	—	12,928	—
FY2006	4,195	—	(3,670)	—	(29)	—	20,335	—

2. Dividends

Record date	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on shareholders' equity ratio (Consolidated)
	End of 1st quarter	End of 1st half	End of 3rd quarter	Year-end	Annual			
FY2007	Yen —	Yen 15.00	Yen —	Yen 15.00	Yen 30.00	millions of yen 983	% 28.4	% 2.5
FY2006	—	15.00	—	15.00	30.00	975	31.4	2.3
FY2008(projection)	—	15.00	—	15.00	30.00	—	35.4	—

3. Forecast consolidated business results for the Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

* Percentage figures represent changes from previous year figures and from same period of previous year for interim period figures.

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	%
Mid-term	11,650	13.8	2,253	(15.5)	2,361	(12.9)	1,368	(16.6)	42.39	—
Full-year	24,450	8.9	4,515	(17.4)	4,745	(10.5)	2,749	(11.6)	85.21	—

4. Others

(1) Significant changes in subsidiaries during the year under review (changes in specific subsidiaries involving changes in scope of consolidation): None

Note: For more details, please see Page 11, "Outline of the Business Group".

(2) Changes in accounting principles, procedures, the display method of presentation associated with preparation of the consolidated financial statements (matters to be included in the section, "Change in Basic conditions to prepare Consolidated Financial Statements")

1) Changes due to revisions of accounting standards, etc.: Yes

2) Change other than 1): No

Note: For more details, please see Page 28, "Change in Basic conditions to prepare Consolidated Financial Statements".

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at fiscal year end (including treasury stock):

FY2007 32,808,683 shares FY2006 32,808,683 shares

2) Number of treasury stock at fiscal year end:

FY2007 545,347 shares FY2006 29,906 shares

Note: For the number of shares that is the basis for the calculation of consolidated net income per share, please see Page 39, "Per share data".

(Reference)

1. Results for the year ended March 31, 2007 (April 1, 2006 - March 31, 2007)

(1) Non-consolidated business results

* Percentage figures represent changes from previous year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2007	19,752	0.0	5,012	(6.0)	4,945	(8.9)	2,872	(9.6)
FY2006	19,762	5.1	5,333	3.5	5,426	4.0	3,178	3.3

	Net income per share		Net income per share/diluted	
	Yen		Yen	
FY2007	88.19		—	
FY2006	95.71		—	

(2) Non-consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
FY2007	47,630		42,396		89.0		1,314.07	
FY2006	46,544		41,686		89.6		12,70.18	

Reference: Shareholders' equity:

FY2007 ¥ 42,396 million

FY2006 ¥ 41,686 million

2. Forecast non-consolidated business results for the Year Ended March 31, 2008 (April 1, 2007 - March 31, 2008)

* Percentage figures represent changes from previous year figures and from same period of previous year for interim period figures.

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Mid-year	10,030	5.6	2,097	(15.5)	2,240	(11.4)	1,305	(13.2)	40.44	
Full-year	21,050	6.6	4,400	(12.2)	4,700	(5.0)	2,738	(4.7)	84.86	

*** Explanation about the proper use of financial projections and other important notes**

Forecasts described above have been made based on information available as of the date of announcement and likely include factors which are uncertain. Actual results may be different from these forecasts due to various factors. For more information regarding the forecasts, see page7.

1. Business Results

I. Analysis of Business results

1. Business conditions for the year ended March 2007

(Consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2007	22,449	5,466	5,300	3,110	95.50
FY2006	21,761	5,781	5,871	3,499	105.52
Growth Rate	3.2%	(5.5%)	(9.7%)	(11.1%)	—

(Non-consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2007	19,752	5,012	4,945	2,872	88.19
FY2006	19,762	5,333	5,426	3,178	95.71
Growth Rate	0.0%	(6.0%)	(8.9%)	(9.6 %)	—

(1) Overall performance for the Year Ended March 2007

Supported by private demand including the recovery in corporate earnings and increased capital investment, the Japanese economy began to recover in this consolidated fiscal year. However, the uncertainty about the future is growing strong, as the improved employment situation has failed to help grow individual earnings and sustained soaring oil prices and the rise in prices of related products have imposed pressure on corporate earnings.

In the food industry, in addition to these problems, the falling prices on account of competition and frequent arising issues of food safety and security have made the business environment extremely difficult.

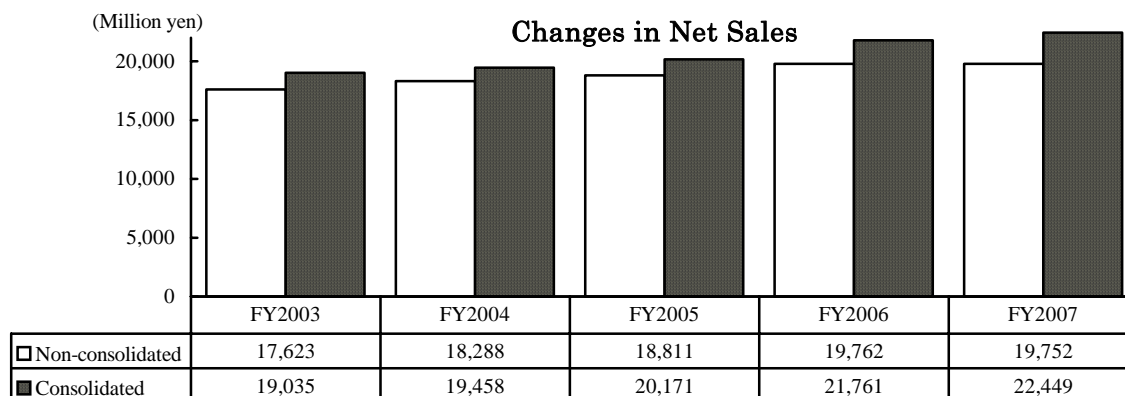
In this environment, as a leading manufacturer in the field of natural seasonings, the Group is working to expand existing businesses and actively develop new business fields. In addition, it has established a thorough ongoing structure to control quality and safety-hygiene to ensure “food safety” and “high quality”, and the whole group is devoted to increasing profits so as to achieve stable growth despite the current deflation.

In particular, our newly built plant next to the No.2 Kyushu Plant started its operations in April, 2007. With this capital investment, we intend to increase the present production capacity by about 1.5 times due to the replacement of the No.1 Kyushu Plant and the installment of the latest technology to meet all our customer’s needs.

In our European operations, our fully owned subsidiaries, F.P. Natural Ingredients S.A.S. in France and F.P.N.I. BELGIUM N.V. in Belgium, have invested 43 million euro in construction of the plants for manufacturing and sales of natural soup, which are scheduled to start their operations in July 2007. Concerning our operations in China, against the background of the rapidly expanding seasonings business in China, our Chinese subsidiary (Qingdao Ariake Foodstuff Co, Ltd.) decided to invest approximately 80 million yuan in construction of a new plant, in addition to its current plant, which is scheduled to start its operations in July 2007.

In the U.S., the U.S. subsidiary (ARIAKE U.S.A., Inc.) has steadily expanded both demand and earnings, and, in response to the future business plans, has decided to construct a new factory. Through the implementation of these plans, we will be able to firmly advance “the New Five-year Long-term Management Plan.”

Net Sales



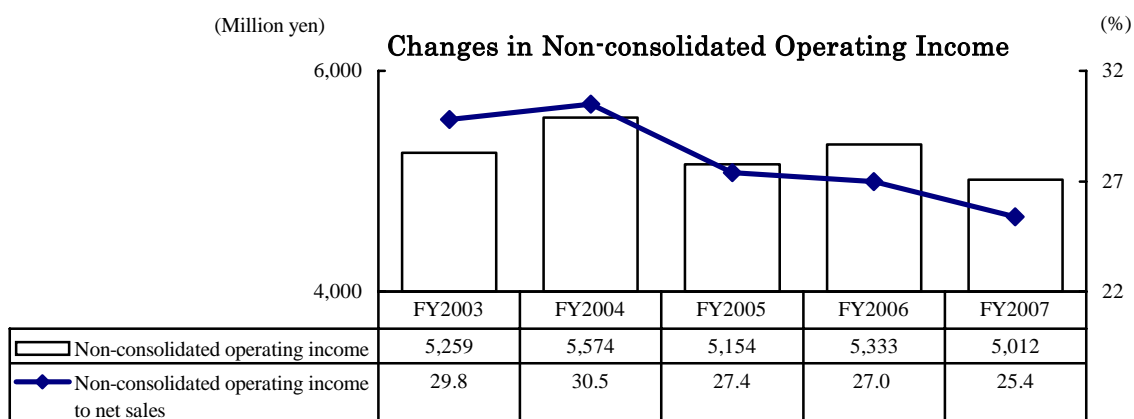
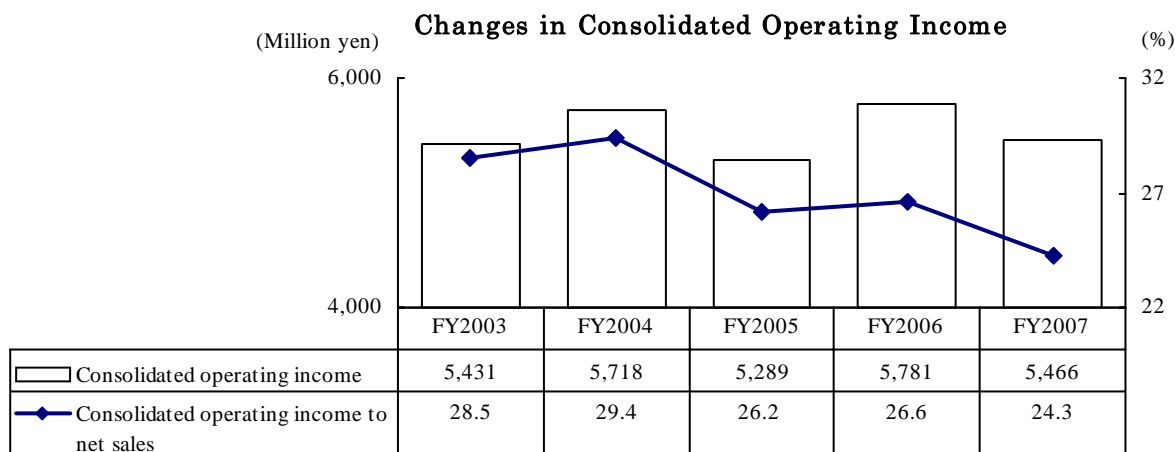
In Japan (Ariake Japan Co., Ltd.), fierce competition in the food industry and changeable weather resulted in flat performance across the Company's segments. In particular, in the processed food sector, the Group has actively expanded its operations into the areas of prepared foods and daily dishes, with the result decreasing slightly over the previous year. The instant noodle sector also has similar results. On the other hand, the Group has developed its restaurant industry related operations in cooperation with other companies, and has increased sales through new efforts.

The sales decreased by 4.0% and 5.2% year on year in the processed food sector and instant noodle sector respectively, while the restaurant industry sector saw 6.0% rise. Therefore, overall net sales remained unchanged over the previous year.

Regarding business results for consolidated subsidiaries, overseas subsidiaries implemented a strategy to increase sales to processed food and instant noodle manufacturers. As a result, sales increased by 34.9% year on year.

Therefore, consolidated net sales increased by 3.2% (687 million yen) year on year, to 22,449 million yen. In addition, non-consolidated sales were 19,752 million yen, and remained unchanged over the previous year.

Operating Income

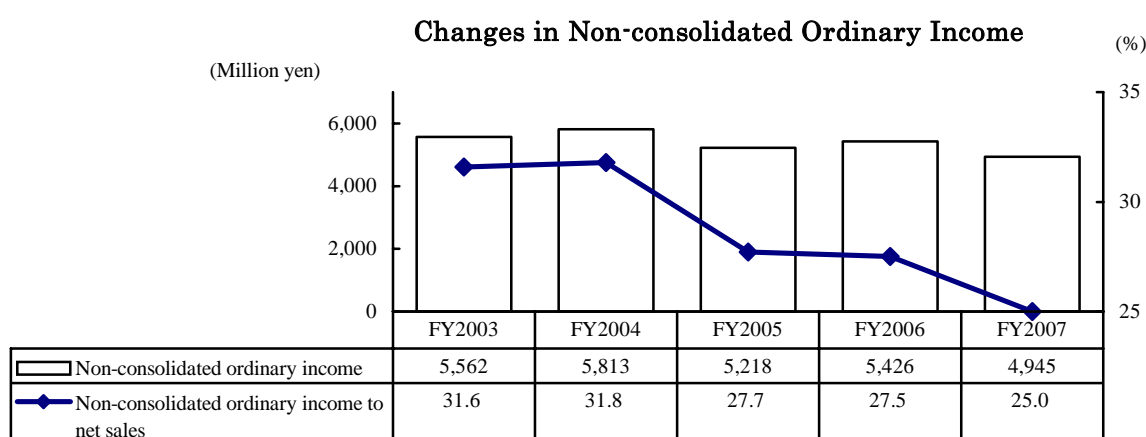
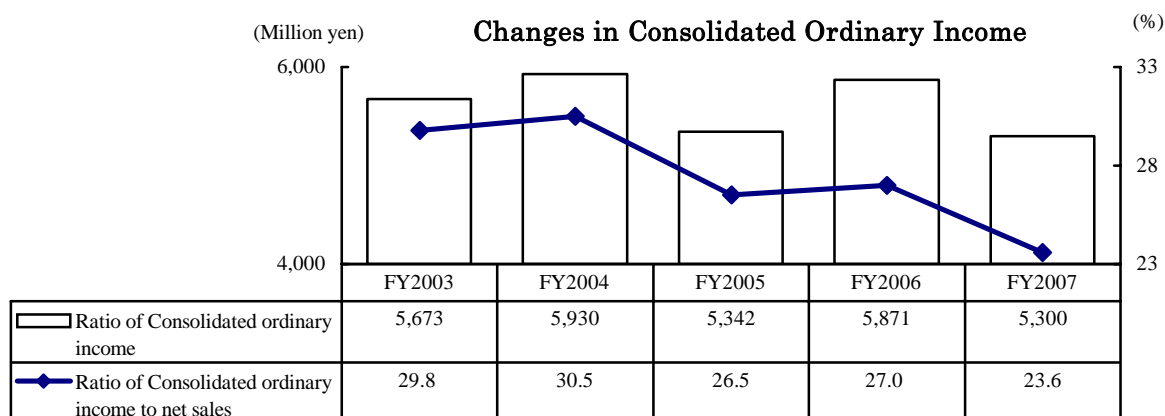


Consolidated operating income decreased by 315 million yen year on year, to 5,466 million yen. The Company strived to increase profitability by reducing costs and aggressively making capital investments.

However, the Company was affected by various factors including increased energy costs following the rise in oil prices, while recording increased cost to reinforce sales personnel (approximately 70 million yen) and directors' bonus (approximately 52 million yen). Therefore, non-consolidated operating income decreased by 6.0% year on year, to 5,012 million yen.

In addition, although overseas consolidated subsidiaries dramatically increased earnings by aggressively expanding sales, the operating cost increased due to the implementation of the strategies of Ariake Japan Co., Ltd. Therefore, consolidated operating income decreased by 5.5% year on year, to 5,466 million yen, and the Group recorded a consolidated operating income to net sales ratio of 24.3%.

Ordinary Income



Consolidated ordinary income was 5,300 million yen (decrease by 571 million yen year on year). Although aggressive efforts were made to reduce costs, the cost for establishing two overseas branches (approximately 67 million yen) was recorded as well as non-operating loss of approximately 66 million yen including the cost for new establishment and expansion in No.2 Kyushu plant (approximately 60 million yen). Therefore, with non-consolidated ordinary income decreasing by 480 million yen year on year, to 4,945 million yen, which was slightly increased than planned, seeing the decrease by 8.9% year on year.

Since the decrease in ordinary income of Ariake Japan Co., Ltd. and the Company's contribution to the plant construction cost for European subsidiaries (approximately 139 million yen) contributed to the non-operating loss of approximately 165 million yen, consolidated ordinary income was 5,300 million yen which was in line with our plan. The Group recorded an ordinary income to net sales ratio of 23.6%.

Since Ariake Japan Co., Ltd. retired the fixed asset (approximately 41 million yen) in relation to the new establishment and expansion in No.2 Kyushu plant, consolidated net income was 3,110 million yen (decrease by 388 million yen year on year). Non-consolidated net income was 2,872 million yen (decrease by 306 million yen year on year).

2. Forecast for the year ending March 2008

(Forecast for consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2008	24,450	4,515	4,745	2,749	85.21
FY2007	22,449	5,466	5,300	3,110	95.50
Growth Rate	8.9%	(17.4%)	(10.5%)	(11.6%)	—

(Forecast for non-consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2008	21,050	4,400	4,700	2,738	84.86
FY2007	19,752	5,012	4,945	2,872	88.19
Growth Rate	6.6%	(12.2%)	(5.0%)	(4.7%)	—

(1) Forecast for business results for the year ending March 2008

Our economic outlook for the next fiscal year predicts generally stable corporate earnings as well as no increase in earnings despite the improved employment situation, while various negative news items including the aging society and concerns of falling prices as a result of fierce competition among corporations continue to exist.

The Group is making efforts to stimulate demand by strongly appealing to concerns over “food safety and health.” However, in a situation where an overall consumption of food has a tendency to be stagnant, the economy in our food industry is harsh and the current situation of almost no growth will continue.

In this situation, the Group will promote a firm growth strategy by steadfastly implementing the newly formulated “The New Five-year Long-term Management Plan (from FY2006 to FY2010).” We will put our full efforts into creation of a corporate structure which will be able to produce stable revenues even in an era of low growth and plan to achieve sales and profits in accordance with the plan.

In order to reach the targets in the plan, the Group is aggressively implementing various measures. In particular, the Company is completing its major capital investment in new establishment and expansion in the No. 2 Kyushu Plant, and the construction of plants by two European subsidiaries and new plants in China. The group has also finalized the strategies to strengthen its management, which were implemented in FY2006, and the establishment of two overseas branches. With these strategies fully operating, the group will facilitate the efficiency of the business. With the Company's contribution to amortization cost in relation to major capital investment (approximately 1.4 billion yen) accruing this year, ordinary income will decrease over the previous year. Yet, this contribution is part of the initial long-term business plan, and will certainly become one of the main contributors to the income for the following years.

For the Group, the outlook for the year ending March 2008 is 24,450 million yen in consolidated net sales (year on year increase by 8.9%) and 4,745 million yen in consolidated ordinary income (year on year decrease by 10.5%).

On a non-consolidated basis, the outlook is 21,050 million yen in net sales (year on year increase by 6.6%) and 4,700 million yen in ordinary income (year on year decrease by 5.0%).

II. Analysis of Financial Condition

(1) Overview of the Year Ended March 2007

(In million yen)

	FY2006	FY2007	Difference
Cash flows from operating activities	4,195	3,213	(982)
Cash flows from investing activities	(3,670)	(10,384)	(6,714)
Cash flows from financing activities	(29)	(921)	(892)
Increase/decrease in cash and cash equivalents	900	(7,407)	(8,307)
Balance of cash and cash equivalents at beginning of term	19,435	20,335	900
Balance of cash and cash equivalents at end of term	20,335	12,928	(7,407)

— Regarding financial conditions at the end of the current fiscal year, as a result of a decrease of 7,407 million yen in cash deposit and an increase of 10,461 million yen in fixed assets compared to the end of the previous fiscal year, total assets are 50,827 million yen. Shareholders' equity is 42,126 million yen due to a 2,076 million yen increase in retained earnings.

— Cash flows from operating activities are 3,213 million yen (year on year decrease of 982 million yen).

— Cash flows from investing activities

For the current fiscal year, there was a net outflow of 10,384 million yen (year on year increase of 6,714 million) as a result of a 9,909 million yen outlay for capital investments and a 595 million outlay for the acquisition of subsidiaries' shares.

— Cash flows from financing activities

For the current fiscal year, there was a net outflow of 921 million yen (year on year increase of 892 million yen) as a result of a 983 million yen outlay for dividends and a 1,176 million outlay for the acquisition of treasury stocks.

(2) Outlook for the year ending March 2008

– Cash flows from operating activities

Despite the harsh business environment, we expect to achieve target sales and profits for the next fiscal year, and to see an increase in income as well.

– Cash flows from investing activities

With regard to capital investment, expenses of approximately 4,000 million yen would be used for (two) overseas subsidiaries' plan for Europe and constructions in the U.S. and China.

– Cash flows from financing activities

To improve capital efficiency and provide return to stockholders, we will continue flexible operation by actively acquiring treasury stocks and so on in consideration of the business environment and other factors.

In addition, since it appears that it will be possible to meet earnings targets, we will continue to pay the present common dividend of 30 yen per share annually.

Therefore, we expect the closing balance of cash and cash equivalents for the next fiscal year to slightly increase over the closing balance for this fiscal year.

(3) Cash Flow Indicators

	FY2003	FY2004	FY2005	FY2006	FY2007
Shareholders' equity ratio (%)	84.5	87.6	89.5	88.6	85.4
Shareholders' equity ratio based on current value (%)	220.1	249.6	209.2	245.3	153.9
Amortization term (years)	0.2	0.2	0.1	0.0	0.4
Interest coverage ratio	129.9	170.3	203.3	304.0	186.6

Shareholders' equity ratio: equity capital / total assets

Shareholders' equity 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 based on final stock price at term end × number of share outstanding at term end (after deduction of treasury stock).

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

III. Basic policy regarding distribution of earnings and Dividends for Fiscal 2007 and 2008

The Company considers that appropriate distribution of earnings to the shareholders is one of the most important management priorities. Therefore, the Company has been based on the principle of paying dividends consistent with its business performance. The Company has pursued a policy of paying substantial stable dividends by considering various indicators in proportion to the growth of the business. At the same time, the Company has paid attention to the anticipated business environment and long-term business development and maintained ample internal reserves to strengthen the business quality.

Specifically, with the objective of achieving a stable distribution of profits, the Company has been paying dividends based on Dividend on Equity (DOE) for shareholders' capital investments.

We have determined that DOE is an effective method to ensure directly a high dividend rate for our shareholders. The Company will endeavor to increase DOE by 2.5% in the long term with management efforts.

To expand business activities, accumulated earnings are held for the strategic investment and loan for expanding the natural seasoning sector in accordance with "the New Five-year Long-term Management Plan" which started in FY2005, as well as for the increase in stock value through expeditious and flexible utilization of treasury stocks which started in October 2006.

Although we faced a harsh environment in this fiscal year, "the New Five-year Long-term Management Plan" has progressed steadily and the business result has come to reflect the strategies. To show our gratitude to our shareholders for their support, we plan to consult the general shareholders meeting in June 2007 regarding the payout of year-end dividend of 15 yen per share, in the hope of receiving their continuous support.

As to annual dividends, taking into consideration that steady progress is steadily made by implementing the measures included in the Company's New Five-year Long-term Management Plan and that healthy profits are recorded in the long term, the Company will strive to continue to pay the present common dividend of 30 yen per share.

2. Outline of the Business Group

Outline of the Business Group

The Ariake Group is comprised of Ariake Japan Co., Ltd. (the “Company”), seven consolidated subsidiaries, and one non-consolidated company. Its main business is the manufacture and sale of natural seasoning products. The Company and three of its subsidiaries are located in Japan, and the five remaining subsidiaries, overseas. The following is an outline of the business operations of the various group companies.

Ariake Japan Co., Ltd. (The company issuing the consolidated financial statements)

The Company manufactures the production of natural seasonings and imports products from its three overseas subsidiaries. The Company mainly sells these products to domestic customers. F. P. Natural Ingredients S.A.S., a French subsidiary and F.P.N.I. BELGIUM N.V., a Belgian subsidiary plan to manufacture natural soup stocks and sell them mainly to customers in Europe and the U.S.

Domestic Subsidiaries

Dear.SOUP Co., Ltd. manufactures natural soup for sales to domestic users.
A.C.C. Co., Ltd. leases portions of building owned by the parent company and operates convenience stores.

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.

Taiwan Tong Hsing Foods Co., Ltd. manufactures natural seasonings for the sales in Taiwan, China, and Southeast Asia and supplies to the parent company.

Note that the name of this company was changed to Taiwan Ariake Foods Co., Ltd. in May 2007.

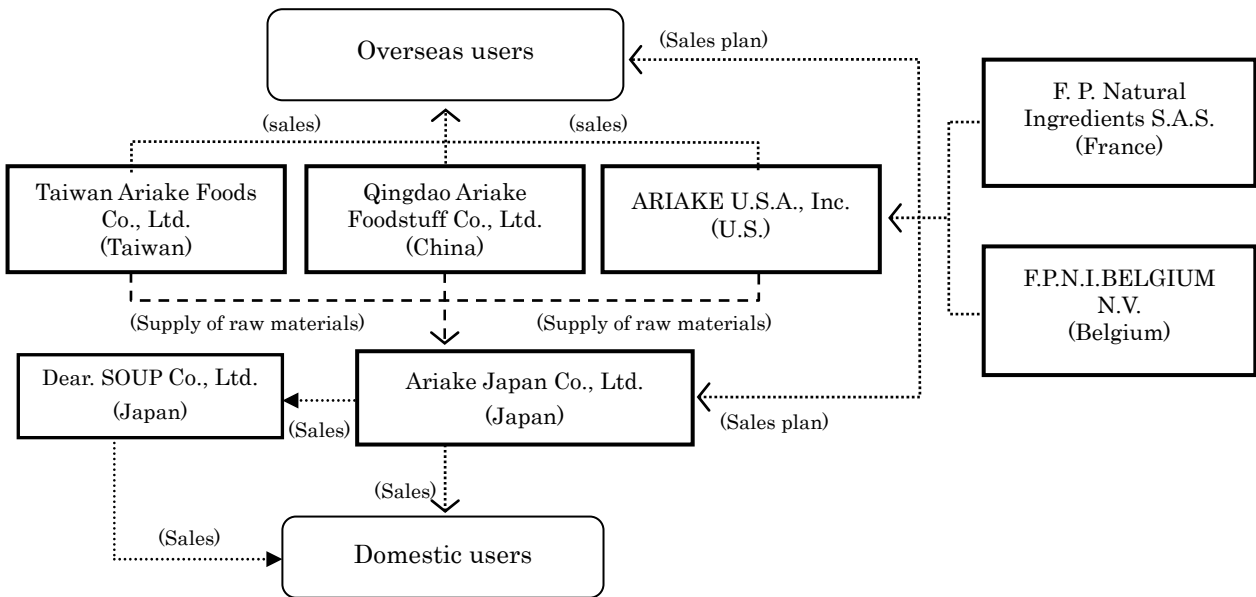
F. P. Natural Ingredients S.A.S. plans to manufacture natural soup stocks and sell them mainly to customers in Europe and the U.S.

F.P.N.I. BELGIUM N.V. plans to manufacture natural soup stocks and sell them mainly to customers in Europe and the U.S.

Non-consolidated domestic Subsidiaries

We established Ariake Farm Co., Ltd. capitalized at 15 million yen (9.9% of which held by the Company) in August 9, 2005 to be engaged in the agricultural business of Ariake Japan Co., Ltd.

As of date that the financial report was submitted (May 16, 2007), the major companies of the Group and the relationships among them are shown in the diagram below.



3. Business Strategy

1. Basic business policy

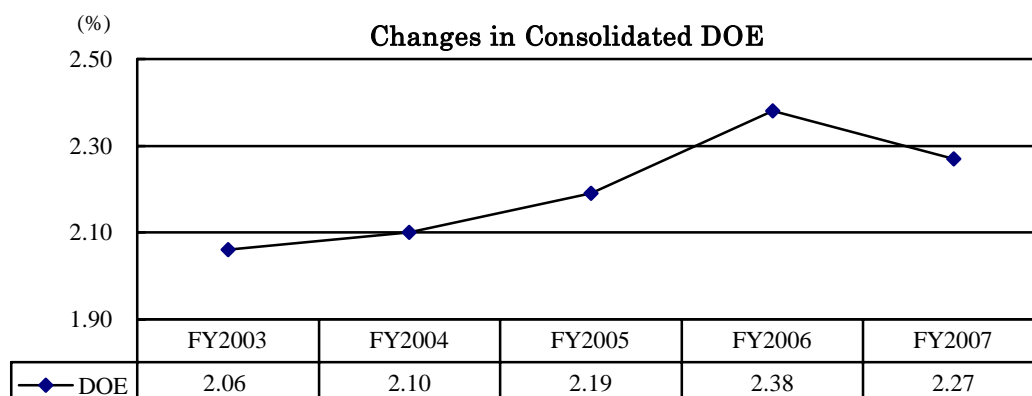
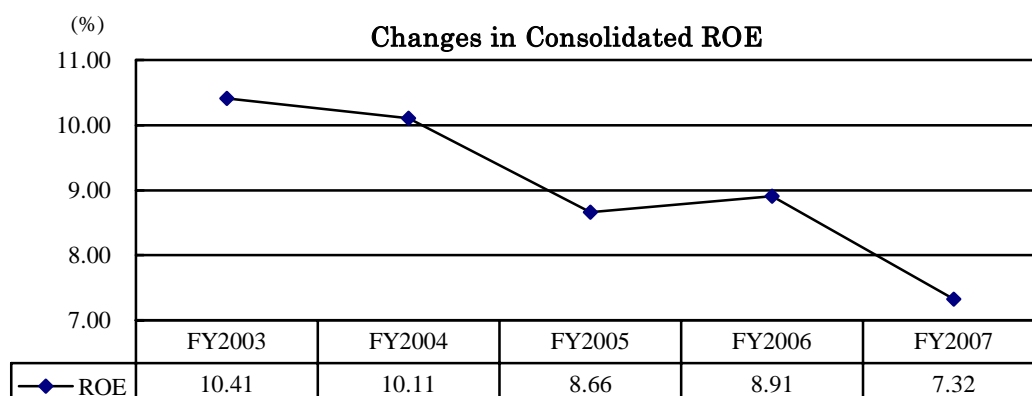
As a leading company in the field of natural seasonings, the Group bases its activities on the following three management concepts:

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 and precisely develop businesses that meet the needs of the times, based on the concept of the customer creed.
3. The Group will aim to maximize shareholders' value through businesses to be 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 and easy to use" and try hard to improve quality of products by achieving technological reform while ensuring food safety by control of safety and hygiene. In this way, the Group will advance resolutely toward the goal of increasing profitability.

2. Key management indicator

In order to ensure corporate management that is attractive to shareholders by maximizing return on capital investments, 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 long term management plan and has set a long-term target of 12.0% for ROE and 2.5% for DOE achieving the "New Five-year Long-term Management Plan".



3. Mid- and Long-term business plan

The Group continues to operate on the basis of a mid- and long-term management plan. While the food industry in Japan is a mature market, the natural seasoning market is expected to expand as a result of various measures taken by the Company. In addition, as part of its basic business strategy, which is founded on the assumptions that there is insufficient domestic supply of raw materials to meet the expected increase in demand and there is a high potential of global expansion of the business, the Group constructed a new plant next to the No. 2 Kyushu Plant which has been operation since April 2007.

Overseas, the Group owns natural seasonings manufacturing and sales companies in both the U.S. (ARIAKE U.S.A., Inc.) and China (Qingdao Ariake Foodstuff Co., Ltd.), and with an eye on European markets, it has decided to expand into the manufacturing and sales of natural soup stock. The Group established the wholly-owned subsidiary F.P. Natural Ingredients S.A.S. in France, and created the wholly-owned subsidiary F.P.N.I. BELGIUM N.V. in Belgium. At present, the construction processes are underway and scheduled to be completed in July 2007. In addition, in order to handle the rapidly expanding Chinese and Southeast Asian markets, a new business base (Taiwan Ariake Foods Co., Ltd.) was established in Taiwan to contribute to the expansion of the businesses. Dear.SOUP Co., Ltd. was also established to manufacture natural soup for sales to the users in rapidly growing overseas and domestic markets.

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

1. Extend our operations from a natural seasonings-specialized manufacturer to a comprehensive seasonings manufacturer in order to increase corporate value
2. Expand demand by thoroughly pursuing the domestic market and develop the global market
3. Grow into 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 the contracting market due to a declining birthrate and a growing proportion of elderly people
- (2) Achieve high-quality products through aggressive capital investment with technical innovation and low-cost
- (3) Aggressively promote our overseas strategy
- (4) Implement effective capital policies which increased 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

We believe that our responsibility to the investors that have invested in the Company is to increase shareholders' value with the steady accumulation of results by yearly plans based on this long-term vision and the establishment of a profit foundation. This approach represents the essence of our management policies.

4. Issues which the Company needs to address

Assuming considerable worldwide growth of the natural seasoning business, the Group is currently working on details of "the New Five-year Long-term Management Plan." Implementing this long term management plan requires a total fund of 160 million yen. We will consider the details of this required amount such as procurement through shareholder's equity and capital market depending on the situation. We emphasize that the success in this natural seasoning business will contribute to the broad food market and bring about a stable growth in the revenue base of the Company.

5. Other important matters relating to the business of the Company
Not applicable.

6. Matters relating to the parent company
Not applicable.

4. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(In thousand yen)

Account	Annotation	FY2006 (As of Mar. 31, 2006)		FY2007 (As of Mar. 31, 2007)		Difference from previous year end
		Amount	Ratio (%)	Amount	Ratio (%)	
(Assets)						
I. Current assets						
1. Cash and time deposits		20,335,457		12,928,393		(7,407,064)
2. Notes and accounts receivable	*5	4,649,526		5,033,634		384,107
3. Inventories		3,141,945		3,198,661		56,715
4. Deferred tax assets		176,949		124,596		(52,353)
5. Other current assets		186,022		672,109		486,086
6. Allowance for doubtful accounts		(2,822)		(9,525)		(6,703)
Total current assets		28,487,078	60.7	21,947,868	43.2	(6,539,210)
II. Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structure		10,169,859		10,503,564		
Accumulated depreciation		4,971,884	5,197,974	5,385,581	5,117,983	(79,990)
(2) Machines, devices, and delivery equipment		13,268,183		13,333,112		
Accumulated depreciation		10,314,494	2,953,688	10,686,867	2,646,245	(307,443)
(3) Land			4,160,926		4,568,269	407,342
(4) Construction in progress			1,995,113		12,565,234	10,570,121
(5) Other fixed assets		789,307		796,300		
Accumulated depreciation		693,331	95,975	689,378	106,922	10,947
Total tangible fixed assets			14,403,678		25,004,655	10,600,977
2. Intangible fixed assets			116,609		139,937	23,328
3. Investments and other assets						
(1) Investments in securities	*1		2,461,837		2,064,574	(397,262)
(2) Long-term loans receivable			75,572		58,470	(17,101)
(3) Investments in real estate	*2		567,935		570,156	2,221
(4) Other investments			801,793		1,042,111	240,318
(5) Allowance for doubtful accounts			(9,003)		(254)	8,749
Total investments and other assets			3,898,134	8.3	3,735,060	(163,074)
Total fixed assets			18,418,422	39.3	28,879,654	10,461,231
Total assets			46,905,501	100.0	50,827,522	3,922,021

(In thousand yen)

Account	Annotation	FY2006 (As of Mar. 31, 2006)		FY2007 (As of Mar. 31, 2007)		Difference from previous year end
		Amount	Ratio (%)	Amount	Ratio (%)	
(Liabilities)						
I. Current liabilities						
1. Notes and accounts payable	*5	1,554,753		1,651,945		97,191
2. Short-term loans payable		115,118		1,397,154		1,282,036
3. Income taxes payable		1,280,954		899,302		(381,651)
4. Allowance for employee bonuses		145,848		166,410		20,561
5. Allowance for directors' bonuses		—		52,300		52,300
6. Other current liabilities		1,218,668		2,225,118		1,006,449
Total current liabilities		4,315,343	9.2	6,392,230	12.6	2,076,887
II. Fixed liabilities						
1. Long-term loans payable		—		20,000		20,000
2. Allowance for employee retirement benefits		564,487		605,346		40,858
3. Deferred tax liabilities		95,063		188,542		93,478
4. Others		213,976		225,067		11,090
Total fixed liabilities		873,527	1.9	1,038,955	2.0	165,427
Total liabilities		5,188,871	11.1	7,431,186	14.6	2,242,315
(Minority interests)						
Minority interest		152,228	0.3	—	—	(152,228)
(Shareholders' equity)						
I. Common stock	*3	7,095,096	15.1	—	—	(7,095,096)
II. Capital surplus		7,833,869	16.7	—	—	(7,833,869)
III. Retained earnings		26,405,408	56.3	—	—	(26,405,408)
IV. Unrealized gains on investments in securities		450,873	0.9	—	—	(450,873)
V. Adjustment account for foreign currency exchange		(111,756)	(0.2)	—	—	111,756
VI. Treasury stocks	*4	(109,089)	(0.2)	—	—	109,089
Total shareholders' equity		41,564,402	88.6	—	—	(41,564,402)
Total liabilities, minority interest and shareholders' equity		46,905,501	100.0	—	—	(46,905,501)

(In thousand yen)

Account	Annotation	FY2006 (As of Mar. 31, 2006)		FY2007 (As of Mar. 31, 2007)		Difference from previous year end
		Amount	Ratio (%)	Amount	Ratio (%)	
(Net assets)						
I. Shareholders' equity						
1. Common stock		—	—	7,095,096	14.0	7,095,096
2. Capital surplus		—	—	7,833,869	15.4	7,833,869
3. Retained earnings		—	—	28,481,472	56.0	28,481,472
4. Treasury stocks		—	—	(1,284,247)	(2.5)	(1,284,247)
Total shareholders' equity		—	—	42,126,189	82.9	42,126,189
II. Unrealized gains and adjustments						
1. Unrealized gains on other securities		—	—	217,960	0.4	217,960
2. Deferred gains on hedges		—	—	280,295	0.6	280,295
3. Adjustment account for foreign currency exchange		—	—	577,703	1.1	577,703
Total unrealized gains and adjustments		—	—	1,075,959	2.1	1,075,959
III. Minority interest		—	—	194,187	0.4	194,187
Total net assets		—	—	43,396,336	85.4	43,396,336
Total liabilities and net assets		—	—	50,827,522	100.0	50,827,522

(2) Consolidated Statements of Income

(In thousand yen)

Account	Annotation	FY2006 (From April 1, 2005 to March 31, 2006)		FY2007 (From April 1, 2006 to March 31, 2007)		Difference from previous year end		
		Amount	Ratio (%)	Amount	Ratio (%)			
I. Net sales			21,761,293	100.0		22,449,081	100.0	687,787
II. Cost of sales			12,387,839	56.9		13,104,269	58.4	716,430
Gross profit			9,373,454	43.1		9,344,812	41.6	(28,642)
III. Selling, general and administrative expenses	*1&2		3,592,051	16.5		3,878,654	17.3	286,603
Operating income			5,781,403	26.6		5,466,157	24.3	(315,246)
IV. Non-operating income								
1. Interest income and dividends		22,176				38,147		
2. Exchange gain on foreign currency		89,409				52,877		
3. House-rent received		32,712				25,522		
4. Other non-operating incomes		36,304	180,603	0.8	47,399	163,947	0.7	(16,656)
V. Non-operating expenses								
1. Interest paid		13,800				17,224		
2. New stock issuing expense		450				—		
3. Expenses for new overseas business		40,610				139,885		
4. Expenses for new overseas branch		—				67,956		
5. New factory expenses		—				60,591		
6. Other non-operating expenses		35,206	90,067	0.4	43,984	329,642	1.4	239,574
Ordinary income			5,871,939	27.0		5,300,462	23.6	571,477
VI. Extraordinary gains								
1. Gain on sales of property, plant and equipment	*3	15,647				781		
2. Gain on sales of investment securities		—	15,647	0.1	28,639	29,421	0.1	13,773
VII. Extraordinary losses								
1. Loss on retirement of fixed assets	*4	17,492				41,167		
2. Loss on sales of investment securities		—				17,366		
3. Loss on revaluation of golf-club memberships		335				—		
4. Loss on asset impairment		45,239				—		
5. Loss on maintenance of overseas sale network		84,621				2,896		
6. Loss on cancellation of executive insurance policies		—	147,688	0.7	8,016	69,446	0.3	(78,241)
Income before income taxes			5,739,898	26.4		5,260,436	23.4	(479,461)
Income, inhabitant and business taxes		2,344,742			2,089,588			
Adjustments for income and other taxes		(128,131)	2,216,611	10.2	34,577	2,124,166	9.4	(92,445)
Minority interest in net income			24,139	0.1		25,552	0.1	1,412
Net income			3,499,147	16.1		3,110,718	13.9	(388,428)

(3) Consolidated Statements of Changes in Retained Earnings and
Shareholders' Equity

Consolidated Statements of Retained Earnings

(In thousand yen)

		FY2006 (From April 1, 2005 to March 31, 2006)	
Account	Annotation	Amount	
(Capital surplus)			
I. Capital surplus at beginning of term			7,833,869
II. Capital surplus at end of term			7,833,869
(Retained earnings)			
I. Retained earnings at beginning of term			24,605,411
II. Increase in retained earnings			
Net income		3,499,147	3,499,147
III. Decrease in retained earnings			
1. Dividends		1,056,649	
2. Bonus for directors and auditors		49,000	
3. Gain on disposal of treasury stocks		593,500	1,699,149
IV. Retained earnings at end of term			26,405,408

Consolidated Statements of Changes in Shareholders' Equity (Summary)

FY 2007 (From April 1, 2006 to March 31, 2007)

(In thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stocks	Total shareholder's equity
Balance as of March 31, 2006	7,095,096	7,833,869	26,405,408	(109,089)	41,225,284
Amount of fluctuation during the consolidated fiscal year					
Dividend from retained earnings (Note 1)	—	—	(983,352)	—	(983,352)
Bonuses for directors (Note 2)	—	—	(51,100)	—	(51,100)
Net income	—	—	3,110,718	—	3,110,718
Acquisition of treasury stocks	—	—	—	(1,176,174)	(1,176,174)
Disposal of treasury stocks	—	—	(202)	1,015	813
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)	—	—	—	—	—
Total amount of fluctuation during the consolidated fiscal year	—	—	2,076,063	(1,175,158)	900,904
Balance as of March 31, 2007	7,095,096	7,833,869	28,481,472	(1,284,247)	42,126,189

	Unrealized gains and adjustments				Minority interest	Total net assets
	Unrealized gains on other securities	Deferred gains on hedges	Adjustment account for foreign currency exchange	Total unrealized gains on other securities		
Balance as of March 31, 2006	450,873	—	(111,756)	339,117	152,228	41,716,630
Amount of fluctuation during the consolidated fiscal year						
Dividend from retained earnings (Note 1)	—	—	—	—	—	(983,352)
Bonuses for directors (Note 2)	—	—	—	—	—	(51,100)
Net income	—	—	—	—	—	3,110,718
Acquisition of treasury stocks	—	—	—	—	—	(1,176,174)
Disposal of treasury stocks	—	—	—	—	—	813
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)	(232,913)	280,295	689,459	736,841	41,959	778,801
Total amount of fluctuation during the consolidated fiscal year	(232,913)	280,295	689,459	736,841	41,959	1,679,706
Balance as of March 31, 2007	217,960	280,295	577,703	1,075,959	194,187	43,396,336

Notes:

1. Dividend from retained earnings of 491,681 thousand yen and interim dividend of 491,671 thousand yen as appropriation of surplus at the regular general meeting of shareholders in June, 2006.
2. The items as appropriation of surplus at the regular general meeting of shareholders in June, 2006.

(4) Consolidated Statements of Cash Flows

(In thousand yen)

		FY2006 (From April 1, 2005 to March 31, 2006)	FY2007 (From April 1, 2006 to March 31, 2007)
Account	Annotation	Amount	Amount
I. Cash flows from operating activities			
Net income before income taxes		5,739,898	5,260,436
Depreciation and amortization		1,011,245	973,019
Amortization for goodwill		—	19,662
Loss on asset impairment		45,239	—
Increase or decrease in allowance for doubtful accounts		1,430	(2,045)
Increase in allowance for employee retirement benefits		60,779	40,858
Increase in allowance for employee bonuses		5,345	20,561
Increase in allowance for directors' bonuses		—	52,300
Interest and dividends received		(22,176)	(38,147)
Interest paid		13,800	17,224
Exchange gain on foreign currency		(135,435)	(102,388)
Gain on sales of investment securities		—	(28,639)
Gain on sales of fixed assets		(21,470)	—
Loss on disposal of fixed assets		16,671	41,167
Loss or sales of investment securities		—	17,366
Increase or decrease in accounts receivable		(50,395)	(274,430)
Increase or decrease in inventories		(389,960)	4,440
Increase or decrease in accounts payable		(9,187)	44,067
Increase in consumption tax and other taxes payable		(78,479)	(274,394)
Decrease or increase in other assets		8,937	(109,216)
Increase in other liabilities		76,954	47,919
Payments of bonuses to directors and auditors		(49,000)	(51,100)
Subtotal		6,224,180	5,658,662
Interest and dividend income received		22,176	38,147
Interest expenses paid		(13,800)	(17,224)
Income tax and other taxes paid		(2,036,694)	(2,466,181)
Cash flows provided by operating activities		4,195,861	3,213,404
II. Cash flows from investing activities			
Payments for purchase of tangible fixed assets		(2,440,372)	(9,909,347)
Payments for purchase of intangible fixed assets		(4,161)	(9,819)
Proceeds from sales of fixed assets		224,492	1,060
Payments for purchase of investment securities		(1,451,700)	(17,838)
Proceeds from sales of investment securities		—	39,473
Payment for purchase of shares of subsidiaries		—	(595,702)
Payment for transfer of business		—	(211,104)
Payment for loans receivable		(10,218)	(2,082)
Proceeds from collection of loans receivable		11,583	20,149
Proceeds from subsidy		—	220,981
Others		—	79,648
Cash flows used in investing activities		(3,670,377)	(10,384,580)

		FY2006 (From April 1, 2005 to March 31, 2006)	FY2007 (From April 1, 2006 to March 31, 2007)
Account	Annotation	Amount	Amount
III. Cash flows from financing activities			
Net decrease or increase in short-term loans payable		(233,188)	1,217,147
Proceeds from long-term loans payable		—	20,000
Proceeds from sales of treasury stocks		1,270,000	813
Payments for acquisition of treasury stocks dividends paid		(9,986)	(1,176,174)
Cash flows used in financing activities		(1,056,195)	(983,346)
IV. Exchange difference of cash and cash equivalents		(29,370)	(921,559)
V. Increase in cash and cash equivalents		404,134	685,671
VI. Cash and cash equivalents at beginning of term		900,248	(7,407,064)
VII. Cash and cash equivalents at end of term		19,435,209	20,335,457
		20,335,457	12,928,393

Basic conditions to prepare Consolidated Financial Statements

Term	Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
1. Matters relating to the scope of consolidation	<p>(1) Consolidated subsidiary companies are the following five. 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.I. BELGIUM N.V. Ariake Food System Co., Ltd., which was a consolidated subsidiary in the previous fiscal year, was merged with the Company on July 1, 2005, and therefore is no longer within the scope of consolidation.</p> <p>(2) Main non-consolidated subsidiaries: Ariake Farm Co., Ltd. Reason excluded from the scope of consolidation: The non-consolidated subsidiary Ariake Farm is a small firm, and their total assets, sales, net income and retained earnings (corresponding to equity) do not have a significant influence on the consolidated financial statements.</p>	<p>(1) Consolidated subsidiary companies are the following seven: 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.I. BELGIUM N.V. Taiwan Ariake Foods Co., Ltd. (旧 Taiwan Tong Hsing Foods Co., Ltd.) Dear. SOUP Co. Ltd. As we acquired new shares in Taiwan Ariake Foods Co., Ltd. and newly established Dear.SOUP Co., Ltd in this consolidated fiscal year, these companies are included in the consolidation.</p> <p>(2) Main non-consolidated subsidiaries: Ariake Farm Co., Ltd. Reason excluded from the scope of consolidation: Same as left</p>
2. Matters related to subsidiaries and affiliates adopting the equity method	<p>(1) Number and names of companies adopting equity method: None Affiliated companies: None</p> <p>(2) Non-consolidated subsidiaries that are not using the equity method: Considering the net income (corresponding to equity) and retained earnings (corresponding to equity), Ariake Farm has an insignificant influence on consolidated financial statements. Since it is not financially important overall, it has been excluded from the scope of application of the equity method.</p>	<p>(1) Number and names of companies adopting equity method: None Affiliated companies: None</p> <p>(2) Non-consolidated subsidiaries that are not using the equity method: Same as left</p>
3. Matters relating to business year of consolidated subsidiaries	<p>The closing day of ARIAKE U.S.A., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients S.A.S. and F. P. N. I. BELGIUM N.V. is December 31. Although the Company uses all the subsidiaries' interim financial statements as of December 31 to prepare the consolidated financial statements, any significant transactions accrued from that date to the interim consolidated book closing day are adjusted according to consolidation requirements.</p>	<p>The closing day of ARIAKE U.S.A., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients (S.A.S.), F. P. N. BELGIUM (N.V.) and Taiwan Ariake Foods Co., Ltd. is December 31. Although the Company uses all the subsidiaries' interim financial statements as of December 31 to prepare the consolidated financial statements, any significant transactions accrued from that date to the interim consolidated book closing day are adjusted according to consolidation requirements.</p>

Term	Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
4.Matters relating to accounting standards	<p>(1) Standard and method of evaluating important assets</p> <p>(i) Securities</p> <p>Other Securities</p> <p>(a) Securities with market price</p> <p>Mark-to-market method based on the market price as of the closing day of accounts (all the revaluation differences are incorporated directly into the capital stock and costs for sale are computed with the moving average method)</p> <p>(b) Securities without market price</p> <p>Cost method under the moving average method</p> <p>(ii) Derivatives</p> <p>Mark-to-market method</p> <p>(iii) Major inventories</p> <p>(a) Products</p> <p>Mainly cost method under the identified cost method</p> <p>(b) Materials</p> <p>Mainly cost method under the moving average method</p> <p>(c) Work in progress</p> <p>Mainly cost method under the identified cost method</p> <p>(2) Important depreciation method for depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>(a) Domestic corporations :</p> <p style="padding-left: 40px;">Declining balance method</p> <p>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. Useful lives of major assets are as follows:</p> <p style="padding-left: 40px;">Buildings and structures: 7-50 years</p> <p style="padding-left: 40px;">Machines, devices and delivery equipment: 4-9 years</p> <p>(b) Overseas subsidiaries :</p> <p style="padding-left: 40px;">Primarily straight-line method based on the estimated useful life</p> <p>(ii) Intangible fixed assets</p> <p>Straight-line method</p> <p>As for software for own use, straight-line method for internally available period (5 years) is applied</p> <p>(iii) Investments in real estate</p> <p>Declining balance method</p> <p>(3) Important depreciation method for accounting of deferred assets</p> <p>New stock issuing expense</p> <p>All expenses are posted as payment.</p>	<p>(1) Standard and method of evaluating important assets</p> <p>(i) Securities</p> <p>Other Securities</p> <p>(a) Securities with market price</p> <p>Mark-to-market method based on the market price as of the closing day of accounts (all the revaluation differences are incorporated directly into the net assets and costs for sale are computed with the moving average method)</p> <p>(b) Securities without market price</p> <p>Same as left</p> <p>(ii) Derivatives</p> <p>Same as left</p> <p>(iii) Major inventories</p> <p>(a) Products</p> <p>Same as left</p> <p>(b) Materials</p> <p>Same as left</p> <p>(c) Work in progress</p> <p>Same as left</p> <p>(2) Important depreciation method for depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>(a) Domestic corporations :</p> <p style="padding-left: 40px;">Declining balance method</p> <p>Same as left</p> <p>(b) Overseas subsidiaries :</p> <p style="padding-left: 40px;">Primarily straight-line method based on the estimated useful life</p> <p>(ii) Intangible fixed assets</p> <p>Straight-line method</p> <p>Same as left</p> <p>(iii) Investments in real estate</p> <p>Declining balance method</p> <p>(3) Important depreciation method for accounting of deferred assets</p> <p>New stock issuing expense</p>

Term	Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
	<p>(4) Standards for allowances</p> <p>(i) Allowance for doubtful accounts To prepare against losses from bad debts, the amount estimated based on the actual loss ratio is reserved for ordinary receivables, and the amount of possible losses is included in the reserve based on consideration of the collectibility of individual doubtful accounts</p> <p>(ii) Allowance for employee bonuses Except for the overseas subsidiaries, the Company reserves the estimated amount of the bonuses to prepare for payment to employees.</p> <p>(iii)</p> <hr/> <p>(iv) Allowance for employee retirement benefits To prepare for payment of benefits to retired 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. 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 reported as expense from the following fiscal year.</p> <p>(5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen which is applied when preparing Consolidated Financial Statements Receivables and payables denominated in foreign currencies are converted to Japanese yen using the closing spot exchange rate for the closing day of the consolidated period, and differences are 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 are included in the adjustment account for currency conversion under minority interests and shareholders' equity.</p> <p>(6) Accounting of lease transactions Financial 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>(4) Standards for allowances</p> <p>(i) Allowance for doubtful accounts Same as left</p> <p>(ii) Allowance for employee bonuses Same as left</p> <p>(iii) Reserve for directors' bonus The company has reserved and recorded as this fiscal year's company's contribution a part of the estimated amount of directors' bonus to prepare for payment to directors.</p> <p>(iv) Allowance for employee retirement benefits To prepare for payment of benefits to retired 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. 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 reported as expense from the following fiscal year. Past employment obligations are treated as expense, employing periodically fixed amount calculated on the basis of (5) years within average remaining employment period of an employee at the time of accruing.</p> <p>(5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen which is applied when preparing Consolidated Financial Statements Receivables and payables denominated in foreign currencies are converted to Japanese yen using the closing spot exchange rate for the closing day of the consolidated period, and differences are 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 are included in the adjustment account for currency conversion under minority interests and net assets.</p> <p>(6) Accounting of lease transactions Same as left</p>

Term	Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
	<p>(7) Hedge accounting methods</p> <p>(i) Methods of hedge accounting Deferred hedge accounting is used. Allocation accounting is applied to foreign-currency-denominated liabilities with exchange contracts</p> <p>(ii) Measures of hedging and targets of hedging Measures of hedging : Currency swaps Targets of hedging : Purchase liabilities following imports of materials from overseas subsidiaries with possible losses due to exchange fluctuations.</p> <p>(iii) Policies on hedging Based on the basic policies approved by the Management Committee of the Company, the Management Administration Department is in charge of controlling and executing trading, and regularly reporting to the Management Committee. Counter-parties of trading are limited to high-quality financial institutions.</p> <p>(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 cash flow fluctuations of the measures of hedging, and the effectiveness is assessed according to these fluctuations.</p> <p>(8) Other important matters to prepare Financial Statements</p> <p>(i) Accounting of the consumption tax The Company applies the tax-exclusion accounting method.</p>	<p>(7) Hedge accounting methods</p> <p>(i) Methods of hedge accounting Same as left</p> <p>(ii) Measures of hedging and targets of hedging Measures of hedging : Currency swaps 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</p> <p>(i) Accounting of the consumption tax Same as left</p>
5. Matters relating to the assessment of the assets and liabilities of consolidated subsidiaries	With regard to the assessment of the assets and liabilities of consolidated subsidiaries, the Company adopts the overall market value assessment method.	Same as left
6 .Matters relating to the amortization of consolidation account adjustment	With regard to the amortization of consolidation account adjustment, equal amortization has been carried out of a five year period. Note that in respect to minor matters, full amortization is taken at the time incurred.	_____
7. Matters relating to the amortization of goodwill and negative goodwill	_____	5 year period fixed amount is used for amortization of negative goodwill.
8 .Matters relating to the handling of profit appropriation	The consolidated retained earnings statement is prepared based on the profit appropriation finalized during the consolidated accounting period relating to the consolidated profit appropriation.	_____
9.Scope of cash in consolidated statements of cash flows	Cash (cash and cash equivalents) in consolidated statements of cash flows consist of cash on hand, deposit which is 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

Change in Basic conditions to prepare Consolidated Financial Statements

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
<p>Accounting standards related to impairment losses on fixed assets “Statement of Position on the Setting of Accounting Standards Related to Impairment Losses on Fixed Assets,” (Business Accounting Council, August 9, 2002) and “Application Guidelines for Accounting Standards Related to Impairment Losses on Fixed Assets,” (Guideline No. 6 of Application Guidelines for Business Accounting Standards, October 31, 2003) have been applied from this fiscal year.</p> <p>Based on this, income before income taxes falls 45,239 thousand yen.</p> <p>There are no effects on segment information.</p> <p>Accumulated losses are directly deducted from the appropriate asset amount.</p>	<p style="text-align: center;">—————</p>
<p style="text-align: center;">—————</p>	<p>Beginning in this consolidated fiscal year, the Company adopted “Accounting Standards related to Presentation of Net Assets in the Balance Sheet” (Business Accounting Standards No.5, December 9, 2005) and “Application Guidelines for Accounting Standards related to Presentation of Net Assets in the Balance Sheet” (Business Accounting Standards Guidelines No.8, December 9, 2005).</p> <p>To date, the total amount in equity section is 42,921,853 thousand yen.</p> <p>Note that the section of the net asset in the consolidated balance sheet for this consolidated fiscal year has been prepared in accordance with the amended rule on consolidated financial statements.</p>
<p style="text-align: center;">—————</p>	<p>Beginning in this consolidated fiscal year, the Company adopted “Accounting Standards related to Directors’ Bonus” (Business Accounting Standards No.4, November 29, 2005).</p> <p>Therefore, operating income, ordinary income, and net income before taxes have each decreased by 52,300 thousand yen. Note that its effect on the data in the segments is marginal.</p>

Notes

(On the Consolidated Balance Sheets)

Previous Consolidated Fiscal Year (As of March 31, 2006)	Current Consolidated Fiscal Year (As of March 31, 2007)
<p>*1. Items accounted in non-consolidated subsidiaries and affiliated companions are as follows:</p> <p>Investment securities (stock) 1,500 thousand yen</p> <p>*2. Accumulated amount of depreciation of investments in real estates 69,799 thousand yen</p> <p>*3. The Company's total shares outstanding 32,808,683 common shares</p> <p>*4. The total treasury stock held by the Company 526,478 common shares</p> <p>*5. _____</p>	<p>*1. Items accounted in non-consolidated subsidiaries and affiliated companions are as follows:</p> <p>Investment securities (stock) 1,500 thousand yen</p> <p>*2. Accumulated amount of depreciation of investments in real estates 89,625 thousand yen</p> <p>*3. _____</p> <p>*4. _____</p> <p>*5. Accounting treatment of bills at year-end maturity Although the end date of this consolidated fiscal year was a bank holiday, bills at year-end maturity were treated as though these were settled on maturity date. The amounts of bills at year-end maturity are as follows.</p> <p>Bills receivable 104,928 thousand yen</p> <p>Bills payable 115,836 thousand yen</p>

(On the Consolidated Statements of Income)

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
<p>*1. Major items accounted in selling, general and administrative expenses are as follows:</p> <p>Salary, benefits and bonuses 543,118 thousand yen</p> <p>Packing and transportation expenses 1,118,945 thousand yen</p> <p>Depreciation expenses 88,117 thousand yen</p> <p>Allowance for employee bonuses 49,186 thousand yen</p> <p>Allowance for employee retirement benefits 32,173 thousand yen</p> <p>*2. Research and development expenses included in general and administrative expenses 329,451 thousand yen</p> <p>*3. Gain on sales of fixed assets are as follows: Investment in real estate 15,647 thousand yen</p> <p>*4. Loss on disposal of fixed assets are as follows: Machines, devices and delivery equipment 17,492 thousand yen</p>	<p>*1. Major items accounted in selling, general and administrative expenses are as follows:</p> <p>Salary, benefits and bonuses 671,380 thousand yen</p> <p>Packing and transportation expenses 1,098,464 thousand yen</p> <p>Depreciation expenses 86,717 thousand yen</p> <p>Allowance for employee bonuses 49,338 thousand yen</p> <p>Provision of allowance for directors' bonuses 52,300 thousand yen</p> <p>Allowance for employee retirement benefits 24,931 thousand yen</p> <p>*2. Research and development expenses included in general and administrative expenses 307,754 thousand yen</p> <p>*3. Gain on sales of fixed assets are as follows: Machines and devices 781 thousand yen</p> <p>*4. Loss on disposal of fixed assets are as follows: Buildings 3,106 thousand yen Machines, devices and delivery equipment 34,439 thousand yen Others 3,620 thousand yen</p>

(On the Consolidated Statements of Changes in Shareholders' Equity)

1. Items regarding the type and total number of outstanding shares as well as the type and number of shares of treasury stock

(In thousand stock)

	Previous number of Shares (As of March 31, 2006)	Increased number of Shares (April 1, 2006 to March 31, 2007)	Decreased number of Shares (April 1, 2006 to March 31, 2007)	Current number of Shares (As of March 31, 2007)
Outstanding Shares				
Common Stock	32,808	—	—	32,808
Total	32,808	—	—	32,808
Treasury Stock				
Common Stock	29	515		545
Total	29	515		545

Note: The increase in treasury stocks in common stock for 515 thousand shares consists of 513 thousand shares through the board of directors' resolved acquisition of treasury stocks and 1 thousand shares through purchase of fractional stock.

2. Matters regarding new share warrant including new treasury stocks

Not applicable.

3. Items regarding dividends

(1) Amount of paid dividends

Resolution	Type of stock	Total amount of dividends (thousand yen)	Amount of dividends (yen) per share	Base date	Effective date
June 16, 2006 annual meeting of shareholders	Common stock	491,681	15.0	March 31, 2006	June 19, 2006
November 1, 2006 Board of Directors Meeting	Common stock	491,681	15.0	September 30, 2006	December 8, 2006

(2) Dividends for which the reference date falls in this fiscal year and effective date in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Amount of dividends (yen) per share	Base date	Effective date
June 15, 2007 annual meeting of shareholders	Common stock	483,950	Interest surplus	15.0	March 31, 2007	June 18, 2007

(On the Statements of Cash Flows)

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
<p>Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets</p> <p style="text-align: right;">(As of March 31, 2006)</p> <p>Cash and time deposits 20,335,457 thousand yen</p> <p>Time deposits with a deposit term exceeding 3 months —</p> <hr/> <p>Cash and cash equivalents 20,335,457 thousand yen</p>	<p>Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets</p> <p style="text-align: right;">(As of March 31, 2007)</p> <p>Cash and time deposits 12,928,393 thousand yen</p> <p>Time deposits with a deposit term exceeding 3 months —</p> <hr/> <p>Cash and cash equivalents 12,928,393 thousand yen</p>
—————	<p>The breakdown of assets and liabilities of the new consolidated companies through acquisition of stock. The followings are the breakdown of the assets and liabilities of Taiwan Ariake Foods Co., Ltd., a new consolidated company through acquisition of stock, as of commencement date of consolidation, and the acquisition price and spending (net) of shares of the company.</p> <p>Current assets 120,783 thousand yen</p> <p>Fixed assets 610,742</p> <p>Goodwill 98,312</p> <p>Current liabilities (107,108)</p> <p>Fixed liabilities (99,473)</p> <hr/> <p>Payments for acquisition cash and cash equivalents 623,257 (27,554)</p> <hr/> <p>the difference 595,702</p>
—————	<p>The followings are the breakdown of assets increased through transfer of business in this consolidated fiscal year.</p> <p>Current assets 66,443 thousand yen</p> <p>Fixed assets 146,915</p> <hr/> <p>Total assets 213,359</p>

(On the Lease Transactions)

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)				Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)			
1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee (1) Amount equal to purchase price of, amount equal to accumulated depreciation cost of, and amount equal to balance at end of term of leases				1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee (1) Amount equal to purchase price of, amount equal to accumulated depreciation cost of, and amount equal to balance at end of term of leases			
(In thousand yen)				(In thousand yen)			
	Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term
Other tangible fixed assets	71,839	15,935	55,903	Other tangible fixed assets	81,773	28,124	53,648
Total	71,839	15,935	55,903	Total	81,773	28,124	53,648
(2) Amount equal to balance of unexpired lease charges at end of term (In thousand yen)				(2) Amount equal to balance of unexpired lease charges at end of term (In thousand yen)			
Within 1 year 13,829				Within 1 year 14,970			
<u>More than 1 year 42,880</u>				<u>More than 1 year 39,682</u>			
Total 56,710				Total 54,653			
(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense (In thousand yen)				(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense (In thousand yen)			
Lease charges paid 10,896				Lease charges paid 16,352			
Amount equal to depreciation cost 10,120				Amount equal to depreciation cost 15,253			
Amount equal to interest expense 1,120				Amount equal to interest expense 1,491			
(4) Calculation of the amount equal to depreciation cost The straight-line method is applied by assuming the lease period as the useful life, and setting the residual value to 0.				(4) Calculation of the amount equal to depreciation cost Same as left			
(5) Calculation of the amount equal to interest expense 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.				(5) Calculation of the amount equal to interest expense Same as left			
2.				2. Operating lease transaction			
_____				Prepaid lease charges (In thousand yen)			
				Within 1 year 5,312			
				<u>More than 1 year 20,009</u>			
				Total 25,321			
(Asset impairment losses) There are no asset impairment losses attributed to leased assets.				(Asset impairment losses) Same as left			

(On the Securities)

1. Other securities with market price

(In thousand yen)

Category	Item	Previous Consolidated Fiscal Year (As of March 31, 2006)			Current Consolidated Fiscal Year (As of March 31, 2007)		
		Acquisition prices	Amount Recorded on Consolidated Balance Sheets	Difference	Acquisition prices	Amount Recorded on Consolidated Balance Sheets	Difference
Securities of which the amount recorded on the Consolidated Balance Sheets exceeds acquisition cost	(1)Stocks	1,612,829	2,382,503	769,673	1,532,838	1,918,359	385,520
	(2)Bonds	—	—	—	—	—	—
	(3)Others	—	—	—	—	—	—
	Sub Total	1,612,829	2,382,503	769,673	1,532,838	1,918,359	385,520
Securities of which the amount recorded on the Consolidated Balance Sheet is less than acquisition cost	(1)Stocks	83,547	62,834	(20,713)	166,993	143,533	(23,460)
	(2)Bonds	—	—	—	—	—	—
	(3)Others	—	—	—	—	—	—
	Sub Total	83,547	62,834	(20,713)	166,993	143,533	(23,460)
Total		1,696,377	2,445,337	748,959	1,699,832	2,061,892	362,060

2. Securities without market price

(In thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2006)	Current Consolidated Fiscal Year (As of March 31, 2007)
	Amount Recorded on Consolidated Balance Sheet	Amount Recorded on Consolidated Balance Sheet
Other securities		
Unlisted stocks	15,000	1,182

(On the Derivative Transactions)

1. Matters concerning the status of transactions

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
<p>1. Transaction details Currency swaps are undertaken.</p> <p>2. Trading Policy The Company has introduced derivative trading to efficiently carry out risk management while hedging the interest rate and foreign exchange risks that arise financially.</p> <p>3. Objective of Trading The Company utilizes derivative trading with the objective to stabilize raw material costs and to improve the yield on financial assets. Derivative trading is not used for speculative purposes.</p> <p>4. Nature of the Risks Relating to Trading In order to avoid credit risks to the greatest extent possible, the Company only trades with financial institutions that have high credit ratings. There is a market risk relating to future exchange fluctuations with regard to the currency swaps utilized by the Company. However, all of these transactions aim to hedge risks and the Company does not have any transactions which will have a major impact on the Company's business.</p> <p>5. Risk Management System relating to Trading The Company has internal rules relating to decision making and reporting on derivative trading. Operations are strictly undertaken in accordance with these rules.</p> <p>6. Supplemental Explanation concerning Transaction Market Value As the contract price does not necessarily reflect the derivative transaction risk, the notional principle in currency swap transactions does not express the market risk or credit risk.</p>	<p>1. Transaction details Same as left</p> <p>2. Trading Policy Same as left</p> <p>3. Objective of Trading Same as left</p> <p>4. Nature of the Risks Relating to Trading Same as left</p> <p>5. Risk Management System relating to Trading Same as left</p> <p>6. Supplemental Explanation concerning Transaction Market Value Same as left</p>

2. Matters concerning the Transaction Market Value

Hedge accounting is applied to all derivative transactions during previous and current fiscal year, so reporting has been omitted.

(Retirement benefits)

1. Outline of the retirement benefits system employed by the Company

The company uses a lump sum retirement system in combination with a defined benefits pension system.

Note that from the third year the Company adopted a qualified pension plan applicable only to retirees with more than 3 years of continuous employment, but the system was replaced by a defined benefits pension system in September 2006.

2. Retirement allowance payments and their breakdown

(In thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2006)	Current Consolidated Fiscal Year (As of March 31, 2007)
(1) Retirement benefit obligations	(1,084,621)	(1,050,497)
(2) Pension Assets	524,908	560,930
(3) Unfunded Retirement Benefit Obligations (1)+(2)	(559,713)	(489,567)
(4) Unrecognized Actuarial Gain or Loss	(4,773)	(97,173)
(5) Unrecognized Past Employment Obligations (obligation write down)	—	(18,604)
(6) Net amount reported in Consolidated Balance Sheet (3)+(4)+(5)	(564,487)	(605,346)
(7) Prepaid Retirement Expenses	—	—
(8) Accrued Retirement Costs (6)-(7)	(564,487)	(605,346)

3. Breakdown of Retirement Benefits Expenses

(In thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2006)	Current Consolidated Fiscal Year (As of March 31, 2007)
(1) Employment Expenses	77,574	74,979
(2) Interest Expenses	21,618	21,692
(3) Expected Return on Plan Assets	(7,366)	(7,873)
(4) Amortization of Net Actuarial Gain or Loss	33,007	24,136
(5) Amount of which Past Employment Obligations are Amortized	—	(2,457)
(6) Retirement Benefits Expenses (1)+(2)+(3)+(4)+(5)	124,834	110,477

4. Matters relating to the Accounting Foundations of Retirement Benefits Obligations

	Previous Consolidated Fiscal Year (As of March 31, 2006)	Current Consolidated Fiscal Year (As of March 31, 2007)
(1) Discount Rate (%)	2.0	2.0
(2) Expected Return on Plan Assets (%)	1.5	1.5
(3) Distribution Method and Fixed Amount Standard of Anticipated Retirement Benefits	Periodically fixed amount	Periodically fixed amount
(4) Years over which Past Employment Obligations are Amortized (Years)	—	5
(5) Years over which Actuarial Gains or Losses are Amortized (Years)	5	5

(Stock option)
Not applicable.

(On the Tax Effect Accounting)

Previous Consolidated Fiscal Year (As of March 31, 2006)		Current Consolidated Fiscal Year (As of March 31, 2007)	
1. Breakdown of the primary causes for deferred tax assets and liabilities		1. Breakdown of the primary causes for deferred tax assets and liabilities	
Deferred tax assets (current)	(In thousand yen)	Deferred tax assets (current)	(In thousand yen)
Disallowed accrued income tax	97,121	Disallowed accrued income tax	68,195
Excess allowance for employee bonuses	64,574	Excess allowance for employee bonuses	63,790
Others	27,583	Amount of loss carried forward	7,285
	189,278		139,272
Deferred tax assets (fixed)		Deferred tax assets (fixed)	
Amount of loss carried forward	282,250	Amount of loss carried forward	253,541
Excess over allowance for employee retirement benefits	221,989	Excess over allowance for employee retirement benefits	240,927
Impairment loss	18,005	Impairment loss	18,005
Unrealized gain from sale of fixed asset	2,396	Unrealized gain from sale of fixed asset	863
Other	8,815	Other	7,592
Subtotal	533,458	Subtotal	520,929
Allowance account	(282,250)	Allowance account	(247,944)
	251,207		272,985
Deferred tax liabilities (current)		Deferred tax liabilities (current)	
Special depreciation reserve	(12,329)	Special depreciation reserve	(14,675)
	(12,329)		(14,675)
Deferred tax liabilities (fixed)		Deferred tax liabilities (fixed)	
Special depreciation reserve	(47,001)	Special depreciation reserve	(32,592)
Unrealized losses on investment in securities	(298,161)	Unrealized losses on investment in securities	(144,175)
Others	(1,108)	Valuation reserve for land, net of taxes	(99,449)
	(346,270)	Deferred gains on hedges	(185,311)
Net deferred tax assets (current)	176,949	Others	—
Net deferred tax assets (fixed)	(95,063)		(461,527)
		Net deferred tax assets (current)	124,596
		Net deferred tax assets (fixed)	(188,542)
2.		2.	

(Information by segment)

a. Information by business segment

Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006), Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)

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

b. Information by geographic segment

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)

(In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
I. Net sales and Operating income and losses					
Net sales					
(1) Sales to external customers	20,078,663	1,682,630	21,761,293	—	21,761,293
(2) Internal sales or transfers between segments	41,536	1,528,127	1,569,663	(1,569,663)	—
Total	20,120,199	3,210,757	23,330,957	(1,569,663)	21,761,293
Operating expenses	14,768,600	2,811,223	17,579,824	(1,599,933)	15,979,890
Operating income	5,351,599	399,534	5,751,133	30,270	5,781,403
II. Assets	44,800,098	4,557,737	49,357,836	(2,452,334)	46,905,501

Notes:

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 Fiscal Year (April 1, 2006 to March 31, 2007)

(In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
I. Net sales and Operating income and losses					
Net sales					
(1) Sales to external customers	20,180,317	2,268,763	22,449,081	—	22,449,081
(2) Internal sales or transfers between segments	134,538	1,354,321	1,488,860	(1,488,860)	—
Total	20,314,856	3,623,085	23,937,942	(1,488,860)	22,449,081
Operating expenses	15,301,933	3,179,385	18,481,378	(1,498,454)	16,982,923
Operating income	5,012,863	443,700	5,456,563	9,594	5,466,157
II. Assets	42,282,705	8,711,764	50,994,470	(166,947)	50,827,522

Notes:

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, Taiwan, France and Belgium.

c. Overseas sales

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)

Since the ratio of overseas sales is less than 10% of consolidated sales, description is omitted.

Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)

	North America	Asia	Total
I Overseas sales (thousand yen)	1,182,278	1,233,495	2,415,773
II Consolidated sales(thousand yen)	—	—	22,449,081
III Overseas sales /Total Consolidated net sales(%)	5.3	5.5	10.8

Notes:

- The countries and regions are categorized based on geographical proximity.
- The followings are the breakdown of the regions in the categories.
 - North America -----The U.S.
 - Asia -----People's Republic of China (including Hong Kong), Republic of China, and South Korea
- Overseas sales represent the sales of the Company and consolidated subsidiaries in the countries or regions except for home countries of these companies.

(Transactions with related parties)

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)

There is nothing to report.

Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)

Position	Name	Address	Capital invested (¥ million)	Type of business or job role	Voting rights (Company stake) (%)	Relationship		Nature of business transaction	Transaction value (¥ million)	Item	The closing balance of debts and credits
						Other directorships	Commercial links				
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka-shi, Tokyo	300	Operation of restaurant	None	—	Supplier of materials Landlord of facilities	Sales of commodities Receiving of rents	247,972 3,600	Accounts receivable-trade Advance receivable-trade	15,453 —
	Japan Food Business Co., Ltd.	Sibuya-ku, Tokyo	20	Operation of restaurant	(Company stake) Direct:16.61	dual capacity :1	Landlord of facilities	Receiving of rents	3,210	Advance receivable-trade	210

Notes:

- With regard to the amount listed, unlike the transacted amount for turnover, the closing balance of debts and credits includes consumption tax.
- Same terms and conditions as those for general clients are applied.

(Per share data)

(In yen)

Previous Consolidated Fiscal Year (April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 to March 31, 2007)
Net assets per share 1,266.47	Net assets per share 1,339.05
Net income per share 105.52	Net income per share 95.50
Due to absence of residual shares with dilution effects, there is no indication of the net income after residual share adjustment.	Due to absence of residual shares with dilution effects, there is no indication of the net income after residual share adjustment.

Note: The amounts of the net income per share are based on the following data:

(The amounts of the net income per share)

(In thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (From April 1, 2006 to March 31, 2007)
Net income	3,499,147	3,110,718
Amount not attributable to common shareholders	51,100	—
(Bonuses to directors and auditors through surplus appropriation, included)	(51,100)	—
Net income available to common shares	3,448,047	3,110,718
Average number of shares outstanding during the term (in thousand shares)	32,676	32,572

(Important Subsequent Events)

There is nothing to report.

5. Non-consolidated Financial Statement

(1) Non-consolidated Balance Sheets

(In thousand yen)

Account	Annotation	FY2006 (As of Mar. 31, 2006)		FY2007 (As of Mar. 31, 2007)		Difference from previous year end () indicates decrease	
		Amount	Ratio (%)	Amount	Ratio (%)		
(Assets)							
I. Current assets							
1. Cash and time deposits		18,118,522		12,432,356		(5,686,166)	
2. Notes receivable	*5	663,213		598,200		(65,013)	
3. Accounts receivable		3,557,152		3,980,838		423,686	
4. Merchandise		42,463		57,532		15,069	
5. Products		1,112,046		1,061,061		(50,985)	
6. Materials		1,114,253		969,625		(144,628)	
7. Work in progress		384,672		438,368		53,696	
8. Stored products		146,228		207,121		60,892	
9. Advance payments		20,015		43,044		23,029	
10. Prepaid expenses		28,703		35,253		6,549	
11. Deferred tax assets		176,949		124,596		(52,353)	
12. Short-term loan to affiliated companies	*4	—		150,000		150,000	
13. Other current assets		133,171		454,092		320,920	
14. Allowance for doubtful accounts		(2,822)		(8,757)		(5,935)	
Total current assets		25,494,571	54.8	20,543,335	43.1	(4,951,236)	
II. Fixed assets							
1. Tangible fixed assets							
(1) Buildings		8,389,341		8,348,885			
Accumulated depreciation		4,137,927	4,251,414	4,351,545	3,997,339	(254,074)	
(2) Structures		670,214		667,270			
Accumulated depreciation		509,158	161,056	524,348	142,922	(18,134)	
(3) Machines and devices		10,583,537		10,162,335			
Accumulated depreciation		8,462,490	2,121,046	8,373,956	1,788,379	(332,667)	
(4) Ships and vessels		17,344		17,344			
Accumulated depreciation		16,096	1,248	16,197	1,146	(101)	
(5) Vehicles and delivery equipment		165,113		173,582			
Accumulated depreciation		132,450	32,662	139,794	33,788	1,125	
(6) Tools, furniture and fixtures		701,467		680,361			
Accumulated depreciation		634,208	67,259	605,422	74,938	7,679	
(7) Land			3,914,970		3,914,970	—	
(8) Construction in progress			1,746,366		7,879,401	6,133,035	
Total tangible fixed assets			12,296,025	26.4	17,832,887	37.4	5,536,862

Notes: Please see Page 53.

Account	Annotation	FY2006 (As of Mar. 31, 2006)		FY2007 (As of Mar. 31, 2007)		Difference from previous year end
		Amount	Ratio (%)	Amount	Ratio (%)	() indicates decrease
2. Intangible fixed assets						
(1) Software		9,468		15,106		5,638
(2) Telephone subscription right		7,139		7,139		—
Total intangible fixed assets		16,607	0.0	22,245	0.1	5,638
3. Investments and other assets						
(1) Investments in securities		2,460,337		2,063,074		(397,262)
(2) Stocks of affiliated companies		4,353,052		5,094,185		741,133
(3) Investments in affiliated companies		413,095		413,095		—
(4) Long-term loans to employees		75,572		58,470		(17,101)
(5) Long-term loans to affiliated companies		76,355		79,732		3,377
(6) Long-term prepaid expenses		57,544		36,631		(20,913)
(7) Investment in real estate	*1	567,935		570,156		2,221
(8) Insurance reserve		475,143		412,374		(62,768)
(9) Others		266,792		504,545		237,752
(10) Allowance for doubtful accounts		(8,413)		(254)		8,159
Total investments and other assets		8,737,416	18.8	9,232,013	19.4	494,597
Total fixed assets		21,050,049	45.2	27,087,147	56.9	6,037,098
Total assets		46,544,620	100.0	47,630,482	100.0	1,085,861
(Liabilities)						
I. Current liabilities						
1. Notes payable	*5	672,031		674,051		2,020
2. Accounts payable	*4	765,953		748,094		(17,858)
3. Other accounts payable		617,523		1,080,015		462,492
4. Accrued expenses		78,119		100,143		22,023
5. Income taxes payable		1,279,188		897,032		(382,155)
6. Consumption tax payable		60,275		91,189		30,913
7. Deposits payable		24,249		25,950		1,700
8. Allowance for employee bonuses		145,848		160,278		14,429
9. Allowance for directors' bonuses		—		52,300		52,300
10. Notes payable, equipment		332,080		693,400		361,319
11. others		8,346		7,990		356
Total current liabilities		3,983,618	8.5	4,530,446	9.5	546,828

Notes: Please see Page 53.

Account	Annotation	FY2006 (As of Mar. 31, 2006)		FY2007 (As of Mar. 31, 2007)		Difference from previous year end () indicates decrease
		Amount	Ratio (%)	Amount	Ratio (%)	
II. Fixed liabilities						
1. Allowance for employee retirement benefits		564,487		605,346		40,858
2. Deferred tax liabilities		96,352		94,331		(2,021)
3. Others		213,976		4,060		(209,916)
Total fixed liabilities		874,816	1.9	703,737	1.5	(171,079)
Total liabilities		4,858,434	10.4	5,234,183	11.0	375,748
(Shareholders' equity)						
I. Common stock	*2	7,095,096	15.2	—	—	(7,095,096)
II. Capital surplus						
1. Capital reserve		7,833,869		—		
Total capital surplus		7,833,869	16.8	—	—	(7,833,869)
III. Retained earnings						
1. Legal reserve of retained earnings		441,000		—		
2. Voluntary reserves						
(1) Reserve for special depreciation		87,578		—		
(2) Special reserve fund		7,820,000		—		
3. Unappropriated retained earnings at end of term		18,066,857		—		
Total retained earnings		26,415,436	56.8	—	—	(26,415,436)
IV. Unrealized gains on investments in securities	*6	450,873	1.0	—	—	(450,873)
V. Treasury stock	*3	(109,089)	(0.2)	—	—	109,089
Total shareholders' equity		41,686,186	89.6	—	—	(41,686,186)
Total Liabilities and Shareholders' equity		46,544,620	100.0	—	—	(46,544,620)

Notes: Please see Page 53.

Account	Annotation	FY2006 (As of Mar. 31, 2006)		FY2007 (As of Mar. 31, 2007)		Difference from previous year end
		Amount	Ratio (%)	Amount	Ratio (%)	
(Net assets)						
I. Shareholders' equity						
1. Common stock		—	—	7,095,096	14.9	7,095,096
2. Capital surplus						
Capital reserve		—		7,833,869		
Total capital surplus		—	—	7,833,869	16.5	7,833,869
3. Retained earnings						
(1) Legal reserve of retained earnings		—		441,000		
(2) Other retained earnings						
Reserve for special depreciation		—		71,496		
Special reserve fund		—		7,820,000		
Earned surplus carried forward		—		19,920,829		
Total retained earnings		—	—	28,253,326	59.3	28,253,326
4. Treasury stocks		—	—	(1,284,247)	(2.7)	(1,284,247)
Total shareholders' equity		—	—	41,898,043	88.0	41,898,043
II. Unrealized gains and adjustments						
1. Unrealized gains on other securities		—	—	217,960	0.4	217,960
2. Deferred gains on hedges		—	—	280,295	0.6	280,295
Total unrealized gains and adjustments		—	—	498,255	1.0	498,255
Total net assets		—	—	42,396,298	89.0	42,396,298
Total liabilities and net assets		—	—	47,630,482	100.0	47,630,482

(2) Non-consolidated Statements of Income

(In thousand yen)

Account	Annotation	FY2006 (April 1, 2005 to March 31, 2006)			FY2007 (April 1, 2006 to March 31, 2007)			Difference from previous year end
		Amount		Ratio (%)	Amount		Ratio (%)	() indicates decrease
I. Net sales								
1. Product sales		18,587,033			18,644,409			
2. Merchandise sales		1,174,980	19,762,014	100.0	1,107,860	19,752,270	100.0	(9,743)
II. Cost of sales								
1. Product inventory at beginning of term		1,040,777			1,112,046			
2. Merchandise inventory at beginning of term		53,320			42,463			
3. Product cost of manufacture of the current term		10,451,069			10,516,699			
4. Cost of merchandise of the current term		945,175			995,242			
Total		12,490,343			12,666,452			
5. Product inventory at end of term		1,112,046			1,061,061			
6. Merchandise inventory at end of term		42,463	11,335,833	57.4	57,532	11,547,858	58.5	212,025
Gross profit			8,426,181	42.6		8,204,411	41.5	(221,769)
III. Selling, general and administrative expenses	*1&2		3,092,642	15.6		3,192,214	16.1	99,572
Operating income			5,333,538	27.0		5,012,197	25.4	(321,341)
IV. Non-operating income								
1. Interest income		6,435			5,313			
2. Dividend income		5,930			30,169			
3. Exchange gain on foreign currency		89,409			52,877			
4. House-rent received		42,240			37,750			
5. Other non-operating income		22,325	166,341	0.9	31,251	157,361	0.8	(8,979)
V. Non-operating expenses								
1. New stock issuing costs		450			—			
2. Expenses for new overseas business		40,610			58,014			
3. Expenses for new overseas branch		—			67,956			
4. New factory expenses		—			60,591			
5. Other non-operating expenses		32,147	73,207	0.4	37,234	223,797	1.2	150,589
Ordinary income			5,426,672	27.5		4,945,761	25.0	(480,910)

Notes: Please see Page 54.

Account	Annotation	FY2006 (April 1, 2005 to March 31, 2006)			FY2007 (April 1, 2006 to March 31, 2007)			Difference from previous year end
		Amount		Ratio (%)	Amount		Ratio (%)	
VI. Extraordinary gains								
1. Gain on sales of fixed assets	*3	15,647			—			
2. Gain on sales of investment securities		—	15,647	0.1	28,639	28,639	0.1	12,992
VII. Extraordinary losses								
1. Loss on retirement of fixed assets	*4	8,138			40,570			
2. Loss on sales of investment securities		—			17,366			
3. Loss on revaluation of golf club memberships		335			—			
4. Loss on asset impairment		45,239			—			
5. Loss on maintenance of overseas sale network		57,304			2,896			
6. Loss on cancellation of executive insurance policies			111,017	0.6	8,016	68,849	0.3	(42,167)
Income before income taxes			5,331,302	27.0		4,905,551	24.8	(425,751)
Income, inhabitant and business taxes		2,287,000			2,014,000			
Adjustments for income and other taxes		(134,265)	2,152,734	10.9	19,006	2,033,006	10.3	(119,727)
Net income			3,178,568	16.1		2,872,544	14.5	(306,023)
Retained earnings brought forward			15,931,549			—		
Difference in disposal of treasury stocks			593,500			—		
Interim dividends paid			491,711			—		
Increase in unappropriated retained earnings from merger			41,951			—		
Unappropriated retained earnings at end of term			18,066,857			—		

Notes: Please see Page 54.

Breakdown of the cost of products manufactured

(In thousand yen)

Account	Annotation	FY2006 (April 1, 2005 to March 31, 2006)		FY2007 (April 1, 2006 to March 31, 2007)		Difference from previous year end
		Amount	Ratio (%)	Amount	Ratio (%)	
I. Material costs		6,083,480	57.5	6,083,480	56.8	(51,352)
II. Labor costs		1,563,556	14.8	1,713,583	16.1	150,027
(of which are allowance for employee bonus)		(96,662)		(102,187)		
(of which are retirement benefits expenses)		(80,181)		(79,107)		
III. Expenses		2,929,604	27.7	2,880,492	27.1	(49,111)
(of which are depreciation and amortization)		(701,057)		(641,211)		
(of which are sub contractor expenses)		(75,461)		(21,108)		
Total manufacturing cost of the current term		10,576,640	100.0	10,626,203	100.0	49,563
Work in progress inventory at beginning of term		337,499		384,672		47,172
Total		10,914,139		11,010,876		96,736
Subtract: Work in progress inventory at end of term		384,672		438,368		53,696
Subtract: Transfer to other accounts	*1	78,397		55,807		(22,589)
Cost of products manufactured of the current term		10,451,069		10,516,699		65,629

Note:

FY2006 (April 1, 2005 to March 31, 2006)	FY2007 (April 1, 2006 to March 31, 2007)
(Cost Accounting Method) Separate cost accounting per individual lots based on actual cost. *1 (Transfer to other accounts) Among the transfer to other accounts, main transfer is recorded in selling, general and administrative expenses (advertising expenses, etc.).	(Cost Accounting Method) Same as left *1 (Transfer to other accounts) Same as left

(3) Non-consolidated Statements of Changes in Retained Earnings and Shareholders' Equity

Non-consolidated Statements of Retained Earnings

(In thousand yen)

Account	Annotation	FY2006 Approval date of general shareholders' meeting (As of June 16, 2006)	
		Amount	
I. Unappropriated retained earnings at end of term			18,066,857
II. Withdrawal of voluntary reserves			
Withdrawal of reserve for special amortization		26,745	26,745
Total			18,093,603
III. Profit to be appropriated			
1. Dividends	*1	491,681	
2. Bonus to directors		51,100	
(Bonus to auditors included)		(5,000)	
3. Voluntary reserves			
Reserve for special depreciation		28,907	571,689
IV. Balance to be carried forward			17,521,913

Note: 1.The Company paid out interim dividends of 491,711,175 yen (15.00 yen per share) on December 9, 2005.

Non-consolidated Statements of Changes in Shareholders' Equity
 FY 2007 (From April 1, 2006 to March 31, 2007)

(In thousand yen)

	Shareholders' equity									
	Common stock	Capital surplus		Legal reserve of retained earnings	Retained earnings			Total retained earnings	Treasury stocks	Total shareholder's equity
		Capital reserve	Total capital surplus		Other retained earnings					
					Reserve for special depreciation	Special reserve fund	Earned surplus carried forward			
Balance as of March 31, 2006	7,095,096	7,833,869	7,833,869	441,000	87,578	7,820,000	18,066,857	26,415,436	(109,089)	41,235,312
Amount of fluctuation during the consolidated fiscal year										
Allowance of reserve for special amortization (Note 3)					32,366		(32,366)	—		—
Withdrawal of reserve for special amortization (Note 4)					(48,448)		48,448	—		—
Dividend from retained earnings (Note 1)							(983,352)	(983,352)		(983,352)
Bonuses for directors (Note 2)							(51,100)	(51,100)		(51,100)
Net income							2,872,544	2,872,544		2,872,544
Acquisition of treasury stocks									(1,176,174)	(1,176,174)
Disposal of treasury stock							(202)	(202)	1,015	81
Total amount of fluctuation during the consolidated fiscal year	—	—	—	—	(16,081)	—	1,853,971	1,837,889	(1,175,158)	662,730
Balance as of March 31, 2007	7,095,096	7,833,869	7,833,869	441,000	71,496	7,820,000	19,920,829	28,253,326	(1,284,247)	41,898,043

	Unrealized gains and adjustments			Total net assets
	Unrealized gains on other securities	Deferred gains on hedges	Total unrealized gains and adjustments	
Balance as of March 31, 2006	450,873		450,873	41,686,186
Amount of fluctuation during the consolidated fiscal year				
Dividend from retained earnings (Note 3)				(983,352)
Bonuses for directors (Note 3)				(51,100)
Net income				2,872,544
Acquisition of treasury stocks				(1,176,174)
Disposal of treasury stock				813
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)	(232,913)	280,295	47,381	47,381
Total amount of fluctuation during the consolidated fiscal year	(232,913)	280,295	47,381	710,112
Balance as of March 31, 2007	217,960	280,295	498,255	42,396,298

Notes:

- Dividend from retained earnings at the regular general meeting of shareholders in June, 2006: 491,681 thousand yen.
Interim dividends paid: 491,671 thousand yen.
- The items as appropriation of surplus at the regular general meeting of shareholders in June, 2006.
- Allowance as appropriation of surplus at the regular general meeting of shareholders in June, 2006: 28,907 thousand yen.
Allowance as settlement at the end of the current consolidated interim period: 3,459 thousand yen.
- Withdrawal as appropriation of surplus at the regular general meeting of shareholders in June, 2006: 26,745 thousand yen.
Withdrawal as settlement at the end of the current consolidated interim period: 21,703 thousand yen.

Important Accounting Policy

Term	Previous Fiscal Year (April 1, 2005 to March 31, 2006)	Current Fiscal Year (April 1, 2006 to March 31, 2007)
1. Standard and method of valuating securities	<p>(1) Stocks of subsidiaries and affiliated companies Cost method under the moving average method</p> <p>(2) Other Securities Securities with any market price Mark-to-market method based on the market price as of the day of settlement of accounts (all the evaluation differences are incorporated directly into the capital stock and costs for sale are computed with the moving average method)</p> <p>Securities without any market price Cost method under the moving average method</p>	<p>(1) Stocks of subsidiaries and affiliated companies Same as left</p> <p>(2) Other Securities Securities with any market price Mark-to-market method based on the market price as of the day of settlement of accounts (all the evaluation differences are incorporated directly into the net assets and costs for sale are computed with the moving average method)</p> <p>Securities without any market price Same as left</p>
2. Standard and method of valuating derivatives	<p>(1) Derivatives Mark-to-market method</p>	<p>(1) Derivatives Same as left</p>
3. Standard and method of valuating inventories	<p>(1) Merchandise Identified cost method</p> <p>(2) Products Identified cost method</p> <p>(3) Materials Cost method under the moving average method</p> <p>(4) Work in progress Identified cost method</p> <p>(5) Supplies Last cost method</p>	<p>(1) Merchandise Same as left</p> <p>(2) Products Same as left</p> <p>(3) Materials Same as left</p> <p>(4) Work in progress Same as left</p> <p>(5) Supplies Same as left</p>
4. Method of depreciation of fixed assets	<p>(1) Tangible fixed assets Declining balance method As for buildings (except incidental equipment) acquired or put into business use after April 1, 1998, however, straight-line method is available. Small-amount depreciable assets of which the acquisition price is 100,000 yen or more and less than 200,000 yen are depreciated evenly over three years. Useful lives of major assets are as follows: Buildings: 15 – 50 years Machines and devices: 9 years</p> <p>(2) 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>(3) Long-term prepaid expenses Straight-line method</p> <p>(4) Investments in real estate Declining balance method</p>	<p>(1) Tangible fixed assets Same as left</p> <p>(2) Intangible fixed assets Same as left</p> <p>(3) Long-term prepaid expenses Same as left</p> <p>(4) Investments in real estate Same as left</p>
5. Accounting of deferred assets	<p>New stock issuing expense All expenses are posted as payment.</p>	<p>New stock issuing expense _____</p>
6. Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen	<p>Receivables and payables denominated in foreign currencies are converted to Japanese yen using the closing spot exchange rate for the final day of the fiscal year, and differences are recorded as gains or losses.</p>	<p>Same as left</p>

Term	Previous Fiscal Year (April 1, 2005 to March 31, 2006)	Current Fiscal Year (April 1, 2006 to March 31, 2007)
7. Standards for additions to allowances	<p>(1) Allowance for doubtful accounts To prepare against losses from bad debts, the amount estimated based on the actual loss ratio is reserved for ordinary receivables, and the amount of possible losses is included in the reserve based on consideration of the collectibility of individual doubtful accounts.</p> <p>(2) Allowance for employee bonus The Company reserves the estimated amount of the bonus to prepare for payment to employees.</p> <p>(3) Allowance for directors' bonuses _____</p> <p>(4) Allowance for employee retirement benefits For the difference in actuarial calculation, the five-year proportionally-divided amount with the straight-line method based on a fixed number of years (five years) within the average remaining service periods of employees at occurrence in each fiscal year shall be reported as expense from the following fiscal year.</p>	<p>(1) Allowance for doubtful accounts Same as left</p> <p>(2) Allowance for employee bonus Same as left</p> <p>(3) Allowance for directors' bonuses The company has reserved and recorded as this fiscal year's company's contribution a part of the estimated amount of directors' bonus to prepare for payment to directors.</p> <p>(4) Allowance for employee retirement benefits For the difference in actuarial calculation, the five-year proportionally-divided amount with the straight-line method based on a fixed number of years (five years) within the average remaining service periods of employees at occurrence in each fiscal year shall be reported as expense from the following fiscal year. Past employment obligations are treated as expense, employing periodically fixed amount calculated on the basis of (5) years within average remaining employment period of an employee at the time of accruing.</p>
8. Accounting of lease transactions	Financial lease transactions are accounted by the method similar to operating lease transactions, excluding financial lease transactions where ownership of the leased property may be transferred to the lessee.	Same as left
9. Hedge accounting methods	<p>(i) Hedge accounting methods Deferred hedge accounting is used. Allocation accounting is applied to foreign-currency-denominated liabilities with exchange contracts.</p> <p>(ii) Measures of hedging and targets of hedging Measures of hedging Currency swaps Targets of hedging Purchase liabilities following imports of materials from overseas subsidiaries with possible losses due to currency fluctuations.</p> <p>(iii) Policies on hedging Based on the basic policies approved by the Management Committee of the Company, the Management Administration Department is in charge of controlling and executing trading, and regularly reporting to the Management Committee. Counter-parties of trading are limited to high-quality financial institutions.</p>	<p>(i) Hedge accounting methods Same as left</p> <p>(ii) Measures of hedging and targets of hedging Measures of hedging Same as left Targets of hedging Same as left</p> <p>(iii) Policies on hedging Same as left</p>

Term	Previous Fiscal Year (April 1, 2005 to March 31, 2006)	Current Fiscal Year (April 1, 2006 to March 31, 2007)
	(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 cash-flow fluctuations of the measures of hedging, and the effectiveness is assessed according to these fluctuations	(iv) Methods to assess effectiveness of hedging Same as left
10. Other important matters to prepare Financial Statements	Accounting of the consumption tax The Company applies the tax-exclusion accounting method.	Accounting of the consumption tax Same as left

Change in Accounting Method

Previous Fiscal Year (April 1, 2005 to March 31, 2006)	Current Fiscal Year (April 1, 2006 to March 31, 2007)
Accounting standards related to impairment losses on fixed assets "Statement of Position on the Setting of Accounting Standards Related to Impairment Losses on Fixed Assets," (Business Accounting Council, August 9, 2002) and "Application Guidelines for Accounting Standards Related to Impairment Losses on Fixed Assets," (Guideline No. 6 of Application Guidelines for Business Accounting Standards, October 31, 2003) have been applied from this fiscal year. Based on this, income before income tax fell 45,239 thousand yen. Accumulated losses are directly deducted from the appropriate asset amount.	_____
_____	Beginning in this fiscal year, the Company adopted "Accounting Standard for Directors' Bonus" (Business Accounting Standards No.4, November 29, 2005). Therefore, operating income, ordinary income, and net income before taxes have decreased by 52,300 thousand yen each.
_____	Beginning in this fiscal year, the Company adopted "Accounting Standards related to Presentation of Net Assets in the Balance Sheet" (Business Accounting Standards No.5, December 9, 2005) and "Application Guidelines for Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Application Guidelines for Business Accounting Standards No.8, December 9, 2005). To date, the total amount in equity section is 42,116,003 thousand yen.

Change in Notation Method

Previous Fiscal Year (April 1, 2005 to March 31, 2006)	Current Fiscal Year (April 1, 2006 to March 31, 2007)

Notes

(On the Non-consolidated Balance Sheets)

Previous Fiscal Year (As of March 31, 2006)	Current Fiscal Year (As of March 31, 2007)
<p>*1. Accumulated amount of depreciation of investments in real estates 69,799 thousand yen</p> <p>*2. Shares issued by the Company and total number of shares issued</p> <p style="padding-left: 40px;">Number of authorized shares 130,000,000 common shares</p> <p style="padding-left: 40px;">Number of share outstanding 32,808,683 common shares</p> <p>*3. Treasury stock The number of treasury stock held by the Company is 29,906 common shares</p> <p>*4. Major assets in and liabilities to affiliated companies are as follows. Accounts independently posted on the Balance Sheets are excluded. Accounts receivable 19,105 thousand yen</p> <p>*5. _____</p> <p>*6. Dividend limit Net assets based on the market value of securities increased 450,873 thousand yen. There are limitations based on the prescriptions of Article 124.3 of the Enforcement Regulations of the Commercial Law on said amount being applied to dividends.</p>	<p>*1. Accumulated amount of depreciation of investments in real estates 89,625 thousand yen</p> <p>*2. _____</p> <p>*3. _____</p> <p>*4. Major assets in and liabilities to affiliated companies are as follows. Accounts independently posted on the Balance Sheets are excluded. Accounts receivable 33,185 thousand yen</p> <p>*5. Accounting treatment of bills at year-end maturity Although the end date of this fiscal year was a bank holiday, bills at year-end maturity were treated as though these were settled on maturity date. Bills receivable 104,928 thousand yen Bills payable 115,836 thousand yen</p> <p>*6. _____</p>

(On the Non-consolidated Statements of Income)

Previous Fiscal Year (April 1, 2005 to March 31, 2006)	Current Fiscal Year (April 1, 2006 to March 31, 2007)																																																		
<p>*1. Major items accounted in selling, general and administrative expenses are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Packing and transportation expenses</td> <td style="text-align: right;">1,023,370 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Warehousing costs</td> <td style="text-align: right;">268,638 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Salary, benefits and bonuses</td> <td style="text-align: right;">370,793 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation expenses</td> <td style="text-align: right;">74,757 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Allowance for employee bonuses</td> <td style="text-align: right;">49,186 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Allowance for employee retirement benefits</td> <td style="text-align: right;">32,173 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Expenses included in selling expenses</td> <td style="text-align: right;">42%</td> </tr> <tr> <td style="padding-left: 20px;">Expenses included in general and administrative expenses</td> <td style="text-align: right;">58%</td> </tr> </table> <p>*2. Research and development expenses included in general and administrative expenses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;"></td> <td style="text-align: right;">326,917 thousand yen</td> </tr> </table> <p>*3. Gain on sales of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Investment in real estate</td> <td style="text-align: right;">15,647 thousand yen</td> </tr> </table> <p>*4. Losses on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Machinery and equipment</td> <td style="text-align: right;">8,138 thousand yen</td> </tr> </table>	Packing and transportation expenses	1,023,370 thousand yen	Warehousing costs	268,638 thousand yen	Salary, benefits and bonuses	370,793 thousand yen	Depreciation expenses	74,757 thousand yen	Allowance for employee bonuses	49,186 thousand yen	Allowance for employee retirement benefits	32,173 thousand yen	Expenses included in selling expenses	42%	Expenses included in general and administrative expenses	58%		326,917 thousand yen	Investment in real estate	15,647 thousand yen	Machinery and equipment	8,138 thousand yen	<p>*1. Major items accounted in selling, general and administrative expenses are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Packing and transportation expenses</td> <td style="text-align: right;">996,910 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Warehousing costs</td> <td style="text-align: right;">247,085 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Salary, benefits and bonuses</td> <td style="text-align: right;">389,663 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation expenses</td> <td style="text-align: right;">69,433 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Allowance for employee bonuses</td> <td style="text-align: right;">49,338 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Allowance for directors' bonuses</td> <td style="text-align: right;">52,300 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Allowance for employee retirement benefits</td> <td style="text-align: right;">24,931 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Expenses included in selling expenses</td> <td style="text-align: right;">40%</td> </tr> <tr> <td style="padding-left: 20px;">Expenses included in general and administrative expenses</td> <td style="text-align: right;">60%</td> </tr> </table> <p>*2. Rresearch and development expenses including general and administrative expenses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;"></td> <td style="text-align: right;">305,451 thousand yen</td> </tr> </table> <p>*3.</p> <p>*4. Losses on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings</td> <td style="text-align: right;">3,106 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Machinery and equipment</td> <td style="text-align: right;">33,635 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Tools, furniture and fixtures</td> <td style="text-align: right;">3,093 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Others</td> <td style="text-align: right;">734 thousand yen</td> </tr> </table>	Packing and transportation expenses	996,910 thousand yen	Warehousing costs	247,085 thousand yen	Salary, benefits and bonuses	389,663 thousand yen	Depreciation expenses	69,433 thousand yen	Allowance for employee bonuses	49,338 thousand yen	Allowance for directors' bonuses	52,300 thousand yen	Allowance for employee retirement benefits	24,931 thousand yen	Expenses included in selling expenses	40%	Expenses included in general and administrative expenses	60%		305,451 thousand yen	Buildings	3,106 thousand yen	Machinery and equipment	33,635 thousand yen	Tools, furniture and fixtures	3,093 thousand yen	Others	734 thousand yen
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(On the Non-consolidated Statements of Changes in Shareholders' Equity)

Items regarding the type and total number of outstanding shares as well as the type and number of shares of treasury stock

(In thousand yen)

	Number of Shares (As of March 31, 2006)	Increased number of Shares (April 1, 2006 to March 31, 2007)	Decreased number of Shares (April 1, 2006 to March 31, 2007)	Number of Shares (As of March 31, 2007)
Common Stock (Note)	29	515	0	545
Total	29	515	0	545

Note: The increase in treasury stocks in common stock for 515 thousand shares consists of 513 thousand shares through the board of directors' resolved acquisition of treasury stock and 1 thousand shares through purchase of fractional stock.

(On the Lease transactions)

Previous Fiscal Year (April 1, 2005 to March 31, 2006)				Current Fiscal Year (April 1, 2006 to March 31, 2007)			
Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee				Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee			
1. Amounts equal to purchase price, accumulated depreciation costs and balance at end of term				1. Amounts equal to purchase price, accumulated depreciation costs and balance at end of term			
(In thousand yen)				(In thousand yen)			
	Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term
Tools, furniture and fixtures	71,839	15,935	55,903	Tools, furniture and fixtures	81,773	28,124	53,648
Total	71,839	15,935	55,903	Total	81,773	28,124	53,648
2. Amount equal to balance of unexpired lease charges at end of term				2. Amount equal to balance of unexpired lease charges at end of term			
(In thousand yen)				(In thousand yen)			
Within 1 year				Within 1 year			
13,829				14,970			
<u>More than 1 year</u>				<u>More than 1 year</u>			
<u>42,880</u>				<u>39,682</u>			
Total				Total			
56,710				54,653			
3. Lease charges paid, amount equal to depreciation cost and amount equal to interest expense				3. Lease charges paid, amount equal to depreciation cost and amount equal to interest expense			
(In thousand yen)				(In thousand yen)			
Lease charges paid				Lease charges paid			
10,896				16,352			
Amount equal to depreciation cost				Amount equal to depreciation cost			
10,120				15,253			
Amount equal to interest expense				Amount equal to interest expense			
1,120				1,491			
4. Calculation of the amount equal to depreciation cost				4. Calculation of the amount equal to depreciation cost			
The straight-line method is applied by assuming the lease period as the useful life, and setting the residual value to 0.				Same as left			
5. Calculation of the amount equal to interest expense				5. Calculation of the amount equal to interest expense			
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.				Same as left			
(Asset impairment losses)				(Asset impairment losses)			
There are no asset impairment losses attributed to leased assets.				Same as left			

(On the Securities)

In previous fiscal year (April 1, 2005 to March 31, 2006) and current fiscal year (April 1, 2006 to March 31, 2007), there are no shares of subsidiaries and affiliated companies with market value.

(On the Matters related to deferred tax accounting)

(In thousand yen)

Previous Fiscal Year (April 1, 2005 to March 31, 2006)	Current Fiscal Year (April 1, 2006 to March 31, 2007)
1. Breakdown of deferred tax assets and liabilities	1. Breakdown of deferred tax assets and liabilities
Deferred tax assets	Deferred tax assets
Disapproval of accrued enterprise tax 97,121 thousand yen	Disapproval of accrued enterprise tax 68,195 thousand yen
Excess over allowance for employee bonuses 64,574 thousand yen	Excess over allowance for employee bonuses 63,790 thousand yen
Excess over allowance for employee retirement benefits 221,989 thousand yen	Excess over allowance for employee retirement benefits 240,927 thousand yen
Asset impairment losses 18,005 thousand yen	Asset impairment losses 18,005 thousand yen
Disapproval of loss on revaluation of golf-club memberships 8,815 thousand yen	Disapproval of loss on revaluation of golf-club memberships 8,815 thousand yen
Others <u>27,583 thousand yen</u>	Others <u>7,285 thousand yen</u>
Total deferred tax assets <u>438,089 thousand yen</u>	Total deferred tax assets <u>407,020 thousand yen</u>
Deferred tax liabilities	Deferred tax liabilities
Reserve for special depreciation (59,330 thousand yen)	Reserve for special depreciation (47,268 thousand yen)
Unrealized gains on other securities <u>(298,161 thousand yen)</u>	Unrealized gains on other securities (144,175 thousand yen)
Total deferred tax liabilities <u>(357,491 thousand yen)</u>	Deferred gains on hedges <u>(185,311 thousand yen)</u>
Net deferred tax assets 80,597 thousand yen	Total deferred tax liabilities <u>(376,755 thousand yen)</u>
	Net deferred tax assets 30,265 thousand yen
2. The breakdown of main items which caused the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting	2. The breakdown of main items which caused the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting
Notes is omitted, as the difference between income tax payable at legal effective tax rate and that after the application of the tax effect accounting is smaller than five hundredth of legal effective tax rate.	Same as left

(Per share data)

(In yen)

Previous Fiscal Year (From April 1, 2005 to March 31, 2006)		Current Fiscal Year (From April 1, 2006 to March 31, 2007)	
Net assets per share	1,270.18	Net assets per share	1,314.07
Net income per share	95.71	Net income per share	88.19
Due to absence of residual shares with dilution effects, there is no indication of the net income after residual share adjustment.		Due to absence of residual shares with dilution effects, there is no indication of the net income after residual share adjustment.	

Note: Bases for calculation of net income per share are as follows:

(Bases for calculation of net income per share)

(In thousand yen)

	Previous Fiscal Year (From April 1, 2005 to March 31, 2006)	Current Fiscal Year (From April 1, 2006 to March 31, 2007)
Net income	3,178,568	2,872,544
Amount not attributed to common shareholders	51,100	—
(Bonuses to directors and auditors as appropriation of surplus included)	(51,100)	—
Net income related to common stocks	3,127,468	2,872,544
Average number of shares outstanding during the fiscal years (thousand shares)	32,676	32,572
Outlines of the residual shares not taken into calculation of net income per share after residual shares due to absence of dilution effects	—	—

(Important subsequent events)

Not applicable.

6. Others

(1) Changes in directors

1) Change in representative director

Chairman of the Board (CEO): Kineo Okada (currently President)

President (COO): Tomoki Tagawa (currently Executive Vice President)

2) Change in other directors

New Director Candidate

Koichi Matsumoto (currently General Manager of Accounting Department)

Yoshikazu Uchida (currently Director of First Business Department)

Naoki Okada (currently Director of Overseas Business)

3) Expected date of assumption

June 15, 2007

(2) Others

There is nothing to report.