

## Brief Interim Consolidated Financial Report for the Year Ending 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  
 Date of board meeting for consolidated settlement: November 1, 2006  
 Adoption of US GAAP: None

### 1. Results for the Year Ending March 31, 2007 (April 1, 2006 to September 30, 2006)

#### (1) Consolidated business results \* Amounts under one million yen are rounded down.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim closing for Y2007	10,823	5.7	2,769	3.9	2,762	1.9
Interim closing for Y2006	10,235	7.0	2,665	7.0	2,711	8.6
FY2006	21,761		5,781		5,871	

	Net income		Net income per share		Net income per share/diluted	
	Millions of yen	%	Yen		Yen	
Interim closing for Y2007	1,651	0.7	50.38		—	
Interim closing for Y2006	1,6395	10.1	50.18		—	
FY2006	3,499		105.52		—	

Note 1) Investment profit/ loss on equity method: Interim closing for FY2007 — Interim closing for FY2006 — FY2006 —  
 2) Average number of shares outstanding (consolidated) : Interim closing for FY2007 32,778,234 shares  
 Interim closing for FY2006 32,677,029 shares Interim closing for FY2006 32,676,574 shares  
 3) Changes to accounting policies: None  
 4) Changes in net sales, operating income, ordinary income and net income from previous fiscal year are shown in percentage on a year-on-year basis.

#### (2) Consolidated financial position \* Amounts under one million yen have been rounded down.

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share	
	Millions of yen	Millions of yen	%	Yen	
Interim closing for FY2007	49,404	43,242	87.2	1,314.34	
Interim closing for FY2006	44,536	39,473	88.6	1,204.18	
FY2006	46,905	41,564	88.6	1,266.47	

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

Interim closing for FY2007 32,778,074 shares Interim closing for FY2006 32,780,745 shares FY2006 32,778,777 shares

#### (3) Consolidated cash flows \* Amounts under one million yen have been rounded down.

	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	
Interim closing for Y2007	752	(5,370)	(219)	15,944	
Interim closing for Y2006	1,350	(1,933)	674	19,669	
FY2006	4,195	(3,670)	(29)	20,335	

#### (4) Number of consolidated subsidiaries and companies adopting the equity method

Consolidated subsidiaries: 6 Non-consolidated subsidiaries adopting the equity method: —  
 Affiliates adopting the equity method: —

#### (5) Changes in the number of consolidated subsidiaries and companies adopting the equity method

Newly consolidated subsidiaries: 1 Subsidiaries excluded from the consolidation: 0  
 New equity method companies: 0 Companies excluded from the equity method: 0

### 2. Forecast consolidated business results for the Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

	Net sales		Ordinary income		Net income	
	Millions of yen		Millions of yen		Millions of yen	
Full-year	23,500		5,370		3,150	

Reference: Expected net income per share (full-year) 94.54 yen

\* 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 page 11.

# 1. Outline of the Business Group

## Outline of the Business Group

The Ariake Group is comprised of Ariake Japan Co., Ltd. (the “Company”), six consolidated subsidiaries, and two 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. In addition, on May 17, 2006, all shares of Taiwan Tong Hsing Foods Co., Ltd. were purchased, turning it into a consolidated subsidiary. Furthermore, Dear. SOUP Co. Ltd., which is a new manufacturing and marketing subsidiary of Natural Soup, was established on September 28 of this year.

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

In addition to the production of natural seasonings, Ariake Japan imports products from its three overseas subsidiaries, and mainly sells these products to domestic customers. F. P. Natural Ingredients S.A.S., a French subsidiary established in March, 2003 and F.P.N.I. BELGIUM N.V., a Belgian subsidiary established in January, 2004 plan to manufacture natural soup stocks and sell them mainly to customers in Europe.

## Domestic Subsidiaries

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

## Overseas Subsidiaries

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

Qingdao Ariake Foodstuff Co., Ltd. manufactures natural seasonings and sells them to customers in China and other countries. It also supplies these seasonings to the parent company.

Taiwan Tong Hsing Foods Co., Ltd., manufactures natural seasonings and markets the products to Taiwan, China, and Southeast Asia, in addition to supplying these seasonings to the parent company.

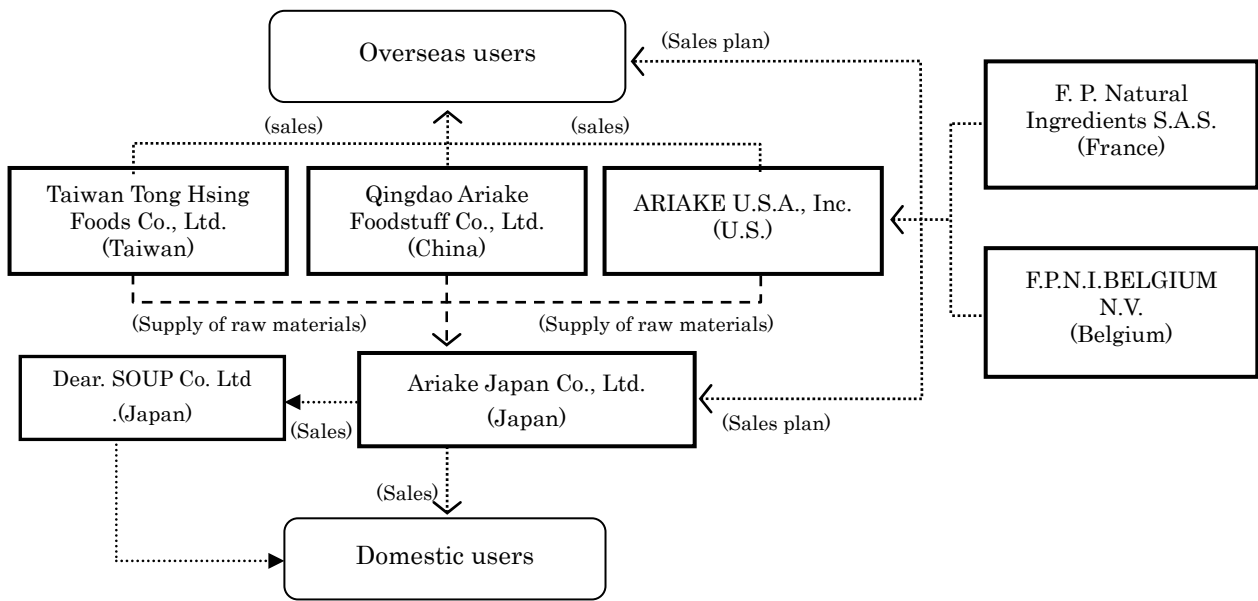
F. P. Natural Ingredients S.A.S. plans to manufacture natural soup stocks and sell them mainly to customers in Europe and the U.S.

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

The company established Ariake Farm Co., Ltd. with a capital of 15 million yen (of which 9.9% is owned by the parent company) on August 9, 2005, to conduct agricultural business.

As of date that the financial report was submitted (November 1, 2006), the major companies of the Group and the relationships among them are shown in the diagram below.



## **2. 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. Basic policy regarding distribution of earnings**

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.

For the current term, common dividends were paid at 30 yen per share (per annum) as projections of stable business performance are proceeding as planned.

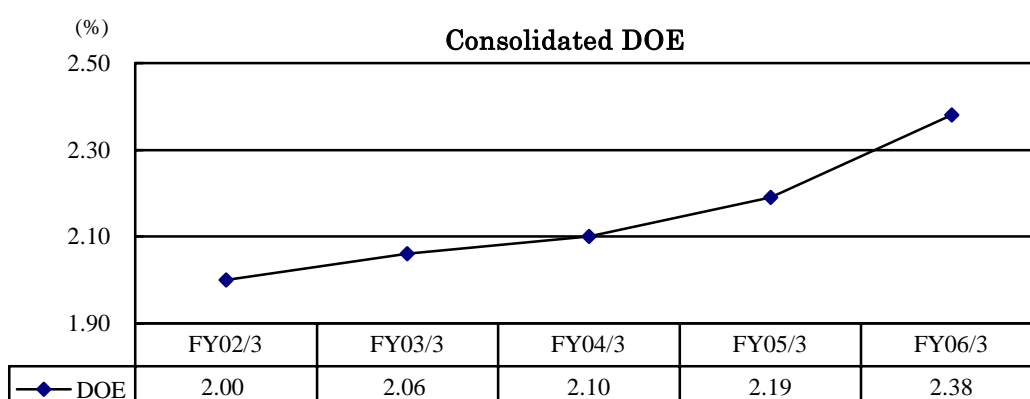
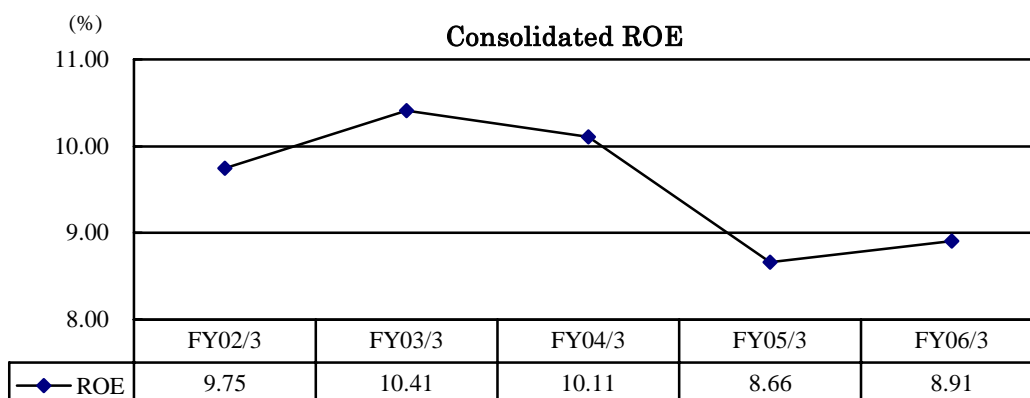
Furthermore, we are striving to enhance our business line for internal reserves by providing improvements in stock value due to the mobile and agile operations of treasury stock reacquired from October of this year, in addition to strategic investments and loans due to the development and profits from the natural seasoning business based on the "New Five-year Long-term Management Plan," which began in FY2005.

### **3. Viewpoints and policies on reducing the size of stock trading unit**

The Company recognizes that promoting stable and long-term holdings of the company's stock by investors while broadening our shareholder base is an important issue of the capital strategy. In 1998, we lowered the size of the minimum stock trading unit from 1,000 shares to 100 shares. At the same time, as a result of undertaking aggressive, long-term IR activities, the number of our shareholders, principally individual investors, increased and finally listed more than 21,800 in this book closing (end of September 2006). The Company will decide future policy based on the principle of maximizing shareholder benefits by carefully considering issues of cost and effectiveness while taking into account business performance.

### **4. 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 "New Five-year Long-term Management Plan".



## **5. Mid- and Long-term business plan and management issues**

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 decided and is carrying out the construction of new plant next to the No. 2 Kyushu Plant.

In overseas, the Group possesses 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, has decided to expand into the manufacturing and sales of natural soup stock. Initially, in March 2003, the Group established the wholly-owned subsidiary F.P. Natural Ingredients S.A.S. in France, and in January 2004, created the wholly-owned subsidiary F.P.N.I. BELGIUM N.V. in Belgium. At present, detail business plans are being worked out, and concrete progress is processing. In addition, in order to handle the rapidly expanding Chinese and Southeast Asian markets, a new business base (Taiwan Tong Hsing Foods Co., Ltd.) was established in Taiwan.

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 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 oversea strategy
- 4) Implement effective capital policies which increase corporate value

With this framework, the targets for FY2009 (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.

#### **6. Issues which the Company needs to address**

The Group, based on the recognition that the natural seasonings business is an industry which will see major growth both domestically and internationally, formulated the "New Five-year Long-term Management Plan" which started in FY2005. In order to promote this long-term management plan, the Company requires total funds of 16.0 billion yen. Although we will undertake a thorough investigation depending on circumstances, the required funds will be procured from capital markets and the Company's own funds. We believe the success of this plan will contribute to the widely foods market and the stable growth of the Company's profit foundation.

Accordingly, while temporally pressure for the Company's funds in hand, the Company has placed it as an important management issue to maintain the stock value to be in long-term good quality and high level, and we make efforts to diligently work towards the achievement of this goal.

Also, in order to increase corporate value and simultaneously operate stably, the Company draws up and promotes capital policies to develop continuously a large number of friendly investors.

#### **7. Matters relating to the parent company**

Not applicable.

#### **8. Other important matters relating to the business of the Company**

Not applicable.

### 3. Business Results and Financial Condition

#### I. Business results

##### 1. Business conditions for the current interim period

(Consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Interim net income	Interim net income per share (yen)
Interim closing for FY2007	10,823	2,769	2,762	1,651	50.38
Interim closing for FY2006	10,235	2,665	2,711	1,639	50.18
Growth Rate	5.7%	3.9%	1.9%	0.7%	—

(Non-consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Interim closing for FY2007	9,702	2,529	2,564	1,510	46.07
Interim closing for FY2006	9,498	2,479	2,528	1,502	45.97
Growth Rate	2.2%	2.0%	4.0%	3.3%	—

##### (1) Overall performance for the year ending March 2006

The Japanese economy during the current consolidated fiscal year shifted toward a general underlying trend of recovery, being supported by increases in capital investment and improvement in the employment situation associated with a recovery in corporate earnings while the price of oil continued to rise. Meanwhile, the prices of related products increased due to sustained soaring oil prices, intensifying the sense of uncertainty about the future.

In addition to these effects on the food industry, we managed business amidst an extremely difficult business environment while addressing issues associated with food safety and price declines due to competition among companies.

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

In particular, we have started construction of a new plant next to the No.2 Kyushu Plant. Overall construction costs will run around 8 billion yen, and trial operations are expected to start around the end of 2006, which will then be followed by full operation. 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.

As for affiliated companies in our European operations, we decided to initially enter the French and Belgian markets and established F.P. Natural Ingredients (S.A.S.) in France in March 2003 and F.P.N.I. BELGIUM (N.V.) in Belgium in January 2004 as fully owned subsidiaries. In this fiscal year we increased the firms’ capital to 6 million euro at F.P. Natural Ingredients (S.A.S.) in France and 14 million euro at F.P.N.I. BELGIUM (N.V.) in Belgium. We have already acquired industrial sites in the city of Alencon, France, and the city of Massmechelen, Belgium. We have begun the construction of factories and intend to complete the projects during 2006.

Concerning our operations in China, against the background of the rapidly expanding seasonings business

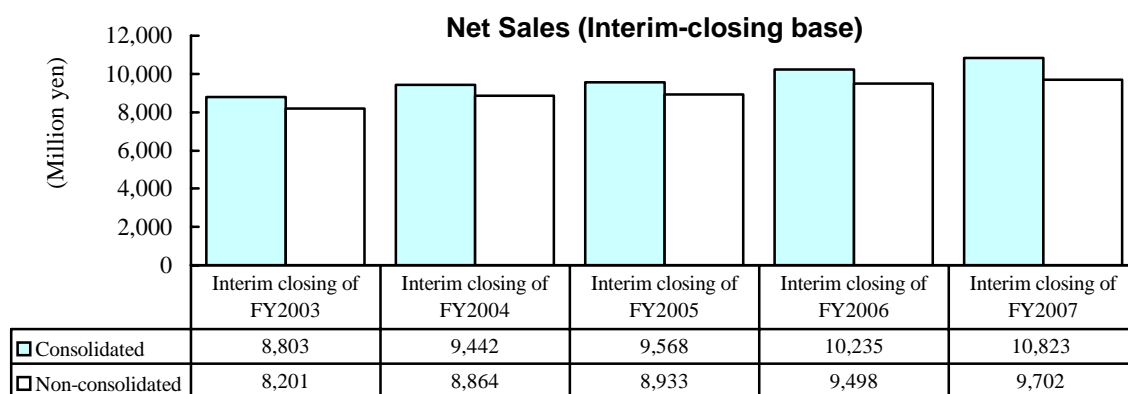
in China, our Chinese subsidiary (Qingdao Ariake Foodstuff Co, Ltd.) decided to construct a new plant, in addition to its current plant, which we have already started its construction expected to complete in 2006 to meet the increase in demand. Furthermore, to deal with dramatically expanding markets, we newly acquired Taiwan Tong Hsing Foods Co. Ltd. in Taiwan and have been actively expanding into China and Southeast Asia.

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, which is expected to cost a total of 1.5 billion yen.

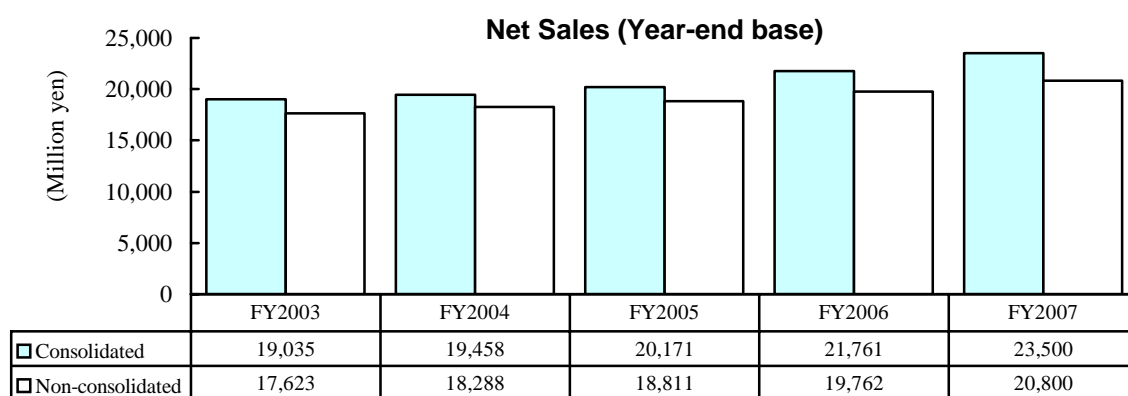
Moreover, to promote the “Natural Soup” business, which has been growing in Japan and overseas, our Group newly established Dear. SOUP Co. Ltd. and immediately began operation.

Through the implementation of these plans, we will be able to firmly advance along the “New Five-year Long-term Management Plan.”

## Net Sales



(Figures for the year ending March 2007 are projected)



(Figures for the year ending March 2007 are projected)

In Japan (Ariake Japan Co., Ltd.), there was also an impact from intensified competition within the food industry as well as changes in climate, but we increased sales in the area of processed foods through various measures such as acquiring new demand and joint development business in the restaurant industry as well as aggressive expansion into prepared foods and daily dishes.

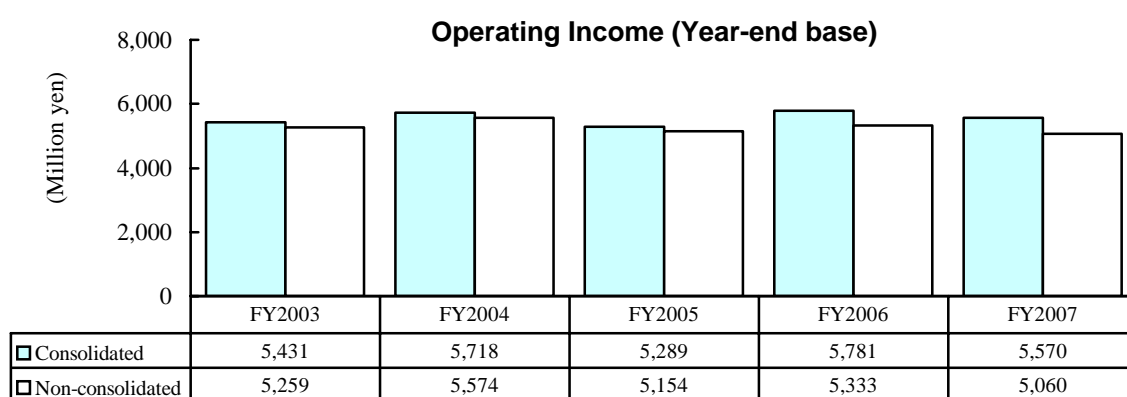
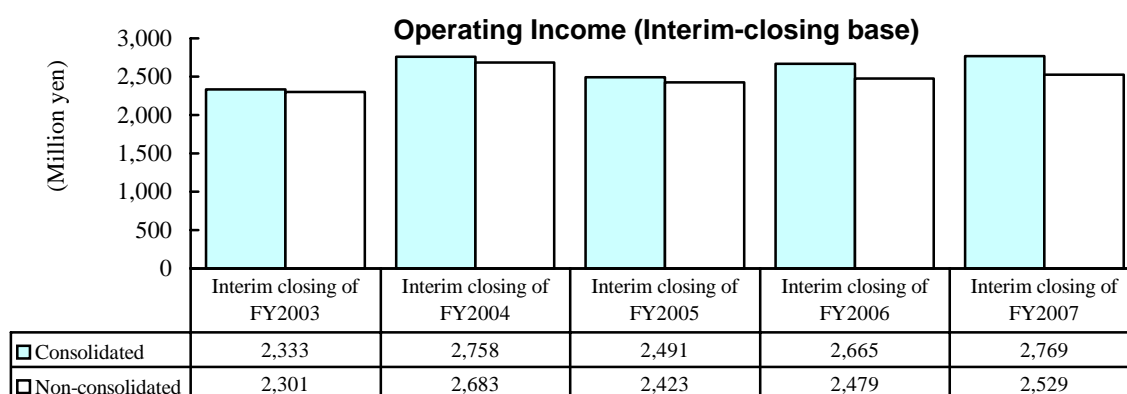
In particular, sales in the processed food sector sales increased 2.3% year on year, in the restaurant sector rose 3.5% year on year and sales in the instant noodle sector was flat. Therefore, overall net sales rose 2.2%.

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 dramatically increased.

As a result, consolidated net sales increased by 5.7% year on year, to 10,823 million yen.

In addition, non-consolidated sales rose by 2.2% year on year, to 9,702 million yen.

## Operating Income



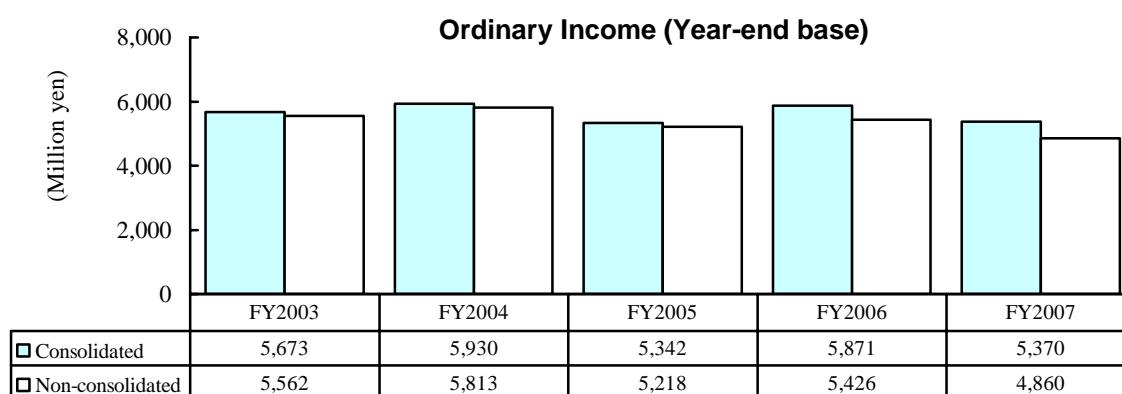
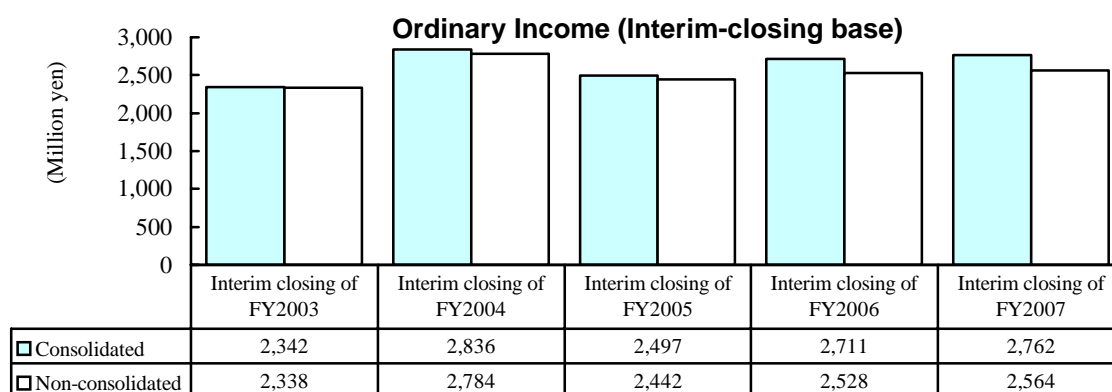
(Figures for the year ending March 2007 are projected)

Consolidated operating income increased 103 million yen year on year, to 2,769 million yen.

The Company (Ariake Japan Co., Ltd.) engaged in active capital investments and made an effort to reduce costs while striving to improve earnings. Meanwhile, there was a rise in energy costs due to the surge in oil prices, and the price of packaging and freight also increased, but non-consolidated operating income experienced 2.0% profit growth year-on-year for a total of 2,529 million yen.

Furthermore, we achieved a increase in earnings by aggressively expanding sales through overseas consolidated subsidiaries. Therefore, consolidated operating income increased by 3.9% year on year.

## Ordinary Income



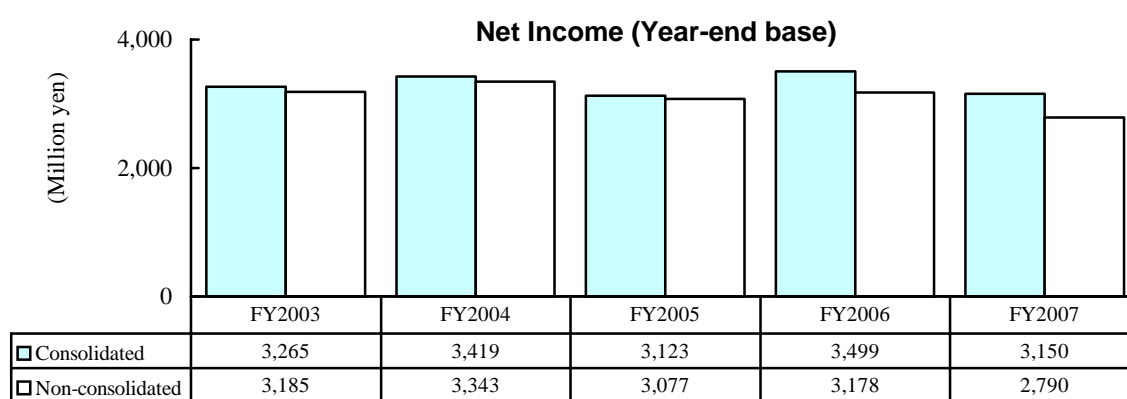
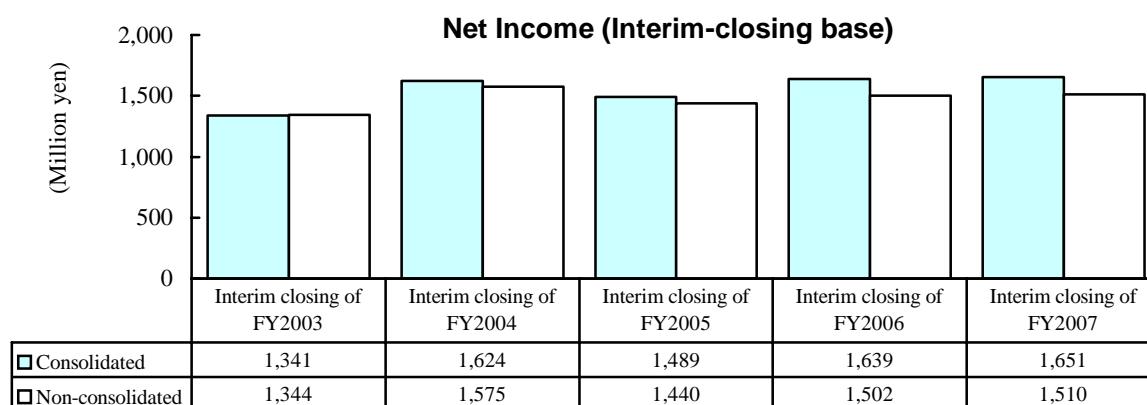
(Figures for the year ending March 2007 are projected)

Consolidated ordinary income grew by 51 million yen year-on-year to 2,762 million yen.

The Company (Ariake Japan Co., Ltd.) made efforts to lower costs to counteract the adverse affects of a sustained rise in oil prices. Anticipated expenses were cut in half because the establishment of an overseas branch was suspended at the end of the first half and as part of our plans to increase needed personnel in an attempt to strengthen our business strength and technical skills in accordance with our initial plans, enabling ordinary income to dramatically exceed projections to achieve 2,280 million yen. As a result, non-consolidated ordinary income increased by 36 million yen year-on-year to 2,564 million yen.

Consolidated ordinary income experienced an increase in operating income from overseas subsidiaries as well as increased earnings in ordinary income. Furthermore, the increase in ordinary income for the Company (Ariake Japan Co., Ltd.) dramatically exceeded projected estimates, reaching 2,510 million yen. Consequently, consolidated ordinary income rose by 1.9% year-on-year to 2,762 million yen, and the ordinary income rate reached to 25.5%.

## Current net income



(Figures for the year ending March 2007 are projected)

Net income for the consolidated fiscal year increased by 11 million yen year-on-year to 1,651 million yen. In addition, non-consolidated net income increased by 7 million yen year-on-year to a total of 1,510 million yen.

## Dividends for the fiscal year

The situation encompassing the Company was very difficult this term, but our various countermeasures achieved steady progress, as is reflected in our business performance.

We made efforts toward the steady realization of our New Five-year Long-term Management Plan, so to express our gratitude to shareholders who have continued to offer their support, interim dividends from this fiscal period will be paid at 15 yen per share of common dividends.

Therefore, annual dividends were valued at 30 yen per share.

## **2. Forecast for the full year**

(Forecast for consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2007	23,500	5,570	5,370	3,150	94.54
FY2006	21,761	5,781	5,871	3,499	105.52
Growth Rate	8.0%	(3.7%)	(8.5%)	(10.0%)	—

(Forecast for non-consolidated business results)

(In million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2007	20,800	5,060	4,860	2,790	83.56
FY2006	19,762	5,333	5,426	3,178	95.71
Growth Rate	5.3%	(5.1%)	(10.4%)	(12.2%)	—

### **(1) Forecast for full-year business results**

In our outlook of business performance, corporate earnings are generally expected to be stable, but negative news reports are accumulating regarding rising oil prices and diminishing birth rates in the aging society, while increased competition among companies is raising concerns.

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 is falling, the economy 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 “New Five-year Long-term Management Plan (from FY2005 to FY2009)”. 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.

We have decided to take various assertive measures to implement changes in FY2006 to achieve this plan. In particular, the Company needs to strengthen its management and technical abilities in order to respond to changes in the external business environment brought about by a shrinking population and changes in the composition of the population accompanying a declining birthrate and a growing proportion of elderly people. In addition, new offices in both Europe and the U.S. will be opened in order to support the Company’s expansion into overseas markets. Both of these policies have mostly been implemented during the first half of the fiscal year. These expenses are projected to be about 90 million yen for the increase in personnel during the latter half of the fiscal year and about 60 million yen from the establishment of an overseas branch. The Company plans to accelerate business expansion with future-oriented investments.

For the Group, the outlook for the year ending March 2007 is 23,500 million yen in consolidated net sales and 5,370 million yen in consolidated ordinary income.

On non-consolidated basis, the outlook is 20,800 million in net sales and 4,860 million yen in ordinary income.

### **(2) Dividends**

As for dividends this fiscal year, various policies made steady progress due to the Company’s New Five-year Management Plan, and taking into consideration the achievement of steady interest allocations over the long-term, we will strive to continue to pay annual dividends at 30 yen per share of common dividend.

### (3) Management indicators

The Company's Return on Equity (ROE) target for the next fiscal year is 7.31%, but over the medium-term, we aim for 12.0% ROE and will work to achieve further increases in asset value for our investors.

Furthermore, with regard to Dividend on Equity (DOE), one of the Company's indicators, the outlook is 2.20% for the next fiscal year. We have also made a DOE of 2.5% our goal for the medium-term.

## II. Financial Condition

### (1) Overview of the current interim period

(In million yen)

	Previous interim period	Current interim period	Difference
Total assets	44,536	49,404	4,867
Shareholders' equity	39,473	43,242	3,768
Shareholders' equity ratio	88.6%	87.2%	(1.4%)

(In million yen)

	Previous interim period	Current interim period	Difference
Cash flows from operating activities	1,350	752	(597)
Cash flows from investing activities	(1,933)	(5,370)	(3,437)
Cash flows from financing activities	674	(219)	(893)
Increase/decrease in cash and cash equivalents	234	(4,391)	(4,625)
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	19,669	15,944	(3,725)

- Regarding financial conditions at the end of the current fiscal year, as a result of an decrease of 3,725 million yen in cash and a increase of 7,516 million yen in fixed assets compared to the end of the previous fiscal year, total assets are 49,404 million yen. As a result, the capital adequacy ratio is 87.2%, a decrease of 1.4% compared to the previous fiscal year.
- The Company's net income decreased year-on-year by 597 million yen to 752 million yen through steady business activity during the current fiscal year.
- Cash flows from investing activities  
For the current fiscal year, there was a net outflow of 5,370 million yen (an increase of 3,437 million yen compared to the previous fiscal year) as a result of a 4,990 million yen outlay for capital investments.
- Cash flows from financing activities  
For the current fiscal year, there was a net outflow of 219 million yen (a decrease of 893 million yen compared to the previous fiscal year) as a result of a 491 million yen outlay for dividends.

## (2) Full-year outlook

- Cash flows from operating activities  
Despite the harsh business environment, we expect to achieve target sales and profits for the current fiscal year, and to see an increase in income as well.
- Cash flows from investing activities  
We are planning domestic capital investments of 4,500 million yen annually. Also, with regard to overseas subsidiaries, construction expenses would be approximately 2,500 million yen.
- Cash flows from financing activities  
On October 13, 2006, the company decided and announced the “purchase of treasury stock.” According to this resolution, it is scheduled that we will expend a total of about 6 billion yen.

Annual dividends are planned to be paid at 30 yen per share.

Therefore, we expect the closing balance of cash and cash equivalents for the next fiscal year to be less than the closing balance for this fiscal year.

## (3) Trends in cash flow indexes

	FY2003/3	FY2004/3	FY2005/3	FY2006/3	Interim closing for FY2007
Capital-to-asset ratio (%)	84.5	87.6	89.5	88.6	87.2
Capital-to-asset ratio based on current value (%)	220.1	249.6	209.2	245.3	157.9
Amortization term (years)	0.2	0.2	0.1	0.0	0.6
Interest coverage ratio	129.9	170.3	203.3	304.0	181.5

Notes:

Capital-to-asset ratio: equity capital / total assets

Capital-to-asset ratio based on current value : total current stock value / total assets

Amortization term: interest-bearing debts / operating cash flow

Interest coverage ratio: operating cash flow / interest payments

\* All indexes are calculated using financial figures on a consolidated base.

\* Total current stock value is calculated based on final stock price at term end x 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. Important matters which arose in the Company's situation following the accounting period**

There is nothing to report.

### **IV. Business risks**

The Group operates with a mid- and long-term view based on a Five-year Long-term Management Plan. The Group has been implementing its New Five-year Long-term Management Plan that extends from FY2006 to FY2010.

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 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 oversea strategy
- 4) Implement effective capital policies which increase corporate value

The New Five-year Long-term Management Plan, which the above are the foundation of, requires large-scale capital investments. First of all, within Japan, around 8.0 billion yen is planned for the construction of the new No. 2 plant and replacement of No. 1 plant in Kyushu. In addition, European operations will require investments worth 5.5 billion yen, and operations in China and the U.S. will also require 2.5 billion yen in investments, for total investments worth 16.0 billion yen. Based on these capital investments, we have set the following targets for FY2010.

Consolidated net sales:	38.8 billion yen	Ordinary income:	11.4 billion yen
Net sales:	28.8 billion yen	Ordinary income:	9.0 billion yen

Steadily realizing the annual earnings targets and establishing an earnings foundation based on this vision will result in a long-term stable increase in the share price, which we take as our ultimate management policy and responsibility toward all our investors. We are also striving to increase the value of all our investors' investment.

In order to implement the New Five-year Long-term Management Plan, it is necessary to meet the concrete targets discussed above, and the whole company is working to do so. However, the following are objective risks, which could result in the achievement earlier or later than planned.

#### (1) Economic condition and consumer trends

The Group sells the majority of its products in the Japanese market. Therefore, deterioration in the Japanese economy and a fall in demand involved or unforeseen situations that affect consumption trends could negatively affect the Group's earnings or financial position.

#### (2) Market environment

A large portion of the company's sales comes from supplying raw materials to customers who are exposed to fierce competition in order to meet the rapidly changing tastes of consumers. We think our Group can continue to provide excellent taste, good for health, easy to use products to this market.

If the Group cannot sufficiently predict market changes, and provide products and services that match market demands, future sales could stagnate and profitability fall, which could negatively affect both earnings and the financial position of the Group.

(3) New businesses

New businesses are important for the future growth of the Group, and the Group has already established two bases in Europe and is making capital investments. In addition, the Group is building new factories in both the U.S. and China. If these businesses do not progress smoothly for unforeseen reasons, the Group may not grow as planned. In addition, one of the business strategies is the acquisition of other companies, and if these acquisitions take a longer or cost more than expected as a result of unexpected obstacles following the acquisition, the Group's earnings and financial position could negatively be affected.

(4) The Group operates businesses in various countries, and these businesses are exposed to the following risks:

- Unforeseen changes in laws or regulations,
- Political or economic turmoil,
- Social turmoil such as terrorist attacks or wars.

There is the risk that these factors could result in a deterioration in business and could negatively affect the Group's earnings and financial position.

(5) Public regulations

In the various countries that the Group conducts business, there are numerous public regulations. If the Group were unable to adhere to these regulations, the Group's activities could be restricted, which could lead to an increase in costs and negatively affect the Group's earnings and financial position.

(6) Risk associated with leak of personal information

In April 2005, the Personal Information Protection Law was passed, and the Group established a system in accordance with the spirit of the law, and aims to adhere to the law. However, if personal information were leaked and this resulted in major losses for customers, society's trust in the Group could be dramatically damaged, which could negatively affect the Group's earnings and financial position.

(7) Risk of natural disasters

In order to avoid the potential risk of interruptions in the production line, necessary disaster prevention inspections and equipment checks are periodically conducted. However, it is not ensured that damage to production equipment from natural disaster can be prevented. Such damage could lead to lower sales and higher costs, which could negatively affect the earnings and financial position of the Group.

The Group recognizes that these risks exist, and has a policy to work to avoid these risks and to respond to them in the case they do occur.

Items regarding the future that appear in the material are based on the company's forecast as of date that the financial report was submitted (November 1, 2006).

## 4. Consolidated Financial Statement

### (1) Interim Consolidated Balance Sheets

(In thousand yen)

Account	Annotation	At the end of the Current Consolidated Interim Period (As of September 30, 2005)			At the end of the Current Consolidated Interim Period (As of September 30, 2006)			Difference	Summary of Consolidated Balance Sheets for FY2006 (As of March 31, 2006)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)		Amount	Amount	Ratio (%)
<b>(Assets)</b>											
<b>I. Current assets</b>											
1. Cash and time deposits			19,669,990		15,944,382				20,335,457		
2. Notes and accounts receivable	*2		4,885,943		5,442,529				4,649,526		
3. Inventories			3,149,356		3,301,272				3,141,945		
4. Other current assets			373,955		742,923				362,972		
5. Allowance for doubtful accounts			(3,033)		(3,898)				(2,822)		
Total current assets			28,076,213	63.0	25,427,209	51.5	(2,649,003)		28,487,078	60.7	
<b>II. Fixed assets</b>											
<b>1. Tangible fixed assets</b>											
(1) Buildings and structure		10,064,880		10,417,612		10,169,859					
Cumulative amount of depreciation		4,793,475	5,271,404	5,235,236	5,182,375	4,971,884	5,197,974				
(2) Machines, devices, and delivery equipment		12,647,779		13,663,770		13,268,183					
Cumulative amount of depreciation		9,886,686	2,761,092	10,810,823	2,852,946	10,314,494	2,953,688				
(3) Land			4,157,577		4,549,595				4,160,926		
(4) Construction in progress			395,788		7,424,276				1,995,113		
(5) Other fixed assets		773,101		829,584		789,307					
Cumulative amount of depreciation		678,105	94,995	716,965	112,618	693,331	95,975				
Total tangible fixed assets			12,680,858	28.5	20,121,812	40.7	(7,440,953)		14,403,678	30.7	
2. Intangible fixed assets			106,907	0.2	150,794	0.3	43,886		116,609	0.3	
<b>3. Investments and other assets</b>											
(1) Investments in securities			1,888,382		2,209,112				2,461,837		
(2) Long-term loans receivable			71,736		71,634				75,572		
(3) Deferred tax assets			106,744		—				-		
(4) Investments in real estates	*1		808,843		573,537				567,935		
(5) Other investments			805,122		858,551				801,793		
(6) Allowance for doubtful accounts			(8,409)		(8,413)				(9,003)		
Total investments and other assets			3,672,420	8.3	3,704,423	7.5	32,002		3,898,134	8.3	
Total fixed assets			16,460,186	37.0	23,977,030	48.5	7,516,843		18,418,422	39.3	
Total assets			44,536,399	100.0	49,404,239	100.0	4,867,839		46,905,501	100.0	

Account	Annotation	At the end of the Current Consolidated Interim Period (As of September 30, 2005)			At the end of the Current Consolidated Interim Period (As of September 30, 2006)			Difference	Summary of Consolidated Balance Sheets for FY2006 (As of March 31, 2006)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)		Amount	Amount	Ratio (%)
<b>(Liabilities)</b>											
<b>I. Current liabilities</b>											
1. Notes and accounts payable	*2		1,574,119			1,683,655		109,535		1,554,753	
2. Short-term loans payable			298,674			448,819		150,145		115,118	
3. Income taxes payable			1,137,167			1,088,858		(48,309)		1,280,954	
4. Allowance for employee bonuses			144,934			152,109		7,174		145,848	
5. Other current liabilities			1,027,058			1,825,664		798,606		1,218,668	
Total current liabilities			4,181,954	9.4		5,199,105	10.5	1,017,151		4,315,343	9.2
<b>II. Long-term liabilities</b>											
1. Allowance for employee retirement benefits			537,495			596,043		58,547		564,487	
2. Deferred tax liabilities			—			177,557		177,557		95,063	
3. Other long-term liabilities			218,198			188,720		(29,477)		213,976	
Total long-term liabilities			755,693	1.7		962,320	2.0	206,627		873,527	1.9
Total liabilities			4,937,647	11.1		6,161,426	12.5	1,223,778		5,188,871	11.1
<b>(Minority interests)</b>											
Minority interest			124,852	0.3		—		(124,852)		152,228	0.3
<b>(Shareholders' equity)</b>											
I. Common stock			7,095,096	15.9		—		-(7,095,096)		7,095,096	15.1
II. Capital surplus			7,833,869	17.6		—		(7,833,869)		7,833,869	16.7
III. Retained earnings			25,037,815	56.2		—		(25,037,815)		26,405,408	56.3
IV. Differences in valuation of other securities			105,654	0.2		—		(105,654)		450,873	0.9
V. Adjustment account for currency conversion			(495,448)	(1.1)		—		495,448		(111,756)	(0.2)
VI. Treasury stocks			(103,087)	(0.2)		—		103,087		(109,089)	(0.2)
Total shareholders' equity			39,473,899	88.6		—		(39,473,899)		41,564,402	88.6
Total liabilities, minority interest and shareholders' equity			44,536,399	100.0		—		(44,536,399)		46,905,501	100.0

Account	Annotation	At the end of the Current Consolidated Interim Period (As of September 30, 2005)			At the end of the Current Consolidated Interim Period (As of September 30, 2006)			Difference	Summary of Consolidated Balance Sheets for FY2006 (As of March 31, 2006)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)		Amount	Amount	Ratio (%)
(Net Assets)											
I. (Shareholders' equity)											
1. Common stock			—	—		7,095,096	14.4	7,095,096		—	—
2. Capital surplus			—	—		7,833,869	15.8	7,833,869		—	—
3. Retained earnings			—	—		27,513,837	55.7	27,513,837		—	—
4. Treasury stocks			—	—		(110,950)	(0.2)	(110,950)		—	—
Total shareholders' equity			—	—		42,331,852	85.7	42,331,852		—	—
II. Unrealized gains and adjustments											
1. Unrealized gains on other securities			—	—		266,594	0.5	266,594		—	—
2. Deferred gains on hedges			—	—		213,562	0.4	213,562		—	—
3. Adjustment account for foreign currency exchange			—	—		269,447	0.6	269,447		—	—
Total unrealized gains and adjustments			—	—		749,603	1.5	749,603		—	—
III. Minority interest			—	—		161,356	0.3	161,356		—	—
Total net assets			—	—		43,242,812	87.5	43,242,812		—	—
Total liabilities and net assets			—	—		49,404,239	100.0	49,404,239		—	—

## (2) Interim Consolidated Statements of Income

(In thousand yen)

Account	Annotation	Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)			Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)			Difference	Summary of Consolidated Statement of Income of FY2006 (April 1, 2005 to March 31, 2006)		
		Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)		Amount	Amount	Ratio (%)
I. Net sales			10,235,806	100.0		10,823,620	100.0	587,814		21,761,293	100.0
II. Cost of sales			5,792,094	56.6		6,287,982	58.1	495,888		12,387,839	56.9
Gross profit			4,443,711	43.4		4,535,638	41.9	91,926		9,373,454	43.1
III. Selling, general and administrative expenses	*1		1,778,147	17.4		1,766,349	16.3	(11,797)		3,592,051	16.5
Operating income			2,665,564	26.0		2,769,288	25.6	103,723		5,781,403	26.6
IV. Non-operating income											
1. Interest income and dividends			9,787			31,657				22,176	
2. Foreign exchange gains			46,479			29,160				89,409	
3. House rent received			19,123			13,486				32,712	
4. Other non-operating income			20,143	0.9	95,533	20,381	0.8	(845)		36,304	0.8
V. Non-operating expenses											
1. Interest paid			6,787			4,147				13,800	
2. Stock issuing costs			450			-				450	
3. Expenses for new overseas business			16,994			69,970				40,610	
4. Other non-operating expenses			25,222	0.4	49,454	26,937	0.9	51,601		35,206	0.4
Ordinary income				26.5		2,762,919	25.5	51,275		5,871,939	27.0
VI. Extraordinary income											
1. Gain on sales of property, plant and equipment	*2		-	-		758	0.0	758		15,647	0.1
VII. Extraordinary losses											
1. Loss on retirement of fixed assets	*3		13,964			664				17,492	
2. Loss on sales of fixed assets			-			560				-	
3. Loss on revaluation of golf-club memberships			185			-				335	
4. Loss on cancellation of executive insurance policies						8,016				-	
5. Loss on asset impairment						-				45,239	
6. Loss on maintenance of overseas sale network			-	0.1	14,149	2,896	0.1	(2,012)		84,621	0.7
Income before income tax				26.4		2,751,541	25.4	54,046		5,739,898	26.4
Income, inhabitant and business taxes			1,106,197			1,095,076				2,344,742	
Adjustments for income and other taxes			(58,295)	10.3	1,047,902	(6,230)	10.0	40,942	(128,131)	2,216,611	10.2
Minority interest in net income				0.1		11,301	0.1	1,552		24,139	0.1
Net income				16.0		1,651,394	15.3	11,550		3,499,147	16.1

### (3) Consolidated Statements of Retained Earnings

(In thousand yen)

Account	Annotation	Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)		Current Consolidated Interim Period (April 1, 2005 to September 30, 2006)	
		Amount		Amount	
<b>(Capital surplus)</b>					
I	Capital surplus at beginning of the term		7,833,869		7,833,869
II	Interim capital surplus at the end of the term		7,833,869		7,833,869
<b>(Retained earnings)</b>					
I	Retained earnings at beginning of the term				
	1. Consolidated retained earnings at beginning of period		24,605,441		24,605,411
II	Increase in retained earnings				
	Net income	1,639,843	1,639,843	3,499,147	3,499,147
III	Decrease in retained earnings				
	1. Dividends	564,938		1,056,649	
	2. Bonuses to directors and auditors	49,000		49,000	
	3. Transfer to legal reserve	593,500	1,207,438	593,500	1,699,149
IV	Interim retained earnings at the end of the (interim) term		25,037,815		26,405,408

## 5. Consolidated Statements of Changes in Shareholders' Equity (Summary)

Interim closing for FY2007 (April 1, 2006 to September 30, 2006)

(In thousand yen)

	Shareholders' equity				
	Common shares	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)	–	–	(491,681)	–	(491,681)
Bonuses for directors	–	–	(51,100)	–	(51,100)
Net profit	–	–	1,651,394	–	1,651,394
Purchase of treasury stocks	–	–	–	(2,476)	(2,476)
Retirement of treasury stock			(183)	614	430
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)					
Amount of fluctuation during the consolidated fiscal year	–	–	1,108,429	(1,861)	1,106,567
Balance as of September 30, 2006	7,095,096	7,833,869	27,513,837	(110,950)	42,331,852

(In thousand yen)

	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 and adjustments		
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)						(491,681)
Bonuses for directors						(51,100)
Net profit						1,651,394
Purchase of treasury shares						(2,476)
Retirement of treasury stock						430
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal year (net)	(184,279)	213,562	381,203	410,486	9,128	419,615
Amount of fluctuation during the consolidated fiscal year	(184,279)	213,562	381,203	410,486	9,128	1,526,182
Balance as of September 30, 2006	266,594	213,562	269,447	749,603	161,356	43,242,812

(Note) The items as appropriation of surplus at the regular general meeting of shareholders in June, 2006.

**(4) Interim Consolidated Statements of Cash Flows**

(In thousand yen)

Account	Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	Difference	Summary of Consolidated Statement of Cash Flows of FY2006 (April 1, 2005 to March 31, 2006)
	Amount	Amount		Amount
<b>I. Cash flows from operating activities</b>				
Net income before income tax	2,697,494	2,751,541		5,739,898
Depreciation and amortization (Amortization for goodwill)	471,509	471,696		1,011,245
Increase or decrease in allowance for doubtful accounts	—	9,831		—
Increase in allowance for employee retirement benefits	1,047	485		1,430
Interest and dividends received	33,787	31,555		60,779
Interest paid	(9,787)	(31,657)		(22,176)
Increase or decrease in accounts receivable-trade	6,787	4,147		13,800
Increase in inventories	(315,363)	(734,264)		(50,395)
Increase in trade payables	(425,600)	(138,709)		(389,960)
Decrease in consumption tax and other taxes payable	16,835	103,671		(9,187)
Payments of bonuses to directors and auditors	(17,441)	(141,687)		(78,497)
Others	(49,000)	(51,100)		(49,000)
Others	(120,894)	(294,529)		(3,757)
Subtotal	2,289,374	1,980,982		6,224,180
Interest and dividend received	9,787	31,657		22,176
Interest expenses paid	(6,787)	(4,147)		(13,800)
Income and other taxes paid	(941,937)	(1,255,773)		(2,036,694)
Cash flows provided by operating activities	1,350,437	752,719	(597,718)	4,195,861
<b>II. Cash flows from investing activities</b>				
Payments for purchase of tangible fixed assets	(486,546)	(4,990,394)		(2,440,372)
Proceeds from sales of fixed assets	—	1,060		224,492
Payments for purchase of investment securities (subsidiary's shares)	(1,451,700)	(53,947)		(1,451,700)
Payment for loans receivable	—	(595,702)		—
Proceeds from collection of loans receivable (subsidize)	(217)	(538)		(10,218)
Others	4,998	5,005		11,583
Others	—	188,635		—
Others	(200)	75,050		(4,161)
Cash flows used in investing activities	(1,933,665)	(5,370,831)	(3,437,165)	(3,670,377)
<b>III. Cash flows from financing activities</b>				
Net decrease in short-term loans payable	(27,655)	274,510		(233,188)
Payment for acquisition of treasury stocks	(3,984)	(2,476)		(9,986)
Proceeds from sales of treasury stocks	1,270,000	430		1,270,000
Payments for dividends	(564,199)	(491,652)		(1,056,195)
Cash flows used in financing activities	674,161	(219,187)	(893,348)	(29,370)
IV. Conversion differential of cash and cash equivalents	143,849	446,224	302,375	404,134
V. Increase in cash and cash equivalents	234,781	(4,391,075)	(4,625,856)	900,248
VI. Balance of cash and cash equivalents at beginning of term	19,435,209	20,335,457	900,248	19,435,209
VII. Balance of cash and cash equivalents at the end of (the interim) term	19,669,990	15,944,382	(3,725,608)	20,335,457

## Basic conditions to prepare Consolidated Interim Financial Statements

Term	Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006/11/30)
1. Matters relating to the scope of consolidation	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. BELGIUM (N.V.)	(1) Consolidated subsidiary companies are the following six: 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 Tong Hsing Foods Co., Ltd.	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. BELGIUM (N.V.)
2. Non-consolidated subsidiary companies	There is no affiliated companies accounted for by the equity method.	Same as left	Same as left
3. Matters relating to business year of consolidated subsidiaries	The closing date of Ariake U.S.A., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients (S.A.S.) and F. P. N. BELGIUM (N.V.) is June 30. Although the Company uses all the subsidiaries' interim financial statements as of June 30 to prepare the consolidated financial statements, any significant transactions accrued from that date to the interim consolidated book closing date are adjusted according to consolidation requirements.	The closing date 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 Tong Hsing Foods Co., Ltd. is June 30. Although the Company uses all the subsidiaries' interim financial statements as of June 30 to prepare the consolidated financial statements, any significant transactions accrued from that date to the interim consolidated book closing date are adjusted according to consolidation requirements.	The closing day of Ariake U.S.A., Inc., Qingdao Ariake Foodstuff Co., Ltd., F. P. Natural Ingredients (SAS) and F. P. N. BELGIUM (N.V.) is December 31. Although the Company uses all the subsidiaries' financial statements as of December 31 to prepare the consolidated financial statements, any significant transactions accrued from that day to the consolidated book closing day are adjusted according to consolidation requirements.
4. Matters relating to accounting standards	(1) Standard and method of evaluating important assets  (i) Securities Other Securities (a) Securities with market price 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) (b) Securities without market price Cost method under the moving average method  (ii) Derivatives Mark-to-market method  (iii) Major inventories (a) Products Mainly cost method under the identified cost method (b) Materials Mainly cost method under the moving average method (c) Work in progress Mainly cost method under the identified cost method	(1) Standard and method of evaluating important assets  (i) Securities Other Securities (a) Securities with market price Same as left  (b) Securities without market price Same as the left  (ii) Derivatives Same as left  (iii) Major inventories (a) Products Same as left  (b) Materials Same as left  (c) Work in progress Same as left	(1) Standard and method of valuating important assets  (i) Securities Other Securities (a) Securities with any market price Same as left  (b) Securities without any market price Same as left  (ii) Derivatives Same as left  (iii) Major inventories (a) Products Same as left  (b) Materials Same as left  (c) Work in progress Same as left

Term	Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006/11/30)
	<p>(2) Important depreciation method for depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>(a) Domestic corporations Declining balance method As for buildings (except incidental equipment) acquired or put into business use after April 1, 1998, however, straight-line method is available. Small-amount depreciable assets of which the acquisition price is 100,000 yen or more and less than 200,000 yen are depreciated evenly over 3 years. Useful lives of major assets are as follows: Buildings and structures: 7-50 years Machines, devices and delivery equipment : 4-9 years</p> <p>(b) Overseas subsidiaries : Primarily straight-line method based on the estimated useful life</p> <p>(ii) Intangible fixed assets Straight-line method As for software for own use, straight-line method for internally available period (5 years) is applied</p> <p>(iii) Investments in real estate Declining balance method</p> <p>(3) Accounting of deferred assets</p> <p>(i) New stock issuing expense All expenses are posted as payment.</p> <p>(4) Standards for additions to allowances (i) Allowance for doubtful accounts</p> <p>Except for the overseas subsidiaries, 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) Important depreciation method for depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>(a) Domestic corporations Declining balance method Same as left</p> <p>(b) Overseas subsidiaries : Same as left</p> <p>(ii) Intangible fixed assets Same as left</p> <p>(iii) Investments in real estate Same as left</p> <p>(3) Accounting of deferred assets</p> <p>(i) New stock issuing expense Same as left</p> <p>(4) Standards for allowances (i) Allowance for doubtful accounts</p> <p>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) Important depreciation method for depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>(a) Domestic corporations Declining balance method Same as left</p> <p>(b) Overseas subsidiaries : Same as left</p> <p>(ii) Intangible fixed assets Same as left</p> <p>(iii) Investments in real estates Same as left</p> <p>(3) Accounting of deferred assets (i) New shares issuing expenses</p> <p>Same as left</p> <p>(4) Standards for additions to allowances (i) Allowance for doubtful accounts</p> <p>Same as left</p>

Term	Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006/11/30)
	(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.	(ii) Allowance for employee bonuses  Same as left	(ii) Allowance for employee bonuses  Same as left
	(iii) Allowance for employee retirement benefits	(iii) Allowance for employee retirement benefits	(iii) 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.	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. Expenses of past service liability are calculated by the straight-line method according to a designated number of years (five years) of average residual length of service by an employee at the time such expenses arise.	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. 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.
	(5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen Receivables and payables denominated in foreign currencies were converted to Japanese yen using the closing spot exchange rate for the final day of the consolidated interim period, and differences were recorded as gains or losses. The assets and liabilities, as well as income and expenses, of overseas subsidiaries were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated interim period and differences were included in the adjustment account for currency conversion under Minority interests and Shareholders' equity.	(5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen Same as left	(5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen Same as left

Term	Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006/11/30)
	(6)Accounting of lease transactions Finance lease transactions are accounted by the method similar to operating lease transactions, excluding financial lease transactions where ownership of the leased property may be transferred to the lessee	(6)Accounting of lease transactions Same as left	(6)Accounting of lease transactions Same as left
	<p>(6)Accounting of lease transactions Finance lease transactions are accounted by the method similar to operating lease transactions, excluding financial lease transactions where ownership of the leased property may be transferred to the lessee</p> <p>(7)Hedge accounting methods (i) Methods of hedge accounting</p> <p>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</p> <p>Measures of hedging Currency swaps Targets of hedging Purchase liabilities following imports of materials from subsidiaries overseas with possible losses due to currency fluctuations</p> <p>(iii) Policies on hedging Based on the basic policies approved by the Management Committee of the Company, the Management Coordination Department is in charge of controlling and executing trading, and regularly reporting to the Management Committee. Counter-parties of trading are limited to high-quality financial institutions.</p> <p>(iv) Methods to assess effectiveness of hedging</p>	<p>(6)Accounting of lease transactions Same as left</p> <p>(7)Hedge accounting methods (i) Methods of hedge accounting</p> <p>Same as left</p> <p>(ii) Measures of hedging and targets of hedging</p> <p>Measures of hedging Same as left Targets of hedging Same as left</p> <p>(iii) Policies on hedging Same as left</p> <p>(iv) Methods to assess effectiveness of hedging</p>	<p>(6)Accounting of lease transactions Same as left</p> <p>(7)Hedge accounting methods (i) Methods of hedge accounting</p> <p>Same as left</p> <p>(ii) Measures of hedging and targets of hedging</p> <p>Measures of hedging Same as left Targets of hedging Same as left</p> <p>(iii) Policies on hedging Same as left</p> <p>(iv) Methods to assess effectiveness of hedging</p>

Term	Previous Consolidated Interim Period (April 1, 2005 to September 30,2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1,2005 to March 31, 2006/11/30)
	<p>The accumulated total of price fluctuations or cash flow fluctuations of the targets of hedging is compared with the accumulated total of price fluctuations or cashflow fluctuations of the measures of hedging, and the effectiveness is assessed according to these fluctuations</p> <p>(8)Other important matters to prepare Interim Financial Statements</p> <p>Accounting of the consumption tax</p> <p>The Company applies the tax-exclusion accounting method</p>	<p>Same as left</p> <p>(8)Other important matters to prepare Interim Financial Statements</p> <p>Accounting of the consumption tax</p> <p>Same as left</p>	<p>Same as left</p> <p>(8)Other important matters to prepare Interim Financial Statements</p> <p>Accounting of the consumption tax</p> <p>Same as left</p>

Term	Previous Consolidated Interim Period (April 1, 2005 to September 30,2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006)
	<p>(9)Changes in important matters fundamental to the preparation of Interim Financial Statements (Accounting standards for the impairment of fixed assets) Beginning with the current interim consolidated accounting period, the Company is applying accounting standards for the impairment of fixed assets (“Opinions on Accounting Standards for Impairment of Fixed Assets” (Business Accounting Council, August, 9, 2002) and “Guidelines for the Application of Accounting Standards Pertaining to the Impairment of Fixed Assets” (Corporate Accounting Standards Application Guidelines, Issue 6, October 31, 2003)). Application of these standards will have no impact on income.</p>	<p>—</p>	<p>(9)Changes in important matters fundamental to the preparation of Interim Financial Statements (Accounting standards for the impairment of fixed assets) Beginning with the current interim consolidated accounting period, the Company is applying accounting standards for the impairment of fixed assets (“Opinions on Accounting Standards for Impairment of Fixed Assets” (Business Accounting Council, August, 9, 2002) and “Guidelines for the Application of Accounting Standards Pertaining to the Impairment of Fixed Assets” (Corporate Accounting Standards Application Guidelines, Issue 6, October 31,2003)). Application of these standards will have no impact 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 taxes falls 45,239 thousand yen. Accumulated losses are directly deducted from the appropriate asset amount.</p>

Term	Previous Consolidated Interim Period (April 1, 2005 to September 30,2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006)
	—	(10)Accounting standards related to the statement of Net Assets section on the balance sheets “Accounting principles regarding the statement of Net Assets section on the balance sheets” (5th Corporate Accounting Standards, December 9, 2005) and “Guidelines for the application of accounting principles regarding the statement of Net Assets section on the balance sheets” (8th Corporate Accounting Standards, December 9, 2005) have been applied from the consolidated fiscal accounting period. The amount equivalent to the total of the Capital section until now is 42,867,893,000 yen. In addition, the Net Assets section on the consolidated balance sheets for the current consolidated fiscal accounting period was prepared according to regulations regarding consolidated financial statements after the regulations regarding consolidated financial statements had been amended.	—
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	Same as left
6.Matters concerning 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.	Same as left	Same as left
7.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.	Same as left	Same as left
8.Scope of cash in consolidated statements of cash flows	Cash (cash and cash equivalents) in the Interim Consolidated Statement of Cash Flows consist of cash on hand, deposit which are at any time available for withdrawal, and short-term investments convertible easily into cash and repayable within 3 months after acquisition, with little risk for price fluctuation.	Same as left	Same as left

## Notes

### Notes on the Consolidated Balance Sheet

At the end of the Previous Consolidated Interim Period (As of September 30, 2005)	At the end of the Current Consolidated interim Period (As of September 30, 2006)	At the end of FY2006 (As of March 31, 2005)
<p>*1. Accumulated amount of depreciation of investments in real estates 76,879 thousand yen</p> <p>*2. —</p>	<p>*1. Accumulated amount of depreciation of investments in real estates 86,245 thousand yen</p> <p>*2. Bills matured on the last day of the consolidated fiscal year</p> <p>According to accounting policies for bills that mature on the last day of the consolidated fiscal accounting period, the bills were handled by settling accounts on the date of maturity, as the last day of the current consolidated fiscal year was a bank holiday.</p> <p>The amount of bills that matured on the last day of the current consolidated fiscal year is as follows.</p> <p>Notes and bills receivable 87,403 thousand yen</p> <p>Notes and bills payable 80,988 thousand yen</p>	<p>*1. Accumulated amount of depreciation of investments in real estates Investments in real estates 69,799 thousand yen</p> <p>*2. —</p>

### Notes on the Consolidated Statements of Income

Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006)
<p>*1. Major items accounted in selling, general and administrative expenses are as follows:</p> <p>Salary, benefits and bonuses 247,923 thousand yen</p> <p>Packing and transportation expenses 551,312 thousand yen</p> <p>Depreciation costs 42,427 thousand yen</p> <p>Allowance for employee bonuses 50,427 thousand yen</p> <p>Allowance for employee retirement benefits 15,678 thousand yen</p> <p>*2. —</p> <p>*3. Loss on disposal of fixed assets are as follows:</p> <p>Machines, devices and delivery equipment 13,964 thousand yen</p>	<p>*1. Major items accounted in selling, general and administrative expenses are as follows:</p> <p>Salary, benefits and bonuses 251,076 thousand yen</p> <p>Packing and transportation expenses 553,199 thousand yen</p> <p>Depreciation costs 39,631 thousand yen</p> <p>Allowance for employee bonuses 51,560 thousand yen</p> <p>Allowance for employee retirement benefits 14,104 thousand yen</p> <p>*2. Gain on sales of fixed assets are as follows:</p> <p>Machines, devices and delivery equipment 758 thousand yen</p> <p>*3. Loss on disposal of fixed assets are as follows:</p> <p>Machines, devices and delivery equipment 664 thousand yen</p>	<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 costs 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. Gain on sales of fixed assets are as follows:</p> <p>Investment in real estate 15,647 thousand yen</p> <p>*3. Loss on disposal of fixed assets are as follows:</p> <p>Machines, devices and delivery equipment 17,492 thousand yen</p>

## On the Statements of 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 yen)

	Number of Shares (As of March 31, 2005)	Increased number of Shares (April 1, 2006 to September 30, 2006)	Decreased number of Shares (April 1, 2006 to September 30, 2006)	Number of Shares (As of March 31, 2006)
Issued Stock				
Common Stock	32,808	—	—	32,808
Total	32,808	—	—	32,808
Treasury Stock				
Common Stock	29	0	0	30
Total	29	0	0	30

(Note) The increase and decrease in the number of shares of treasury stock for common shares consists of increases from the purchase of shares less than a full unit, and decreases from such purchases.

2. 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	Jun 19, 2006

(2) The effective date of dividends is after the end of the interim term among dividends for which the base date belongs to the interim term

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Amount of dividends (yen) per share	Base date	Effective date
November 1, 2006 Board of Directors Meeting	Common stock	491,671	Interest surplus	15.0	September 30, 2006	December 8, 2006

## On the Statements of Cash Flows

Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006)
Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets (As of September 30, 2005)	Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets (As of September 30, 2006)	Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets (As of March 31, 2006)
Cash and time deposits 19,669,990 thousand yen	Cash and time deposits 15,944,382 thousand yen	Cash and time deposits 20,335,457 thousand yen
Cash and cash equivalents 19,669,990 thousand yen	Cash and cash equivalents 15,944,382 thousand yen	Cash and cash equivalents 20,335,457 thousand yen

## 1. (Lease transactions)

Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006)																																				
<p>1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee</p> <p>(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</p>	<p>1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee</p> <p>(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</p>	<p>1. Finance lease transactions except those transactions where ownership of the leased property may be transferred to the lessee</p> <p>(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</p>																																				
(In thousand yen)	(In thousand yen)	(In thousand yen)																																				
<table border="1"> <thead> <tr> <th></th> <th>Amount equal to purchase price</th> <th>Amount equal to accumulated depreciation costs</th> <th>Amount equal to balance at end of term</th> </tr> </thead> <tbody> <tr> <td>Other tangible fixed assets</td> <td>48,803</td> <td>13,223</td> <td>35,580</td> </tr> <tr> <td>Total</td> <td>48,803</td> <td>13,223</td> <td>35,580</td> </tr> </tbody> </table>		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term	Other tangible fixed assets	48,803	13,223	35,580	Total	48,803	13,223	35,580	<table border="1"> <thead> <tr> <th></th> <th>Amount equal to purchase price</th> <th>Amount equal to accumulated depreciation costs</th> <th>Amount equal to balance at end of term</th> </tr> </thead> <tbody> <tr> <td>Other tangible fixed assets</td> <td>72,723</td> <td>20,393</td> <td>52,330</td> </tr> <tr> <td>Total</td> <td>72,723</td> <td>20,393</td> <td>52,330</td> </tr> </tbody> </table>		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term	Other tangible fixed assets	72,723	20,393	52,330	Total	72,723	20,393	52,330	<table border="1"> <thead> <tr> <th></th> <th>Amount equal to purchase price</th> <th>Amount equal to accumulated depreciation costs</th> <th>Amount equal to balance at end of term</th> </tr> </thead> <tbody> <tr> <td>Other tangible fixed assets</td> <td>71,839</td> <td>15,935</td> <td>55,903</td> </tr> <tr> <td>Total</td> <td>71,839</td> <td>15,935</td> <td>55,903</td> </tr> </tbody> </table>		Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term	Other tangible fixed assets	71,839	15,935	55,903	Total	71,839	15,935	55,903
	Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term																																			
Other tangible fixed assets	48,803	13,223	35,580																																			
Total	48,803	13,223	35,580																																			
	Amount equal to purchase price	Amount equal to accumulated depreciation costs	Amount equal to balance at end of term																																			
Other tangible fixed assets	72,723	20,393	52,330																																			
Total	72,723	20,393	52,330																																			
	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																																			
Total	71,839	15,935	55,903																																			
<p>(2) Amount equal to balance of unexpired lease charges at end of term (In thousand yen)</p> <table> <tr> <td>Within 1 year</td> <td style="text-align: right;">9,442</td> </tr> <tr> <td>More than 1 year</td> <td style="text-align: right;">26,609</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">36,051</td> </tr> </table>	Within 1 year	9,442	More than 1 year	26,609	Total	36,051	<p>(2) Amount equal to balance of unexpired lease charges at end of term (In thousand yen)</p> <table> <tr> <td>Within 1 year</td> <td style="text-align: right;">14,025</td> </tr> <tr> <td>More than 1 year</td> <td style="text-align: right;">39,132</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">53,158</td> </tr> </table>	Within 1 year	14,025	More than 1 year	39,132	Total	53,158	<p>(2) Amount equal to balance of unexpired lease charges at end of term (In thousand yen)</p> <table> <tr> <td>Within 1 year</td> <td style="text-align: right;">13,829</td> </tr> <tr> <td>More than 1 year</td> <td style="text-align: right;">42,880</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">56,710</td> </tr> </table>	Within 1 year	13,829	More than 1 year	42,880	Total	56,710																		
Within 1 year	9,442																																					
More than 1 year	26,609																																					
Total	36,051																																					
Within 1 year	14,025																																					
More than 1 year	39,132																																					
Total	53,158																																					
Within 1 year	13,829																																					
More than 1 year	42,880																																					
Total	56,710																																					
<p>(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense (In thousand yen)</p> <table> <tr> <td>Lease charges paid</td> <td style="text-align: right;">5,726</td> </tr> <tr> <td>Amount equal to depreciation cost</td> <td style="text-align: right;">5,308</td> </tr> <tr> <td>Amount equal to interest expense</td> <td style="text-align: right;">582</td> </tr> </table>	Lease charges paid	5,726	Amount equal to depreciation cost	5,308	Amount equal to interest expense	582	<p>(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense (In thousand yen)</p> <table> <tr> <td>Lease charges paid</td> <td style="text-align: right;">8,063</td> </tr> <tr> <td>Amount equal to depreciation cost</td> <td style="text-align: right;">7,521</td> </tr> <tr> <td>Amount equal to interest expense</td> <td style="text-align: right;">757</td> </tr> </table>	Lease charges paid	8,063	Amount equal to depreciation cost	7,521	Amount equal to interest expense	757	<p>(3) Lease charges paid, amount equal to depreciation cost and amount equal to interest expense (In thousand yen)</p> <table> <tr> <td>Lease charges paid</td> <td style="text-align: right;">10,896</td> </tr> <tr> <td>Amount equal to depreciation cost</td> <td style="text-align: right;">10,120</td> </tr> <tr> <td>Amount equal to interest expense</td> <td style="text-align: right;">1,120</td> </tr> </table>	Lease charges paid	10,896	Amount equal to depreciation cost	10,120	Amount equal to interest expense	1,120																		
Lease charges paid	5,726																																					
Amount equal to depreciation cost	5,308																																					
Amount equal to interest expense	582																																					
Lease charges paid	8,063																																					
Amount equal to depreciation cost	7,521																																					
Amount equal to interest expense	757																																					
Lease charges paid	10,896																																					
Amount equal to depreciation cost	10,120																																					
Amount equal to interest expense	1,120																																					
<p>(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.</p>	<p>(4) Calculation of the amount equal to depreciation cost Same as left</p>	<p>(4) Calculation of the amount equal to depreciation cost Same as left</p>																																				
<p>(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.</p>	<p>(5) Calculation of the amount equal to interest expense Same as left</p>	<p>(5) Calculation of the amount equal to interest expense Same as left</p>																																				
<p>(Asset impairment losses) There are no asset impairment losses attributed to leased assets.</p>	<p>(Asset impairment losses) Same as left</p>	<p>(Asset impairment losses) Same as left</p>																																				

## 2. (Securities)

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

### 1. Other securities with market price

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

### 2. Securities without any market price (In thousand yen)

	Amount Recorded on Interim Consolidated Balance Sheet
(1) Other securities	
Unlisted stocks	15,000

At the end of the Current Consolidated Interim Period (As of September 30, 2006)

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

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
(1) Stocks	1,709,764	2,152,612	442,847
(2) Bonds			
Government bond and local government bond	—	—	—
Corporate bond	—	—	—
Others	—	—	—
(3) Others	—	—	—
Total	1,709,764	2,152,612	442,847

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

	Amount Recorded on Interim Consolidated Balance Sheet
(1) Other securities	
Unlisted stocks	15,000

At the end of FY2006 (As of March 31, 2006)

1. Other securities with market price

Category	Acquisition prices	Amount Recorded on Interim Consolidated Balance Sheets	Difference
(1) Stocks	1,696,377	2,445,337	748,959
(2) Bonds			
Government bond and local government bond	—	—	—
Corporate bond	—	—	—
Others	—	—	—
(3) Others	—	—	—
Total	1,696,377	2,445,337	748,959

2. Securities without any market price

(In thousand yen)

	Amount Recorded on Consolidated Balance Sheet
(1) Other securities	
Unlisted stocks	15,000

3. (Derivative Transactions)

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

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

At the end of the Current Consolidated Interim Period (As of September 30, 2006)

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

At the end of FY2006 (As of March 31, 2006)

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

#### 4. (Information by segment)

##### a. Information by business segment

Previous Consolidated Interim Period (April 1, 2005 - September 31, 2005, Current Consolidated Interim Period (April 1, 2006 - September 30, 2006)

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 September 30, 2005)

(In thousand yen)

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

Note 1: Nations or regions are distinguished based on the similarity of economic activities.

2: Main nations and regions other than Japan Other areas: U.S., People's Republic of China, France and Belgium

Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)

(In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
I Net sales					
(1) Sales to external customers	9,839,248	984,372	10,823,620	—	10,823,620
(2) Internal sales or transfers between segments	20,920	633,077	653,997	(653,997)	—
Total	9,860,168	1,617,449	11,477,617	(653,997)	10,823,620
Operating expenses	7,324,749	1,387,415	8,712,165	(657,833)	8,054,332
Operating income	2,535,418	230,033	2,765,452	3,836	2,769,288

Note1. 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

FY2006 (April 1, 2005 to March 31, 2006)

(In thousand yen)

	Japan	Other areas	Total	Elimination or entire company	Consolidation
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

Note 1: Nations or regions are distinguished based on the similarity of economic activities.

2: Main nations and regions other than Japan. Other areas: U.S., People's Republic of China and France

c. Overseas sales

Since the ratio of sales overseas at interim closing for FY2006 (April 1, 2005 to September 30, 2005), interim closing for FY2006 (April 1, 2006 to September 30, 2006), and FY2006(April 1, 2005 to March 31, 2006) is less than 10% of consolidated sales, description is omitted.

**(Per share data)**

Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006)
Net assets per share 1,204.18	Net assets per share 1,314.34	Net assets per share 1,266.47 yen
Net income per share 50.18	Net income per share 50.38	Net income per share 105.52 yen
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.  (Additional information) In conjunction with "Guidelines for the application of accounting principles regarding current profit per share" (4th Guideline for the application of corporate accounting standards) amended as of January 31, 2006, the amount of deferred hedge profit and loss (after adjustment for tax effect) from the current consolidated fiscal year is included in the amount of net assets for the end of the interim term associated with common stock.  The amount of net assets per share at the end of the current consolidated fiscal accounting period calculated according to methods adopted at the end of the previous consolidated fiscal year was 1,307.82 yen.	Due to absence of residual shares with dilution effects, here is not indicated the net income after residual share adjustment.

Note: The amounts of interim (and full-year) net income per share are based on the following data (in thousand yen)

	Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006)
Interim (full-year) net income	1,639,84	1,651,394	3,499,147
Amount not attributable to common shareholders (in thousand yen)	—	—	51,100
(Bonuses to directors and auditors through surplus appropriation, included)	(—)	(—)	(51,100)
Interim (full-year) net income available to common shares (in thousand yen)	1,639,843	1,651,394	3,448,047
Average number of shares outstanding during the term (in thousand shares)	32,677	32,778	32,676

**(Important Subsequent Events)**

Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)	Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)	FY2006 (April 1, 2005 to March 31, 2006)
—	<p>(Decision on items regarding the acquisition of treasury stock)</p> <p>In the Company's Board of Directors meeting convened on October 13, 2006, we decided to purchase some treasury stock based on the provisions of Article 156 of Corporate Law, which applies to a change in reading from Article 165, Paragraph 3 of the same law. The outline thereof is as follows.</p> <ol style="list-style-type: none"><li>1. Reason for acquiring treasury stock Acquire treasury stock to make it possible to implement mobile capital in response to changes in the corporate climate and to pass on more profits to shareholders.</li><li>2. Details of acquisition<ol style="list-style-type: none"><li>(1) Type of stock acquired Common stock</li><li>(2) Total number of shares acquired 2,000,000 shares (cap) (6.1% of the total number of issued shares)</li><li>(3) Total amount of acquisition cost for stock 6 billion yen (cap)</li><li>(4) Timing of acquisition From October 16, 2006 to April 27, 2007</li></ol></li></ol>	—

## 5. Breakdown of Sales by Product

(In thousand yen)

Term		Previous Consolidated Interim Period (April 1, 2005 to September 30, 2005)		Current Consolidated Interim Period (April 1, 2006 to September 30, 2006)		FY2006 (April 1, 2005 to March 31, 2006)	
		Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Classification							
Product	Liquid soup	2,161,616	21.1	2,014,503	18.6	4,227,091	19.4
	Liquid natural seasonings	5,503,328	53.8	6,147,893	56.8	12,111,120	55.7
	Powdered natural seasonings	1,399,511	13.6	1,488,889	13.8	3,060,290	14.1
	Others	478,854	4.7	446,542	4.1	945,957	4.3
	Subtotal	9,543,310	93.2	10,097,828	93.3	20,344,460	93.5
Merchandise	Liquid natural seasonings	656,998	6.4	691,774	6.4	1,346,457	6.2
	Powdered natural seasonings	35,497	0.4	34,017	0.3	70,376	0.3
	Subtotal	692,495	6.8	725,792	6.7	1,416,833	6.5
Total		10,235,806	100.0	10,823,620	100.0	21,761,293	100.0

Note 1: Amounts under one thousand yen have been rounded down.

2: Amounts do not include the consumption tax.

## 6. Amount of orders received during the term and backlog of major products

The Company does not apply any production-to-order system, but planned production according to statistical data.