

Consolidated Financial Results for the Second Quarter of FY2009

November 11, 2008

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)

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Date to submit the quarterly securities report: November 12, 2008

Date to start distributing dividends: December 10, 2008

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

1. Consolidated Financial Results for the Second Quarter of FY2009 (April 1, 2008 - September 30, 2008)

(1) Consolidated Business Results

(Percentage figures represent changes compared with the previous second quarter period.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter of FY2009	10,715	—	1,269	—	591	—	125	—
Second Quarter of FY2008	11,175	3.2	1,969	(28.9)	1,816	(34.3)	1,003	(39.2)

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
Second Quarter of FY2009	3.94		—	
Second Quarter of FY2008	31.21		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
Second Quarter of FY2009	52,142		42,939		81.8		1,340.35	
FY2008	51,416		43,251		84.1		1,349.94	

(Reference) Equity capital: Second quarter of FY2009: ¥42,663 million; FY2008: ¥42,969 million

2. Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2008	—	15.00	—	15.00	30.00
FY2009	—	20.00	—	—	—
FY2009 (Forecast)	—	—	—	20.00	40.00

(Note) Adjustment for the projected dividend in the current quarter: None

3. Forecast of the Consolidated Financial Results for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Percentage figures represent changes 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	23,358	1.7	3,205	(21.3)	2,707	(22.5)	1,246	(32.7)	39.14

(Note) The Company has made revision to the above forecast in the current quarter.

4. Other Information

(1) Significant Changes in Subsidiaries during the Period (changes in specific subsidiaries resulting in changes in the scope of consolidation): None

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

Yes

For details, please refer to "4. Others" of "Qualitative Information / Financial Statements" on Page 3.

(3) Changes in Accounting Principles, Procedures and the Display Method of Presentation Associated with Preparation of Quarterly Consolidated Financial Statements (matters to be included in the section, "Changes in the Basis for the Preparation of Quarterly Consolidated Financial Statements")

1. Changes associated with revisions of accounting standards or the like: Yes

2. Change other than those included in 1: Yes

(Note) For details, please refer to "4. Others" of "Qualitative Information / Financial Statements" on Page 3.

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding at period end (including treasury stock): Q2 of FY09 32,808,683 shares; FY08 32,808,683 shares

2. Number of treasury stock at period end: Q2 of FY09 978,604 shares; FY08 977,950 shares

3. Average number of shares (quarterly consolidated cumulative period): Q2 of FY09 31,830,496 shares; Q2 of FY08 32,161,185 shares

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

1. 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. For assumptions used in projecting financial results and instructions to use projected financial results, please see Section 3, "Qualitative Information on Forecast of the Consolidated Financial Results in "Qualitative Information / Financial Statements" on Page 3.

2. "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) are applied from the current consolidated fiscal year. In addition, the Company prepared quarterly consolidated financial statements in accordance with the "Regulations on Quarterly Consolidated Financial Statements."

[Qualitative Information / Financial Statements]

1. Qualitative Information on Consolidated Operating Results

During the first half of the current fiscal year (April 1, 2008 – September 30, 2008) the slowdown in the Japanese economy accelerated as jumps in the price of commodities and natural resources, such as crude oil, and global financial turmoil stemming from the U.S. subprime mortgage problem pushed up costs for corporations and cooled consumer sentiment.

The business environment deteriorated as the food products industry faced not only hikes in the cost of raw materials due to the above mentioned factors but also a decline in consumer trust as a result of frequent scandals related to food safety.

Under these conditions and as the leading manufacturer in the field of natural seasonings, the Ariake Group has anticipated customer needs and strived to maintain and ensure “food safety” and “high quality” while working to expand business both within Japan and overseas and to actively develop new businesses.

The Company (Ariake Japan Co., Ltd.) has made major investments totaling around ¥20,000 million over the past couple of years in order to expand the natural seasonings business not only in Japan but also throughout the world and completed a “global six-pillar system” with production and sales bases centered in Japan but also in the U.S., China, Taiwan, Belgium, and France. This global six-pillar system has made it possible to create the optimal production system to ensure a stable supply of high-quality products and to meet all the needs of our many customers.

In addition, the Company has implemented fundamental management reforms and worked in cooperation with customers, which included not raising prices but reducing unprofitable product lines during the first half. Furthermore, we have started marketing new products from Europe.

As a result of the above measures, the following earnings were recorded for the first half.

The Company recorded a decline in net sales of 2.8% year on year as a result of weaker consumer sentiment following jumps in various prices in Japan and fiercer competition in the food industry. In the processed foods sector, sales rose 0.6% year on year due to the success in expanding sales, centered on prepared foods. Instant noodles related sales fell 5.6% year on year. Furthermore food service industry related sales shrank 4.5% year on year as consumers reduced consumption and gasoline prices rose.

Consolidated net sales shrank 4.1% year on year because of the economic downturn overseas and declines in consumption following scandals that have amplified concerns about food safety in China.

As a result, consolidated net sales for the first half declined 4.1% (¥460 million) year on year to ¥10,715 million, which was ¥708 million (6.2%) short of forecast.

As for the Company, sales shrank 2.8% (¥274 million) year on year to ¥9,369 million

Ordinary income for the Company was squeezed as profits fell following the decline in net sales, the cost of raw materials increased (around ¥211 million), and cost of sales rose due to higher energy costs (around ¥117 million) as a result of hikes in crude oil prices.

The Company has concluded long-term foreign exchange contracts for ten years or so in order to hedge foreign exchange risk related to imports from overseas subsidiaries. Starting this fiscal year, as there were changes in accounting policies for recording gains and losses, the unrealized losses on these contracts resulted in the recording of around ¥488 million in losses on the valuation of derivatives under non-operating expenses. Therefore, the Company recorded ¥1,034 million in ordinary income, a year-on-year decline of 43.0% (¥778 million).

Consolidated ordinary income for the first half shrank 67.5% (¥1,225 million) to ¥591 million as a result of an increase in start-up costs for European subsidiaries and a decline in ordinary income for the Company. This figure was ¥1,027 million (63.5%) short of forecast.

Non-consolidated net income for the first half declined 46.0% (¥487 million) year on year to ¥571 million.

Furthermore, consolidated net income for the first half fell 87.5% (¥878 million) to ¥125 million, which was ¥616 million (83.1%) short of forecast.

2. Qualitative Information on Financial Position

As for the financial position for the first half, there was an upward trend in the growth of funds accompanying the stable increase in earnings as a result of the conclusion of major capital expenditures.

Total assets rose ¥726 million compared to the previous consolidated fiscal year to ¥52,142 million for numerous reasons including the steady collection of accounts receivable.

Total liabilities increased ¥1,039 million compared to the previous consolidated fiscal year to ¥9,203 million because of several factors including an increase in loans payable by the overseas subsidiaries.

In addition, total net assets declined ¥312 million compared to the previous consolidated fiscal year to ¥42,939 million for various reasons including the payment of dividends.

As for cash flows from operating activities, there was net inflow of ¥1,433 million, which was predominately because of collection of accounts receivable.

Regarding cash flows from investing activities, there was a net outflow of ¥5,032 million, and this was chiefly the result of payments of ¥4,000 million into time deposits.

For cash flows from financing activities, there was net outflow of ¥357 million due substantially to increase in loans payable by the overseas subsidiaries.

As a result, the closing balance of cash and cash equivalents for the first half was ¥8,371 million.

3. Qualitative Information on Forecast of the Consolidated Financial Results

Taking into consideration recent economic trends and recognizing the overall downward trend in consumption in the food industry, consolidated earnings forecast for the full fiscal year, which were released on May 14, 2008, were revised downward, and it is expected the Group will record ¥23,358 million in consolidated sales and ¥2,707 million in ordinary income. The revisions are being announced on November 11, 2008.

In addition, non-consolidated sales are projected to total ¥20,500 million and ordinary income to reach ¥3,410 million. These forecast were also released on the same day.

4. Others

(1) Significant Changes in Subsidiaries during the Period (changes in specific subsidiaries resulting in changes in the scope of consolidation)
There is no related information.

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

1. Calculation method of the depreciation expenses for fixed assets

With respect to assets for which the declining balance method has been adopted, the method of calculation is based on a proportional division over the term of the depreciation expenses relating to the consolidated accounting period.

2. Inventory assets valuation method

With respect to the calculation of inventory levels at the end of the first half of the consolidated accounting period, physical inventory is omitted and the method of calculation is based on a rational method on the foundation of levels of physical inventory at the end of the preceding consolidated accounting period.

Additionally, with respect to the depreciation of the book value of inventory assets, an estimate is made of the net sales price only of those goods which have clearly lost profitability and the method is based on undertaking a depreciation of book value.

3. Calculation of tax expenses

With respect to tax expenses, the effective tax rate after the application of tax effect accounting on current term pre-tax net profits of the consolidated accounting period, including the current first half consolidated accounting period were rationally estimated and tax expenses were calculated multiplying current term pre-tax net profits by said estimated effective tax rate.

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

(3) Changes in Accounting Principles, Procedures and the Display Method of Presentation Associated with Preparation of Quarterly Consolidated Financial Statements

1. "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) are applied from the current consolidated fiscal year. In addition, the Company prepared quarterly consolidated financial statements in accordance with the "Regulations on Quarterly Consolidated Financial Statements."

2. Changes in the valuation standards and valuation method of important assets

Inventory assets

In the past the valuation of inventory assets held for the purpose of normal sales was based on the cost method, principally pursuant to the specific identification method, but from this first quarter consolidated accounting period the calculation will, accompanying the application of "Accounting Standards relating to the Valuation of Inventory Assets" (ASBJ Statement No. 9, July 5, 2006), be based on the cost method, principally pursuant to the specific identification method (with respect to the balance sheet amount, a method of depreciating book value based on a decline in profitability).

Therefore, operating income, ordinary income and income before taxes for the first half have each decreased by ¥37,413 thousand.

3. Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006) is applied from the current first quarter consolidated accounting period to make modifications required for consolidated accounting.

Note that this has no impact on the financial statements.

4. Method of important hedge accounting

With respect to trading in foreign exchange contracts pertaining to foreign currency denominated claims and obligations meeting the requirements of hedge accounting, in the past deferred hedge processing was employed with respect to foreign exchange contracts pertaining to forecasted transactions and designated processing with respect to forward foreign exchange contracts meeting the requirements of designated processing. However, on the basis of a investigation into financial management systems, this has been changed from this first quarter consolidated accounting period to fundamental processing pursuant to the "Accounting Standards Relating to Financial Products" in order to more properly reflect the current state of derivative transactions and foreign currency denominated claims and obligations in the consolidated financial statements.

Therefore, ordinary income and income before taxes of the first half of FY2009 have each decreased by ¥488,804 thousand.

(Additional information)

Change in the useful life of tangible fixed assets

The useful life of machinery, which had been 9 years, was changed to 10 years starting from the first quarter of the current fiscal year. The change was made in response to revisions to the "Ministerial Ordinance Concerning the Items Such as the Useful Life of Depreciable Assets."

Note that this application has just a minor impact on the Financial Statements.

5. Quarterly Consolidated Financial Statements
 (1) Quarterly Consolidated Balance Sheets

	Second Quarter of FY2009 As of September 30, 2008	[Reference] FY2008 (As of March 31, 2008)
(Thousands of yen)		
Assets		
Current assets		
Cash and time deposits	12,371,014	11,620,276
Notes and accounts receivable	4,626,639	4,637,999
Securities provided as collateral	131,540	126,949
Merchandise	100,259	79,424
Finished goods	1,638,790	1,560,219
Raw materials	1,342,619	1,031,260
Work in progress	419,906	485,944
Deferred tax assets	98,019	98,019
Consumption taxes receivable	-	342,645
Others	723,647	540,773
Allowance for doubtful accounts	(8,321)	(8,232)
Total current assets	21,444,115	20,515,281
Fixed assets		
Tangible fixed assets		
Buildings and structures	18,790,079	18,765,575
Accumulated depreciation	(6,362,922)	(6,043,107)
Buildings and structures (net)	12,427,156	12,722,468
Machines, devices, and delivery equipment	19,916,269	20,019,801
Accumulated depreciation	(12,563,388)	(12,050,484)
Machines, devices, and delivery equipment (net)	7,352,880	7,969,317
Land	4,578,673	4,577,379
Construction in progress	2,676,650	1,767,172
Others	863,473	892,950
Accumulated depreciation	(729,602)	(710,690)
Others (net)	133,870	182,259
Total tangible fixed assets	27,169,232	27,218,597
Intangible fixed assets	106,265	116,936
Investments and other assets		
Investment securities	1,835,630	1,765,954
Long-term loans receivable	96,409	97,222
Investments in real estate (net)	560,521	563,656
Deferred tax assets	337,545	487,612
Others	593,481	651,442
Allowance for doubtful accounts	(258)	(272)
Total investments and other assets	3,423,329	3,565,618
Total fixed assets	30,698,828	30,901,151
Total assets	52,142,944	51,416,433

	(Thousands of yen)	
	Second Quarter of FY2009 As of September 30, 2008	[Reference] FY2008 (As of March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable	1,885,215	1,924,413
Short-term loans payable	3,522,248	2,693,236
Income taxes payable	451,235	667,008
Allowance for employee bonuses	142,805	143,697
Allowance for directors' bonuses	—	59,700
Others	1,717,677	1,018,342
Total current liabilities	<u>7,719,182</u>	<u>6,506,398</u>
Fixed liabilities		
Allowance for employee retirement benefits	591,771	604,370
Allowance for retirement benefits for directors	271,687	263,019
Deferred tax liabilities	99,449	98,796
Others	521,632	691,931
Total fixed liabilities	<u>1,484,541</u>	<u>1,658,118</u>
Total liabilities	<u>9,203,723</u>	<u>8,164,516</u>
Net assets		
Shareholders' equity		
Common stock	7,095,096	7,095,096
Capital surplus	7,833,869	7,833,869
Retained earnings	29,014,252	29,366,388
Treasury stock	(2,056,988)	(2,055,864)
Total shareholders' equity	<u>41,886,228</u>	<u>42,239,489</u>
Unrealized gains and adjustments		
Unrealized gains on other securities	(13,605)	(9,228)
Deferred gain (loss) on hedges	—	(224,189)
Adjustment account for foreign currency exchange	790,829	963,503
Total unrealized gains and adjustments	<u>777,223</u>	<u>730,085</u>
Minority interests	275,768	282,342
Total net assets	<u>42,939,220</u>	<u>43,251,917</u>
Total liabilities and net assets	<u>52,142,944</u>	<u>51,416,433</u>

(2) Quarterly Consolidated Statements of Income
[Second Quarter Consolidated Accounting Period]

(Thousands of yen)

	Second Quarter of FY2009 April 1, 2008 to September 30, 2008
Net sales	10,715,039
Cost of sales	7,402,583
Gross profit	3,312,455
Selling, general and administrative expenses	2,042,525
Operating income	1,269,930
Non-operating income	
Interest income	22,736
Dividend income	27,309
House-rent received	14,623
Gain on foreign exchange	3,212
Gain on sales of securities	18,542
Others	93,382
Total non-operating income	179,806
Non-operating expenses	
Interest paid	58,112
Loss on derivatives	488,804
Expenses for new overseas businesses	260,166
Others	51,610
Total non-operating expenses	858,694
Ordinary income	591,042
Extraordinary income	
Gain on sale of fixed assets	1,898
Total extraordinary income	1,898
Extraordinary loss	
Loss on valuation of investment securities	48,475
Total extraordinary loss	48,475
Income before income taxes	544,465
Income, inhabitant and business taxes	419,831
Minority interests	(690)
Net income	125,324

(3) Second Quarter Consolidated Statements of Cash Flows

(Thousands of yen)

Second Quarter of FY2009 April 1, 2008 to September 30, 2008	
Cash flows from operating activities	
Income before income taxes	544,465
Depreciation and amortization	1,048,273
Amortization for goodwill	9,831
Decrease in allowance for doubtful accounts	75
Decrease in allowance for employee retirement benefits	(12,599)
Increase in allowance for retirement benefits for directors	8,668
Decrease in allowance for employee bonuses	(892)
Decrease in allowance for directors' bonuses	(59,700)
Interest and dividends received	(50,045)
Interest paid	58,112
Gain on foreign exchange	(4,242)
Gain on sale of securities	(18,542)
Loss on write-down of securities	23,730
Loss on write-down of investment securities	48,475
Decrease in accounts receivable	(1,556)
Increase in inventories	(375,810)
Decrease in accounts payable	(76,751)
Others	904,859
Subtotal	<u>2,046,350</u>
Interest and dividend income received	50,045
Interest expenses paid	(58,112)
Income tax and other taxes paid	(604,979)
Cash flows provided by operating activities	<u>1,433,303</u>
Cash flows from investing activities	
Payments into time deposits	(4,000,000)
Payments for acquisition of securities	(377,883)
Proceeds from sale of securities	297,392
Payments for purchase of tangible fixed assets	(858,891)
Proceeds from sale of tangible fixed assets	2,048
Payments for acquisition of investment securities	(92,191)
Payment for loans receivable	(4,121)
Proceeds from collection of loans receivable	4,273
Others	(3,613)
Cash flows used in investing activities	<u>(5,032,986)</u>
Cash flows from financing activities	
Net increase in short-term loans payable	835,807
Payments for acquisition of treasury stock	(1,144)
Dividends paid	(477,001)
Others	16
Cash flows used in financing activities	<u>357,678</u>
Exchange difference of cash and cash equivalents	<u>(7,256)</u>
Decrease in cash and cash equivalents	<u>(3,249,261)</u>
Cash and cash equivalents at beginning of term	<u>11,620,276</u>
Cash and cash equivalents at end of term	<u>8,371,014</u>

“Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) are applied from the current consolidated fiscal year. In addition, the Company prepared quarterly consolidated financial statements in accordance with the “Regulations on Quarterly Consolidated Financial Statements.”

(4) Notes on the Going Concern Assumption

There is no related information.

(5) Information by Segment

[Information by Industry Segment]

Second Quarter of FY2009 (April 1, 2008 – September 30, 2008)

Information by industry segment has been omitted because net sales and operating income from the manufacturing and sales of natural seasonings account for more than 90% of total net sales and operating income.

[Information by Geographic Segment]

Second Quarter of FY2009 (April 1, 2008 – September 30, 2008)

(Thousands of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Net sales					
(1) External sales	9,586,165	1,128,873	10,715,039	–	10,715,039
(2) Internal sales to other segments or transfers	9,488	605,164	614,653	(614,653)	–
Total	9,595,654	1,734,037	11,329,692	(614,653)	10,715,039
Operating income (loss)	1,520,009	(512,261)	1,007,747	262,182	1,269,930

(Notes) 1. Country and regional categories are based on similarities in economic activity.

2. Main countries and regions outside of Japan

Other regions: The U.S., People's Republic of China, Taiwan, France and Belgium

3. Changes in accounting method

(Accounting Standards Relating to the Valuation of Inventory Assets)

As listed in “Changes in the Basis for the Preparation of Quarterly Consolidated Financial Statements” (1), Accounting Standards Relating to the Valuation of Inventory Assets (ASBJ Statement No. 9; July 5, 2006) was applied starting with the first quarter of the current fiscal year. This change resulted in operating income declining ¥37,413 thousand for Japan compared to the figure calculated using the previous method.

[Overseas Sales]

Second Quarter of FY2009 (April 1, 2008 – September 30, 2008)

(Thousands of yen)

	North America	Asia	Total
I. Overseas net sales	423,973	764,017	1,187,991
II. Consolidated net sales	–	–	10,715,039
III. Overseas sales /Total consolidated net sales (%)	4.0	7.1	11.1

(Notes) 1. The countries and regions are categorized based on geographical proximity.

2. The followings are the breakdown of the regions in the categories.

(1) North America: The U.S.

(2) Asia: People's Republic of China (including Hong Kong), Taiwan and South Korea

3. Overseas sales represent the sales of the Company and consolidated subsidiaries in the countries or regions except for home countries of these companies.

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

There is no related information.

[Reference]
 Financial Statements for the Previous Second Quarter
 (1) Second Quarter Consolidated Statements of Income

(Thousands of yen)

Account	Second Quarter of FY2008 April 1, 2007 to September 30, 2007		Ratio (%)
	Amount		
I Net sales		11,175,220	100.0
II Cost of sales		7,189,009	64.3
Gross profit on sales		3,986,210	35.7
III Selling, general and administrative expenses		2,016,732	18.1
Operating income		1,969,478	17.6
IV Non-operating income			
1. Interest and dividends received	46,683		
2. Foreign exchange gains	12,617		
3. House rent income	13,398		
4. Others	27,918	100,617	0.9
V Non-operating expenses			
1. Interest paid and discounts	40,541		
2. Expenses for new overseas businesses	173,963		
3. Others	39,186	253,692	2.3
Ordinary income		1,816,403	16.2
VI Extraordinary income			
1. Gain on sales of fixed assets	850		
2. Subsidy for promotion costs in corporate location	200,000	200,850	1.8
VII Extraordinary losses			
1. Loss on retirement of fixed assets	19,639		
2. Loss on valuation of investment securities	387		
3. Provision of reserve for directors' retirement benefits	248,574		
4. Impairment loss	20,043		
5. Others	15,884	304,528	2.7
Income before income taxes		1,712,725	15.3
Income, inhabitant and business taxes	772,849		
Adjustments for income and other taxes	(64,650)	708,199	6.3
Minority interests		864	0.0
Net income		1,003,661	9.0

(2) Second Quarter Consolidated Statements of Cash Flows

(Thousands of yen)

	Second Quarter of FY2008 April 1, 2007 to September 30, 2007
	Amount
I Cash flows from operating activities	544,465
Income before income taxes	1,048,273
Depreciation and amortization	1,032,390
Amortization of goodwill	9,831
Impairment loss	20,043
Subsidy for promotion costs in corporate location	(200,000)
Increase (decrease) in allowance for doubtful accounts	137
Increase (decrease) in reserve for retirement benefits	(10,278)
Increase (decrease) in reserve for directors' retirement benefits	257,239
Interest and dividends received	(46,683)
Interest paid	40,541
Decrease in accounts receivable-trade	(283,869)
Increase in inventories	(181,967)
Increase in accounts payable	83,842
Increase (decrease) in accrued consumption taxes	304,113
Directors' bonuses paid	(52,300)
Others	(656,491)
Subtotal	2,029,275
Interest and dividend income received	46,683
Interest expenses paid	(40,541)
Income tax and other taxes paid	(822,133)
Cash flows provided by operating activities	1,213,282
II Cash flows from investing activities	
Payments for purchase of tangible fixed assets	(3,940,143)
Payments for acquisition of investment securities	(30,928)
Payments of loans receivable	(595)
Proceeds from collection of loans receivable	6,153
Subsidy income	238,594
Others	(11,239)
Cash flows used in investing activities	(3,738,159)
III Cash flows from financing activities	
Net increase in short-term loans payable	2,480,399
Payments for acquisition of treasury stock	(252,871)
Proceeds from sales of treasury stock	325
Dividends paid	(483,734)
Cash flows used in financing activities	1,744,119
IV Exchange difference of cash and cash equivalents	53,944
V Decrease in cash and cash equivalents	(726,813)
VI Cash and cash equivalents at beginning of term	12,928,393
VII Cash and cash equivalents at end of term	12,201,580

(3) Information by Segment

[Information by Industry Segment]

Second Quarter of FY2008 (April 1, 2007 – September 30, 2007)

Information by industry segment has been omitted because net sales and operating income from the manufacturing and sales of natural seasonings account for more than 90% of total net sales and operating income.

[Information by Geographic Segment]

Second Quarter of FY2008 (April 1, 2007 – September 30, 2007)

(Thousands of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Net sales					
(1) External sales	9,890,917	1,284,303	11,175,220	—	11,175,220
(2) Internal sales to other segments or transfers	27,433	674,468	701,901	(701,901)	—
Total	9,918,350	1,958,771	11,877,121	(701,901)	11,175,220
Operating expenses	8,059,457	1,829,148	9,888,606	(682,864)	9,205,742
Operating income	1,858,892	129,622	1,988,515	(19,036)	1,969,478

(Notes) 1. Country and regional categories are based on similarities in economic activity.

2. Main countries and regions outside of Japan

Other regions: The U.S., People's Republic of China, Taiwan, France and Belgium

[Overseas Sales]

Second Quarter of FY2008 (April 1, 2007 – September 30, 2007)

(Thousands of yen)

	North America	Asia	Total
I. Overseas net sales	681,273	711,186	1,392,460
II. Consolidated net sales	—	—	11,175,220
III. Overseas sales /Total consolidated net sales (%)	6.1	6.4	12.5

(Notes) 1. The countries and regions are categorized based on geographical proximity.

2. The followings are the breakdown of the regions in the categories.

(1) North America: The U.S.

(2) Asia: People's Republic of China (including Hong Kong), Taiwan and South Korea