

Consolidated Financial Results

for the Second Quarter of FY2012 ending March 31, 2012

(J-GAAP)

November 11, 2011

Listed company name: Ariake Japan Co., Ltd.
 Code number: 2815 URL: <http://www.ariakejapan.com> Listing exchange: Tokyo, 1st Section
 Representative: Tomoki Tagawa, President (COO)
 Contact: Akio Miyakawa, Manager of the Management Coordination Department TEL: +81-3-3791-3301
 Filing of quarterly financial report: November 11, 2011
 Start of cash dividend payments: December 12, 2011
 Supplementary quarterly materials prepared: Yes
 Quarterly results information meeting held: Yes (for analysts)

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Second Quarter of FY2012 Ending March 31, 2012 (April 1, 2011 – September 30, 2011)

(1) Consolidated Business Results (cumulative)

(Percentage figures represent changes compared with the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter of FY2012	15,182	22.0	2,080	27.7	1,690	40.3	847	75.4
Second Quarter of FY2011	12,442	17.1	1,629	32.4	1,204	9.1	482	21.8

(Note) Comprehensive Income: Second Quarter of FY2012: ¥1,103 million (– %) Second Quarter of FY2011: ¥ (734) million (– %)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Second Quarter of FY2012	26.61	–
Second Quarter of FY2011	15.17	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2011	50,703	41,642	81.7
As of March 31, 2011	50,793	41,177	80.6

(Reference) Equity capital: As of September 30, 2011: ¥41,413 million As of March 31, 2011: ¥40,956 million

2. Dividends

	Annual dividends (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
FY2011	—	20.00	—	20.00	40.00
FY2012	—	20.00			
FY2012 (Forecast)			—	20.00	40.00

(Note) Revisions since the most recently announced dividend forecast: None

3. Forecast of the Consolidated Financial Results for FY2012 Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Percentage figures indicate the rate of change from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	31,360	15.9	4,248	12.3	4,366	25.3	2,350	36.9	73.83

(Note) Revisions since the most recently announced forecast of the consolidated financial results: None

4. Other Information

(1) Significant Changes in Subsidiaries during the Period (Changes in specified subsidiaries resulting in change of scope of consolidation during the quarter): None

(2) Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements: Yes

(3) Changes in Accounting Policies, Accounting Estimates, and Restatement of Revisions

1. Changes in accounting policies associated with revisions of accounting standards, etc.: None
2. Changes other than those included in 1: None
3. Changes in accounting estimates: None
4. Restatement of revisions: None

(4) Number of Shares Outstanding (Common stock)

1) Number of shares outstanding as of the period-end (including treasury stock)	As of September 30, 2011	32,808,683 shares	As of March 31, 2011	32,808,683 shares
2) Number of treasury stock as of the period-end	As of September 30, 2011	980,277 shares	As of March 31, 2011	980,283 shares
3) Average number of shares outstanding (quarterly consolidated cumulative period)	First six months of FY2012	31,828,391 shares	First six months of FY2011	31,828,978 shares

* Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these Consolidated Financial Results and the procedure based on this Act had been completed. The quarterly review report was received as of November 9, 2011.

* Explanation regarding the appropriate use of forecast of consolidated financial results and other special instructions

Descriptions regarding the future, including the financial outlook contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable and actual business results may significantly vary due to various factors.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Qualitative Information on Consolidated Business Results

During the first six months of the fiscal year ending March 31, 2012 (April 1, 2011 – September 30, 2011), the Japanese economy saw some signs of recovery as efforts to restore the supply chains and social infrastructure damaged by the Great East Japan Earthquake moved ahead. Nevertheless, with the yen being driven higher by debt problems in the U.S. and Europe and factors like concerns over possible power shortages being present, the future remains highly uncertain.

In the food industry, the emergence of acute price-sensitivity among consumers has meant a continuation of difficult business conditions.

As a global enterprise with a “global six-pillar system,” and a leading manufacturer in the field of natural seasonings, Ariake Japan Co., Ltd. (the Company) and its Group companies (the Group) have worked to identify customer needs early on, expand existing businesses throughout the world, and actively develop new businesses, while delivering on commitments to food safety, good health, and better taste.

As a result of these efforts, the Group and the Company succeeded in achieving the business results discussed below.

The Company’s net sales increased by ¥1,765 million, or 16.4% year on year to ¥12,553 million as a result of efforts to further expand sales based on our customer-first approach.

Consolidated net sales increased by ¥2,739 million, or 22.0% year on year to ¥15,182 million on higher sales at subsidiaries in the U.S., Asia, and Europe.

The Company’s ordinary income increased by ¥277 million, or 17.3% year on year to ¥1,883 million as higher sales and income more than offset increases in fixed cost of manufacturing (approx. ¥186 million).

The situation with regard to loss on foreign exchange, which includes gain/loss on valuation of derivatives, improved somewhat from the same period last year (a ¥508 million loss for the first six months compared with a ¥516 million loss for the first six months of the previous fiscal year).

Consolidated ordinary income, with the help of performance improvements at overseas subsidiaries, increased by ¥485 million, or 40.3% year on year to ¥1,690 million.

Business results of the Company and its consolidated subsidiaries by region were described below.

Net sales				(Billions of yen)
	First six months of FY2012	First six months of FY2011	Difference	
Ariake Japan Co., Ltd.	12.55	10.79	1.76	
U.S.	0.68	0.48	0.20	
Asia	0.84	0.77	0.07	
Europe	0.87	0.19	0.68	
Japan	0.24	0.21	0.03	
Subsidiaries and affiliates	2.63	1.65	0.98	
Total	15.18	12.44	2.74	

Ordinary income (loss)				(Billions of yen)
	First six months of FY2012	First six months of FY2011	Difference	
Ariake Japan Co., Ltd.	1.88	1.61	0.27	
U.S.	0.05	(0.08)	0.13	
Asia	0.15	0.08	0.07	
Europe	(0.40)	(0.41)	0.01	
Japan	0.01	0.00	0.01	
Subsidiaries and affiliates	(0.19)	(0.41)	0.22	
Total	1.69	1.20	0.49	

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the current second quarter decreased by ¥89 million from the end of the previous fiscal year to ¥50,703 million.

Total liabilities declined by ¥555 million from the end of the previous fiscal year to ¥9,061 million, mainly because of a ¥990 million decrease in short-term loans payable. Net assets increased by ¥465 million to ¥41,642 million.

(3) Qualitative Information on Forecast of the Consolidated Financial Results

We have not revised our forecast of the consolidated financial results which were announced on May 12, 2011.

2. Summary (Other) Information

(1) Significant Changes in Subsidiaries during the Period

There is no related information.

(2) Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements

With respect to tax expenses, the effective tax rate after the application of tax effect accounting on income before income taxes and minority interests of the fiscal year, including the second quarter under review were rationally estimated and tax expenses were calculated multiplying income before income taxes and minority interests by said estimated effective tax rate.

Adjustments for income and other taxes are included in income taxes.

(3) Changes in Accounting Policies, Procedures and Accounting Estimates, and Restatement of Revisions

There is no related information.

(4) Additional Information

Accounting Standard for Accounting Changes and Error Corrections

Effective April 1, 2011, the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24 released on December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24 released on December 4, 2009) are being applied to implement an accounting change and correct for past errors.

3. Significant Events Regarding Going Concern Assumption

There is no related information.

4. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets**

(Thousands of yen)

	FY2011 (As of March 31, 2011)	Second Quarter of FY2012 (As of September 30, 2011)
Assets		
Current assets		
Cash and time deposits	10,669,131	5,732,989
Notes and accounts receivable	5,557,621	6,185,464
Securities	1,003,890	2,000,000
Merchandise and finished goods	1,870,095	2,174,196
Work in process	575,966	654,936
Raw materials and supplies	1,540,186	1,709,301
Deferred tax assets	149,519	149,579
Others	249,032	355,605
Allowance for doubtful accounts	(2,180)	(3,435)
Total current assets	21,613,265	18,958,640
Fixed assets		
Tangible fixed assets		
Buildings and structures	19,142,482	19,378,767
Accumulated depreciation	(7,866,374)	(8,215,022)
Buildings and structures, net	11,276,107	11,163,744
Machines, devices, and delivery equipment	20,106,904	20,732,246
Accumulated depreciation	(14,443,995)	(15,015,564)
Machines, devices, and delivery equipment, net	5,662,909	5,716,681
Land	4,406,829	4,422,297
Leased assets	6,100	33,536
Accumulated depreciation	(1,101)	(3,524)
Leased assets, net	4,998	30,011
Construction in progress	356,820	532,350
Others	798,523	810,736
Accumulated depreciation	(715,495)	(732,802)
Others, net	83,027	77,933
Total tangible fixed assets	21,790,693	21,943,019
Intangible fixed assets	101,096	99,085
Investments and other assets		
Investment securities	5,842,185	8,293,803
Long-term loans receivable	229,570	182,953
Investments in real estates, net	545,430	542,566
Deferred tax assets	137,309	148,920
Others	534,185	534,764
Allowance for doubtful accounts	(75)	(75)
Total investments and other assets	7,288,606	9,702,932
Total fixed assets	29,180,396	31,745,037
Total assets	50,793,661	50,703,677

(Thousands of yen)

	FY2011 (As of March 31, 2011)	Second Quarter of FY2012 (As of September 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable	2,764,302	3,021,734
Short-term loans payable	2,286,280	1,295,480
Lease liabilities	929	6,801
Income taxes payable	926,314	870,697
Allowance for employees' bonuses	165,441	176,995
Allowance for directors' bonuses	56,000	—
Others	1,851,440	2,106,176
Total current liabilities	8,050,709	7,477,887
Long-term liabilities		
Long-term loans payable	407,450	403,650
Lease liabilities	4,456	24,710
Deferred tax liabilities	41,796	42,247
Allowance for employees' retirement benefits	569,054	573,242
Allowance for directors' retirement benefits	297,906	296,982
Others	245,150	242,284
Total long-term liabilities	1,565,814	1,583,117
Total liabilities	9,616,523	9,061,004
Net assets		
Shareholders' equity		
Common stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	29,505,058	29,715,503
Treasury stock	(2,059,110)	(2,059,043)
Total shareholders' equity	42,374,913	42,585,425
Accumulated other comprehensive income		
Unrealized gains (losses) on other securities	327,657	300,176
Adjustment account for foreign currency exchange	(1,746,043)	(1,472,243)
Total accumulated other comprehensive income	(1418,385)	(1,172,067)
Minority interests	220,611	229,315
Total net assets	41,177,138	41,642,672
Total liabilities and net assets	50,793,661	50,703,677

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)**

(Thousands of yen)

	Second Quarter of FY2011 (April 1, 2010 to September 30, 2010)	Second Quarter of FY2012 (April 1, 2011 to September 30, 2011)
Net sales	12,442,540	15,182,000
Cost of sales	8,567,670	10,539,885
Gross profit	3,874,870	4,642,114
Selling, general and administrative expenses	2,245,761	2,561,656
Operating income	1,629,108	2,080,457
Non-operating income		
Interest income	22,978	35,980
Dividend income	31,625	42,855
Rent received	13,984	14,194
Gain on valuation of derivatives	—	12,275
Others	96,737	55,932
Total non-operating income	165,325	161,237
Non-operating expenses		
Interest paid	29,638	20,461
Loss on foreign exchange	246,958	518,804
Loss on valuation of derivatives	280,516	—
Others	32,809	11,993
Total non-operating expenses	589,923	551,259
Ordinary income	1,204,510	1,690,436
Extraordinary loss		
Loss on valuation of investment securities	2,695	10,432
Loss on retirement of fixed assets	3,836	—
Total extraordinary loss	6,532	10,432
Income before income taxes and minority interests	1,197,978	1,680,004
Income taxes	713,772	826,488
Income before minority interests	484,205	853,515
Minority interests	1,404	6,502
Net income	482,800	847,013

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Second Quarter of FY2011 (April 1, 2010 to September 30, 2010)	Second Quarter of FY2012 (April 1, 2011 to September 30, 2011)
Income before minority interests	484,205	853,515
Other comprehensive income		
Unrealized gains (losses) on other securities	(346,326)	(27,481)
Adjustment account for foreign currency exchange	(872,494)	277,089
Total accumulated other comprehensive income	(1,218,820)	249,608
Total other comprehensive income	(734,615)	1,103,124
(Breakdown of comprehensive income)		
Parent company portion of comprehensive income	(728,117)	1,093,331
Minority interest portion of comprehensive income	(6,497)	9,791

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Second Quarter of FY2011 (April 1, 2010 to September 30, 2010)	Second Quarter of FY2012 (April 1, 2011 to September 30, 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	1,197,978	1,680,004
Depreciation and amortization	875,381	882,041
Amortization of goodwill	9,831	—
Increase (decrease) in allowance for doubtful accounts	1,219	1,255
Increase (decrease) in allowance for employees' retirement benefits	(2,182)	4,188
Increase (decrease) in allowance for directors' retirement benefits	8,216	(923)
Increase (decrease) in allowance for employees' bonuses	8,261	11,455
Increase (decrease) in allowance for directors' bonuses	(52,700)	(56,000)
Interest and dividends received	(54,603)	(78,835)
Interest paid	29,638	20,461
Loss (gain) on foreign exchange	261,896	195,200
Loss (gain) on valuation of investment securities	2,695	10,432
Decrease (increase) in accounts receivable—trade	(435,399)	(610,807)
Decrease (increase) in inventories	(340,338)	(530,247)
Increase (decrease) in accounts payable—trade	64,774	212,384
Others	227,825	(157,577)
Subtotal	1,802,494	1,583,030
Interest and dividend income received	46,829	76,085
Interest expenses paid	(29,638)	(20,461)
Income taxes paid	(1,208,309)	(852,033)
Cash provided by operating activities	611,376	786,622
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	5,162,232	—
Purchase of securities	(1,011,545)	(2,000,000)
Proceeds from sales of securities	—	1,000,000
Payments for purchase of tangible fixed assets	(303,074)	(422,723)
Payments for acquisition of investment securities	(1,000,000)	(2,507,701)
Payments for loans receivable	(2,780)	(1,878)
Proceeds from collection of loans receivable	26,103	62,026
Others	(4,918)	(1,751)
Cash used in investing activities	2,866,017	(3,872,027)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	62,450	(1,024,697)
Payments for acquisition of treasury stock	(442)	(185)
Proceeds from sale of treasury stock	280	252
Dividends paid	(636,442)	(636,606)
Cash dividends paid to minority shareholders	—	(1,088)
Cash used in financing activities	(574,155)	(1,662,325)
Exchange difference of cash and cash equivalents	(262,251)	(188,411)
Increase (decrease) in cash and cash equivalents	2,640,987	(4,936,142)
Cash and cash equivalents at beginning of term	9,513,872	10,669,131
Cash and cash equivalents at end of the quarter	12,154,859	5,732,989

(4) Notes on the Going Concern Assumption

There is no related information.

(5) Segment Information

I Second Quarter of FY2011 (April 1, 2010 – September 30, 2010)

Segment information is omitted because natural seasoning business is our only segment.

II Second Quarter of FY2012 (April 1, 2011 – September 30, 2011)

Segment information is omitted because natural seasoning business is our only segment.

(6) Notes to Significant Changes in the Amount of Shareholders' Equity

There is no related information.

(7) Significant Subsequent Events

There is no related information.