

# Consolidated Financial Results

## for the First Quarter of FY2014 ending March 31, 2014

### (J-GAAP)

August 7, 2013

Listed company name: Ariake Japan Co., Ltd.  
 Code number: 2815 URL: <http://www.ariakejapan.com/> Listing exchange: Tokyo, 1st Section  
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 Filing of quarterly financial report: August 7, 2013  
 Start of cash dividend payments: –  
 Supplementary quarterly materials prepared: No  
 Quarterly results information meeting held: No

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

#### 1. Consolidated Financial Results for the First Quarter of FY2014 Ending March 31, 2014 (April 1, 2013 – June 30, 2013)

##### (1) Consolidated Business Results (cumulative)

(Percentage figures are changes from 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	%
First Quarter of FY2014	8,329	7.0	1,293	5.4	1,687	55.3	1,003	73.9
First Quarter of FY2013	7,788	6.8	1,227	24.9	1,086	12.2	576	19.8

(Note) Comprehensive Income: First Quarter of FY2014: ¥ 1,600 million (65.1 %) First Quarter of FY2013: ¥969 million (19.6 %)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First Quarter of FY2014	31.51	–
First Quarter of FY2013	18.13	–

##### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2013	55,505	47,350	84.7	1,476.90
As of March 31, 2013	54,662	46,550	84.6	1,452.87

(Reference) Equity capital: As of June 30, 2013: ¥ 47,006 million As of March 31, 2013: ¥ 46,241 million

#### 2. Dividends

	Annual dividends				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	—	20.00	—	25.00	45.00
Fiscal year ending March 31, 2014	—				
Fiscal year ending March 31, 2014 (forecast)		20.00	—	25.00	45.00

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

#### 3. Forecast of the Consolidated Financial Results for FY2014 Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Percentage figures are changes from the previous fiscal 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
Half year	17,433	11.1	2,750	8.4	3,039	26.3	1,906	43.0	59.88
Full year	37,657	12.1	6,241	14.0	6,810	6.3	4,336	14.5	136.23

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

\*Notes

(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  
 (Note) For details, please refer to “(2) Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements” of “2. Summary (Notes) Information”.

(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 June 30, 2013	32,808,683 shares	As of March 31, 2013	32,808,683 shares
2) Number of treasury stock as of the period-end	As of June 30, 2013	981,100 shares	As of March 31, 2013	980,716 shares
3) Average number of shares outstanding (quarterly consolidated cumulative period)	First three months of FY2014	31,827,729 shares	First three months of FY2013	31,828,229 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 August 6, 2013.

\* 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 Financial Results

### (1) Explanation regarding Business Results

During the first quarter of the fiscal year ending March 31, 2014 (April 1, 2013 – June 30, 2013), the Japanese economy showed brighter signs backed by aggressive monetary easing by the government and widespread expectation towards the economic policy aimed at economic recovery. On the other hand, slowing growth in emerging economies remained a concern and inhibited optimism.

In the food industry, the business environment has not improved as individuals remained cautious about their consumption.

Under these circumstances, the Company and the Group (collectively, the Ariake Group) strived to deepen the relationship with existing customers and acquire new customers to increase sales and maximize earnings, taking advantage of its unique technological strength in the field of natural seasonings combined with its ability to propose solutions to customers.

The business results produced by these efforts over the first three months of the fiscal year are discussed below.

Net sales of the Company (Ariake Japan Co., Ltd.) increased by ¥209 million, or 3.2% year on year, to ¥6,757 million. Consolidated net sales also increased by 7.0% (¥541 million) year on year to ¥8,329 million.

Operating income of the Company decreased by 2.2% (¥28 million) year on year to ¥1,258 million as the increase in raw material cost and fixed manufacturing cost outweighed the increase in income corresponding to the increase in net sales.

Consolidated operating income increased by 5.4% (¥66 million) year on year to ¥1,293 million, reflecting the contribution of the U.S. and other foreign subsidiaries through their revenue growth.

Ordinary income of the Company increased by 33.7% (¥412 million) year on year to ¥1,636 million as the decrease in operating income was more than offset by a significant improvement regarding foreign exchange gains or losses including valuation gains or losses on derivatives (from a loss of ¥292 million in the previous fiscal year to a gain of ¥182 million). Consolidated ordinary income also increased by ¥600 million, or 55.3% year on year, to ¥1,687 million.

Net income increased by ¥261 million year on year, to ¥1,011 million at the Company level, and increased by ¥426 million year on year, to ¥1,003 million at the consolidated level.

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

Net sales				(Billions of yen)
	First three months of FY2014	First three months of FY2013	Difference	
Ariake Japan Co., Ltd.	6.76	6.55	0.21	
Subsidiaries and affiliates	1.57	1.24	0.33	
U.S.	0.56	0.40	0.16	
Asia	0.64	0.51	0.13	
Europe	0.27	0.22	0.05	
Japan	0.10	0.11	(0.01)	
Total	8.33	7.79	0.54	

Ordinary income (loss)				(Billions of yen)
	First three months of FY2014	First three months of FY2013	Difference	
Ariake Japan Co., Ltd.	1.26	1.28	(0.02)	
Subsidiaries and affiliates	0.03	(0.05)	0.08	
U.S.	0.10	0.02	0.08	
Asia	0.10	0.09	0.01	
Europe	(0.17)	(0.16)	(0.01)	
Japan	0.00	0.00	0.00	
Total	1.29	1.23	0.06	

\*The Company recorded profit by geographic segment on an ordinary income and loss basis up to the fiscal year ended March 31, 2013. Effective from the fiscal year ending March 31, 2014, profit by geographic segment is being recorded on an operating income and loss basis. Recognizing that ordinary income and loss includes such short-term market trends as foreign exchange losses (gains), operating income and loss is deemed to more accurately reflect the Company's mainstay operating results.

**(2) Explanation regarding Financial Position**

Total assets at the end of the current first quarter increased by ¥842 million from the end of the previous fiscal year to ¥55,505 million.

Total liabilities increased by ¥42 million from the end of the previous fiscal year to ¥8,154 million despite a significant decrease in income taxes payable, mainly because of an increase in accrued expenses. Total net assets at the end of the current first quarter increased by ¥799 million from the end of the previous fiscal year to ¥47,350 million.

**(3) Explanation regarding Information on Future Forecasts including Consolidated Business Forecasts, etc.**

We have not revised our forecast of the consolidated financial results which were announced on May 13, 2013.

**2. Supplement to Summary Information (Notes)**

**(1) Changes in Significant Subsidiaries during the Term**

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 first 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, Accounting Estimates and Restatement of Revisions**

There is no related information.

**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)

	FY2013 (As of March 31, 2013)	First Quarter of FY2014 (As of June 30, 2013)
<b>Assets</b>		
Current assets		
Cash and time deposits	8,102,330	7,828,282
Notes and accounts receivable	6,766,744	6,510,937
Securities	1,000,000	2,000,000
Merchandise and finished goods	2,432,717	2,651,894
Work in process	677,707	732,531
Raw materials and supplies	1,568,228	1,785,140
Deferred tax assets	215,645	216,341
Others	470,089	603,634
Allowance for doubtful accounts	(1,425)	(2,104)
Total current assets	21,232,038	22,326,658
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,577,196	21,039,755
Accumulated depreciation	(9,251,388)	(9,528,969)
Buildings and structures, net	11,325,807	11,510,786
Machines, devices, and delivery equipment	21,908,262	22,424,348
Accumulated depreciation	(16,676,929)	(17,182,472)
Machines, devices, and delivery equipment, net	5,231,333	5,241,875
Land	4,499,643	4,529,896
Leased assets	44,156	44,156
Accumulated depreciation	(15,542)	(17,693)
Leased assets, net	28,613	26,463
Construction in progress	191,547	750,449
Others	835,870	851,743
Accumulated depreciation	(748,915)	(766,112)
Others, net	86,955	85,630
Total tangible fixed assets	21,363,900	22,145,101
Intangible fixed assets	143,645	147,718
Investments and other assets		
Investment securities	9,856,060	8,816,270
Long-term loans receivable	64,897	43,295
Investments in real estates, net	1,453,834	1,482,007
Others	548,170	544,158
Allowance for doubtful accounts	(193)	(193)
Total investments and other assets	11,922,770	10,885,539
Total fixed assets	33,430,316	33,178,358
Total assets	54,662,355	55,505,017

(Thousands of yen)

	FY2013 (As of March 31, 2013)	First Quarter of FY2014 (As of June 30, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	2,851,630	2,959,487
Short-term loans payable	223,785	198,640
Lease liabilities	9,032	9,032
Income taxes payable	1,404,238	712,569
Allowance for employees' bonuses	179,443	57,821
Allowance for directors' bonuses	58,000	—
Others	1,341,858	2,146,692
Total current liabilities	6,067,989	6,084,243
<b>Long-term liabilities</b>		
Long-term loans payable	324,848	313,750
Lease liabilities	21,012	18,754
Deferred tax liabilities	412,717	411,117
Allowance for employees' retirement benefits	612,951	633,198
Allowance for directors' retirement benefits	328,362	333,384
Others	344,121	360,550
Total long-term liabilities	2,044,012	2,070,755
Total liabilities	8,112,001	8,154,998
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	33,333,121	33,540,423
Treasury stock	(2,059,636)	(2,060,500)
Total shareholders' equity	46,202,450	46,408,888
<b>Accumulated other comprehensive income (loss)</b>		
Unrealized gains (losses) on other securities	1,161,420	1,134,350
Adjustment account for foreign currency exchange	(1,121,873)	(537,164)
Total accumulated other comprehensive income (loss)	39,546	597,185
Minority interests	308,356	343,944
Total net assets	46,550,353	47,350,018
Total liabilities and net assets	54,662,355	55,505,017

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

(Thousands of yen)

	First Quarter of FY2013 (April 1, 2012 to June 30, 2012)	First Quarter of FY2014 (April 1, 2013 to June 30, 2013)
Net sales	7,788,011	8,329,495
Cost of sales	5,224,258	5,709,357
Gross profit	2,563,753	2,620,138
Selling, general and administrative expenses	1,336,672	1,326,296
Operating income	1,227,080	1,293,842
Non-operating income		
Interest income	39,321	27,304
Dividend income	38,705	61,289
Rent received	7,844	8,213
Foreign exchange gains	—	197,690
Gain on valuation of derivatives	—	63,043
Subsidy income	38,918	—
Others	34,615	45,846
Total non-operating income	159,404	403,388
Non-operating expenses		
Interest paid	11,487	4,336
Loss on foreign exchange	204,156	—
Loss on valuation of derivatives	71,519	—
Cost of lease revenue	3,492	4,198
Others	9,066	1,468
Total non-operating expenses	299,723	10,003
Ordinary income	1,086,762	1,687,227
Income before income taxes and minority interests	1,086,762	1,687,227
Income taxes	502,954	672,545
Income before minority interests	583,808	1,014,681
Minority interests	6,882	11,680
Net income	576,925	1,003,001



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

(Thousands of yen)

	First Quarter of FY2013 (April 1, 2012 to June 30, 2012)	First Quarter of FY2014 (April 1, 2013 to June 30, 2013)
Income before minority interests	583,808	1,014,681
Other comprehensive income		
Unrealized gains (losses) on other securities	(31,666)	(27,070)
Adjustment account for foreign currency exchange	417,468	612,815
Total other comprehensive income	385,801	585,745
Comprehensive income	969,609	1,600,426
(Breakdown of comprehensive income)		
Parent company portion of comprehensive income	947,827	1,560,640
Minority interest portion of comprehensive income	21,781	39,786

**(3) Notes on Quarterly Financial Statements**

**(Notes on Going Concern Assumption)**

There is no related information.

**(Notes on Significant Changes in the Amount of Shareholders' Equity)**

There is no related information.

**(Segment Information)**

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