

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

February 5, 2016

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 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 Third Quarter of FY2016 Ending March 31, 2016 (April 1, 2015–December 31, 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	%
Third Quarter of FY2016	34,535	15.8	6,573	39.9	6,990	19.8	4,513	23.7
Third Quarter of FY2015	29,822	8.3	4,698	3.4	5,836	(3.2)	3,649	1.8

(Note) Comprehensive income: Third Quarter of FY2016: ¥3,879 million (-13.8%) Third Quarter of FY2015: ¥4,503 million (-11.7%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Third Quarter of FY2016	141.82	–
Third Quarter of FY2015	114.66	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2015	70,596	59,167	83.0	1,840.87
As of March 31, 2015	68,293	57,034	82.7	1,775.07

(Reference) Equity capital: As of December 31, 2015: ¥58,584 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	–	20.00	–		
FY2016 (forecast)				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.)

	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
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 December 31, 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 December 31, 2015	984,537 shares	As of March 31, 2015	983,271 shares
3) Average number of shares outstanding (quarterly consolidated cumulative period)	First nine months of FY2016	31,824,861 shares	First nine months of FY2015	31,826,237 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 February 4, 2016.

* 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 first nine months of the fiscal year ending March 31, 2016 (April 1, 2015–December 31, 2015), the Japanese economy showed improvements in corporate earnings and employment as a result of effects of the government's economic stimulus policy, etc. However, uncertainty surrounding the future has been heightened by concerns about the economic slowdown in emerging countries and further geopolitical risk.

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 nine months of the fiscal year ending March 31, 2016 (April 1, 2015–December 31, 2015).

The Company's net sales increased by 10.8% (¥2,550 million) year on year, to ¥26,158 million, resulting from our successful sales and marketing efforts focusing on a "customer-first" approach. Regarding net sales of consolidated subsidiaries, those of the subsidiaries in Asia and in particular in the U.S. marked an increase. Therefore, consolidated net sales for the nine months under review increased by 15.8% year on year, to ¥34,535 million (up by ¥4,712 million year on year).

The Company's operating income increased by 22.1% (¥931 million) year on year to ¥5,143 million, owing to increased operating income associated with the higher sales achieved. Consolidated operating income was ¥6,573 million, representing an increase of 39.9% (¥1,875 million) from the same period in the previous fiscal year.

The Company's ordinary income increased by 6.7% (¥356 million) year on year to ¥5,677 million. This was mainly because the foreign exchange gains (including valuation losses in derivatives trading) decreased from the foreign exchange gains (including valuation gains in derivatives trading) of ¥798 million for the previous fiscal year to ¥137 million for this fiscal year, resulting in a decrease by ¥660 million. Consolidated ordinary income increased by 19.8% (¥1,154 million) year on year to ¥6,990 million.

The Company's quarterly net income increased by 9.1% (¥319 million) year on year to ¥3,846 million.

Quarterly net income attributable to shareholders of the parent company increased by 23.7% (¥864 million) year on year to ¥4,513 million.

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

- Net sales

(Billions of yen)

	First nine months of FY2016	First nine months of FY2015	Difference
Ariake Japan Co., Ltd.	26.16	23.61	2.55
U.S.	3.04	1.59	1.45
Asia	2.99	2.36	0.63
Europe	2.06	1.98	0.08
Japan	0.28	0.28	0.00
Consolidated subsidiaries total	8.37	6.21	2.16
Total	34.53	29.82	4.71

- Operating income (loss)

(Billions of yen)

	First nine months of FY2016	First nine months of FY2015	Difference
Ariake Japan Co., Ltd.	5.14	4.21	0.93
U.S.	0.63	0.21	0.42
Asia	0.83	0.54	0.29
Europe	(0.05)	(0.28)	0.23
Japan	0.02	0.02	0.00
Consolidated subsidiaries total	1.43	0.49	0.94
Total	6.57	4.70	1.87

(2) Explanation regarding Financial Position

As of December 31, 2015, consolidated total assets were ¥70,596 million. This represents an increase of ¥2,302 million compared to March 31, 2015.

Total liabilities rose by ¥169 million to ¥11,429 million compared to March 31, 2015, mainly due to increases in notes and accounts payable - trade. Net assets were ¥59,167 million, which represents an increase of ¥2,132 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 consolidated fiscal year, including the third 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 consolidated 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 nine 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)	Third Quarter of FY2016 (As of December 31, 2015)
Assets		
Current assets		
Cash and deposits	12,955,853	12,827,698
Notes and accounts receivable - trade	8,054,268	10,346,126
Securities	1,081,368	581,368
Merchandise and finished goods	2,765,089	2,956,172
Work in process	855,994	879,800
Raw materials and supplies	2,054,591	2,214,802
Deferred tax assets	156,992	157,863
Others	2,048,526	895,117
Allowance for doubtful accounts	(4,495)	(6,324)
Total current assets	29,968,190	30,852,623
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,942,871	23,551,993
Accumulated depreciation	(11,730,882)	(12,085,215)
Buildings and structures, net	12,211,988	11,466,777
Machinery, equipment and vehicles	26,255,588	26,331,093
Accumulated depreciation	(19,257,940)	(19,985,271)
Machinery, equipment and vehicles, net	6,997,648	6,345,821
Land	4,776,579	4,730,056
Leased assets	56,194	68,863
Accumulated depreciation	(36,258)	(45,392)
Leased assets, net	19,936	23,470
Construction in progress	25,597	636,869
Others	1,063,781	1,055,091
Accumulated depreciation	(908,258)	(901,652)
Others, net	155,522	153,438
Total property, plant and equipment	24,187,274	23,356,433
Intangible assets		
Goodwill	959,134	807,685
Other	166,684	154,044
Total intangible assets	1,125,819	961,730
Investments and other assets		
Investment securities	9,893,724	9,356,617
Long-term loans receivable	12,436	12,982
Real estate for investment, net	684,960	677,861
Others	2,422,423	5,379,161
Allowance for doubtful accounts	(1,165)	(1,165)
Total investments and other assets	13,012,379	15,425,458
Total non-current assets	38,325,473	39,743,623
Total assets	68,293,663	70,596,247

(Thousands of yen)

	FY2015 (As of March 31, 2015)	Third Quarter of FY2016 (As of December 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,618,361	4,307,537
Short-term loans payable	836,738	714,972
Lease obligations	11,038	9,025
Income taxes payable	1,337,112	964,514
Provision for bonuses	202,200	73,195
Provision for directors' bonuses	63,800	–
Others	2,004,710	1,940,248
Total current liabilities	8,073,962	8,009,494
Non-current liabilities		
Long-term loans payable	51,113	–
Lease obligations	9,895	15,664
Deferred tax liabilities	1,538,716	1,865,385
Provision for directors' retirement benefits	360,191	294,636
Net defined benefit liability	876,397	912,313
Others	348,939	331,587
Total non-current liabilities	3,185,253	3,419,587
Total liabilities	11,259,216	11,429,082
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	41,962,879
Treasury shares	(2,066,179)	(2,072,915)
Total shareholders' equity	52,046,097	54,818,929
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,645,340	2,696,559
Foreign currency translation adjustment	1,852,500	1,112,860
Remeasurements of defined benefit plans	(51,658)	(44,235)
Total accumulated other comprehensive income	4,446,183	3,765,184
Non-controlling interests	542,167	583,051
Total net assets	57,034,447	59,167,165
Total liabilities and net assets	68,293,663	70,596,247

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

(Thousands of yen)

	Third Quarter of FY2015 (April 1, 2014 to December 31, 2014)	Third Quarter of FY2016 (April 1, 2015 to December 31, 2015)
Net sales	29,822,168	34,535,141
Cost of sales	20,416,717	23,063,720
Gross profit	9,405,451	11,471,421
Selling, general and administrative expenses	4,707,336	4,897,904
Operating income	4,698,114	6,573,517
Non-operating income		
Interest income	79,482	58,142
Dividend income	124,832	138,633
House rent income	22,850	26,182
Foreign exchange gains	792,652	535,190
Gain on valuation of derivatives	86,909	–
Others	98,296	136,743
Total non-operating income	1,205,023	894,891
Non-operating expenses		
Interest expenses	17,454	12,247
Cost of lease revenue	41,946	12,837
Loss on valuation of derivatives	–	425,263
Others	7,243	27,341
Total non-operating expenses	66,644	477,689
Ordinary income	5,836,493	6,990,719
Extraordinary income		
Gain on sales of non-current assets	145,379	–
Gain on sales of investment securities	–	4,822
Total extraordinary income	145,379	4,822
Extraordinary losses		
Loss on debt waiver of subsidiaries and affiliates	20,736	–
Early retirement expenses	37,061	–
Provision for directors' retirement benefits	–	15,596
Total extraordinary losses	57,798	15,596
Income before income taxes and minority interests	5,924,075	6,979,945
Income taxes	2,238,100	2,408,512
Quarterly net income	3,685,974	4,571,432
Quarterly net income attributable to non-controlling interests	36,706	58,113
Quarterly net income attributable to shareholders of the parent company	3,649,267	4,513,318

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Third Quarter of FY2015 (April 1, 2014 to December 31, 2014)	Third Quarter of FY2016 (April 1, 2015 to December 31, 2015)
Quarterly net income	3,685,974	4,571,432
Other comprehensive income		
Valuation difference on available-for-sale securities	961,440	51,218
Foreign currency translation adjustment	(142,550)	(750,183)
Remeasurements of defined benefit plans	(1,401)	7,422
Total other comprehensive income	817,487	(691,541)
Quarterly comprehensive income	4,503,462	3,879,891
Quarterly comprehensive income attributable to:		
Quarterly comprehensive income attributable to shareholders of the parent company	4,457,796	3,832,320
Quarterly comprehensive income attributable to non-controlling interests	45,665	47,570

(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.