

Consolidated Financial Results for the First Quarter of FY2016 Ending March 31, 2016 (J-GAAP)

August 7, 2015

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Filing of quarterly financial report: August 7, 2015
 Date to start of dividends distribution: –
 Supplementary quarterly materials prepared: None
 Quarterly results information meeting held: None

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

1. Consolidated Financial Results for the First Quarter of FY2016 Ending March 31, 2016 (April 1, 2015 – June 30, 2015)

(1) Consolidated Business Results (cumulative)

(Percentage figures are changes from the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY2016	10,559	18.6	1,880	58.1	2,144	68.6	1,374	83.1
First quarter of FY2015	8,899	6.8	1,189	(8.1)	1,272	(24.6)	750	(25.1)

(Note) Comprehensive income: First Quarter of FY2016: ¥552 million (-51.8%) First Quarter of FY2015: ¥1,146 million (-28.3%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First Quarter of FY2016	43.18	–
First Quarter of FY2015	23.59	–

(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, 2015	67,303	56,481	83.1	1,757.36
As of March 31, 2015	68,293	57,034	82.7	1,775.07

(Reference) Equity capital: As of June 30, 2015: ¥55,958 million

As of March 31, 2015: ¥56,492 million

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2015	–	20.00	–	35.00	55.00
FY2016	–	–	–	–	–
FY2016 (forecast)	–	20.00	–	35.00	55.00

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

3. Forecast of the Consolidated Financial Results for FY2016 Ending March 31, 2016 (April 1, 2015–March 31, 2016)

(Full year percentage figures represent of changes from the previous fiscal year, and first half figures represent the rates of changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	22,921	23.7	3,786	42.8	4,048	32.1	2,622	35.7	82.39
Full year	46,007	12.4	7,933	26.9	8,654	14.4	5,439	15.1	170.90

(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): 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. Supplement to Summary Information (Notes).”

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

- | | |
|--|------|
| 1) Changes in accounting policies associated with revisions of accounting standards, etc.: | Yes |
| 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 shares)	As of June 30, 2015	32,808,683 shares	As of March 31, 2015	32,808,683 shares
2) Number of treasury shares as of the period-end	As of June 30, 2015	983,602 shares	As of March 31, 2015	983,271 shares
3) Average number of shares outstanding (quarterly consolidated cumulative period)	First three months of FY2016	31,825,216 shares	First three months of FY2015	31,826,624 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, 2015.

* 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) Explanation regarding Business Results

During the three months under review (April 1, 2015 to June 30, 2015), the Japanese economy continued its recovery trend against a backdrop of moderate growth in consumer spending and steady improvements in the employment and income environment. On the other hand, there were some factors affecting Japanese companies' production costs, such as higher raw material prices due to a weakening yen and rising employment costs.

In these circumstances, Ariake Japan Co., Ltd. (the "Company") and its Group companies (collectively, the "Ariake Group") have been striving to ascertain customer needs early on, expand their existing businesses throughout the world, and actively develop new businesses. In this way, the Ariake Group endeavors, as a leading manufacturer in the field of natural seasonings, and also as a global enterprise setting up a "global seven-pillar system," to fulfill its commitments to food safety, good health, and better taste.

As a result of these efforts, the Ariake Group and the Company were able to record the following earnings results for the first three months ended June 30, 2015 (April 1, 2015–June 30, 2015).

The Company's net sales increased by 16.0% (¥1,093 million) year on year to ¥7,933 million, as a result of our successful sales and marketing efforts.

Net sales of consolidated subsidiaries increased by 27.5% year on year due to an increase in net sales of consolidated subsidiaries abroad.

Therefore, consolidated net sales for the three months under review increased by 18.6% (¥1,659 million) year on year to ¥10,559 million.

The Company's operating income increased by 41.1% (¥434 million) year on year to ¥1,491 million due to the higher sales achieved.

Consolidated operating income was ¥1,880 million, representing an increase of 58.1% (¥690 million) from the same period in the previous fiscal year.

The Company's ordinary income increased by 53.7% (¥658 million) year on year to ¥1,882 million. This was mainly because the foreign exchange gains (including valuation losses in derivatives trading) increased from a loss of ¥40 million for the previous fiscal year to ¥165 million for this fiscal year, resulting in an increase by ¥205 million.

Consolidated ordinary income increased by 68.6% (¥872 million) year on year to ¥2,144 million.

The Company's quarterly net income increased by 64.3% (¥500 million) year on year to ¥1,277 million.

Quarterly consolidated net income attributable to shareholders of the parent company increased by 83.1% (¥623 million) year on year to ¥1,374 million.

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

Net sales

(Billions of yen)

		First three months of FY2016	First three months of FY2015	Difference
Ariake Japan Co., Ltd.		7.93	6.84	1.09
Consolidated subsidiaries total		2.63	2.06	0.57
Region	U.S.	0.88	0.50	0.38
	Asia	0.94	0.68	0.26
	Europe	0.72	0.80	(0.08)
	Japan	0.09	0.08	0.01
Total		10.56	8.90	1.66

Operating income (loss)

(Billions of yen)

		First three months of FY2016	First three months of FY2015	Difference
Ariake Japan Co., Ltd.		1.49	1.06	0.43
Consolidated subsidiaries total		0.39	0.13	0.26
Region	U.S.	0.17	0.04	0.13
	Asia	0.26	0.16	0.10
	Europe	(0.04)	(0.07)	0.03
	Japan	0.00	0.00	0.00
Total		1.88	1.19	0.69

(2) Explanation regarding Financial Position

As of June 30, 2015, consolidated total assets were ¥67,303 million. This represents a decrease of ¥990 million compared to March 31, 2015.

Total liabilities fell by ¥437 million to ¥10,821 million compared to March 31, 2015, mainly due to a large drop in income tax payable. Net assets were ¥56,481 million, which represents a decrease of ¥552 million from March 31, 2015.

(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 14, 2015.

2. Supplement to Summary Information (Notes)

(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 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

(Changes in Accounting Policies)

(Application of Accounting Standard for Business Combinations)

With regard to the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013), the company has applied the provisions set forth therein, beginning with the first quarter of the fiscal year 2016. The company has changed the presentation of net income, and also has changed the presentation of interests from minority interests to non-controlling interests. To reflect such presentational changes, the company has changed the presentation of the quarterly consolidated financial results as well as the consolidated financial results for the first three months of the last consolidated fiscal year and for the last consolidated fiscal year.

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)

	FY2015 (As of March 31, 2015)	First Quarter of FY2016 (As of June 30, 2015)
Assets		
Current assets		
Cash and deposits	12,955,853	14,654,548
Notes and accounts receivable - trade	8,054,268	7,654,014
Securities	1,081,368	1,581,368
Merchandise and finished goods	2,765,089	2,915,292
Work in process	855,994	871,539
Raw materials and supplies	2,054,591	2,260,957
Deferred tax assets	156,992	160,913
Others	2,048,526	956,722
Allowance for doubtful accounts	(4,495)	(5,127)
Total current assets	29,968,190	31,050,229
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,942,871	23,445,230
Accumulated depreciation	(11,730,882)	(11,719,175)
Buildings and structures, net	12,211,988	11,726,055
Machinery, equipment and vehicles	26,255,588	26,109,962
Accumulated depreciation	(19,257,940)	(19,452,722)
Machinery, equipment and vehicles, net	6,997,648	6,657,240
Land	4,776,579	4,743,806
Leased assets	56,194	60,183
Accumulated depreciation	(36,258)	(38,910)
Leased assets, net	19,936	21,273
Construction in progress	25,597	57,244
Others	1,063,781	1,057,847
Accumulated depreciation	(908,258)	(902,263)
Others, net	155,522	155,583
Total property, plant and equipment	24,187,274	23,361,203
Intangible assets		
Goodwill	959,134	828,600
Other	166,684	159,033
Total intangible assets	1,125,819	987,633
Investments and other assets		
Investment securities	9,893,724	9,287,600
Long-term loans receivable	12,436	13,168
Real estate for investment, net	684,960	682,593
Others	2,422,423	1,922,224
Allowance for doubtful accounts	(1,165)	(1,165)
Total investments and other assets	13,012,379	11,904,422
Total non-current assets	38,325,473	36,253,259
Total assets	68,293,663	67,303,489

(Thousands of yen)

	FY2015 (As of March 31, 2015)	First Quarter of FY2016 (As of June 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,618,361	3,847,161
Short-term loans payable	836,738	859,777
Lease obligations	11,038	10,965
Income taxes payable	1,337,112	863,747
Provision for bonuses	202,200	198,089
Provision for directors' bonuses	63,800	-
Others	2,004,710	1,869,035
Total current liabilities	8,073,962	7,648,776
Non-current liabilities		
Long-term loans payable	51,113	-
Lease obligations	9,895	11,107
Deferred tax liabilities	1,538,716	1,577,720
Provision for directors' retirement benefits	360,191	362,454
Net defined benefit liability	876,397	894,631
Others	348,939	326,980
Total non-current liabilities	3,185,253	3,172,894
Total liabilities	11,259,216	10,821,671
Net assets		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	39,183,311	39,460,410
Treasury shares	(2,066,179)	(2,067,645)
Total shareholders' equity	52,046,097	52,321,729
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,645,340	2,598,738
Foreign currency translation adjustment	1,852,500	1,056,546
Remeasurements of defined benefit plans	(51,658)	(48,915)
Total accumulated other comprehensive income	4,446,183	3,606,369
Minority interests	542,167	553,718
Total net assets	57,034,447	56,481,818
Total liabilities and net assets	68,293,663	67,303,489

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

(Thousands of yen)

	First Quarter of FY2015 (April 1, 2014 to June 30, 2014)	First Quarter of FY2016 (April 1, 2015 to June 30, 2015)
Net sales	8,899,901	10,559,575
Cost of sales	6,222,884	7,087,344
Gross profit	2,677,017	3,472,230
Selling, general and administrative expenses	1,487,450	1,591,830
Operating income	1,189,566	1,880,400
Non-operating income		
Interest income	28,654	17,117
Dividend income	69,631	66,593
House rent income	8,229	9,699
Foreign exchange gains	21,467	195,265
Others	41,488	37,811
Total non-operating income	169,471	326,486
Non-operating expenses		
Interest expenses	6,048	5,152
Loss on valuation of derivatives	71,712	48,718
Cost of lease revenue	4,510	4,273
Others	4,703	4,272
Total non-operating expenses	86,975	62,417
Ordinary income	1,272,063	2,144,469
Income before income taxes and minority interests	1,272,063	2,144,469
Income taxes	513,184	752,241
Quarterly net income	758,879	1,392,228
Quarterly net income attributable to non-controlling interests	8,106	17,875
Quarterly net income attributable to shareholders of the parent company	750,772	1,374,352

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	First Quarter of FY2015 (April 1, 2014 to June 30, 2014)	First Quarter of FY2016 (April 1, 2015 to June 30, 2015)
Quarterly net income	758,879	1,392,228
Other comprehensive income		
Valuation difference on available-for-sale securities	765,277	(46,602)
Foreign currency translation adjustment	(377,164)	(795,591)
Remeasurements of defined benefit plans	(279)	2,742
Total other comprehensive income	387,833	(839,451)
Quarterly comprehensive income	1,146,713	552,776
Quarterly comprehensive income attributable to:		
Quarterly comprehensive income attributable to shareholders of the parent company	1,158,023	534,538
Quarterly comprehensive income attributable to non-controlling interests	(11,310)	18,238

(3) Notes on Quarterly Financial Statements

(Notes on the Going Concern Assumption)

There is nothing to report.

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

There is nothing to report.

(Segment Information, etc.)

[Segment information]

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