

## **1. Qualitative Information on the Consolidated Business Results for the Three Months Ended December 31, 2012**

### **(1) Qualitative Information on the Consolidated Operating Performance**

#### **(Operating environment)**

In the first three months of the fiscal year ending September 30, 2013 (October 1, 2012 - December 31, 2012), although areas of the Japanese economy demonstrated moderate recovery driven by reconstruction-related demand, the underlying tone remained weak due to Japan's continued trade deficit and no signs of a recovery in capital spending. The yen began to depreciate and stock prices rose in anticipation of new government policies following a change in Japan's political leadership. However, the policies have yet to be felt in the real economy, however, and economic conditions are expected to remain unchanged in the near term. Moreover, in the global economy, the U.S. demonstrated only a moderate pace of recovery, and the contraction of European economies continued unabated.

Amid this environment, entering the second year of its Fourth Medium-Term Management Plan (three-year plan), the Yokohama Reito Group strove to improve its performance through its two primary operating policies of "strengthening the core businesses" and "strengthening growth potential."

As a result, the Group's consolidated net sales for the three months ended December 31, 2012 totaled ¥30,142 million, a 5.0% decrease compared to the same period of the previous fiscal year. Operating income totaled ¥1,211 million, a year-on-year increase of 9.7%, ordinary income totaled ¥1,297 million, a year-on-year increase of 13.1%, and net income totaled ¥796 million, a year-on-year increase of 20.1%.

Results by business segment are as follows.

#### **(Results by business segment)**

##### **Refrigerated Warehousing Business**

Inventory remained at the high levels of the previous fiscal year and continued to grow according to plan. The logistics outsourcing service launched in the previous fiscal year got underway, and increases in customs clearance income and distribution processing income contributed to the segment's results.

The volume of inbound cargo was largely unchanged over the same period of the previous fiscal year, rising 2,000 tons, or 0.5%, as a result of higher volumes of frozen foods. The volume of outbound cargo rose by 21,000 tons, a year-on-year increase of 7.0%. Overall, the average inventory volume increased 10.3% to 74,000 tons.

Overseas, the Wang Noi Logistics Center operated by Thai subsidiary Thai Yokorei Co., Ltd. continued to perform well after starting full-scale operations in the previous fiscal year, posting significant increases in revenue and profit.

As a result, net sales for the segment increased 7.9% compared with the same period of the previous fiscal year to ¥5,750 million, and operating income rose 18.0% to ¥1,549 million.

##### **Food Sales Business**

In the Group's marine products category, although the price declines witnessed in the previous fiscal year began to stabilize, the pace of market recovery was slow. Trading volumes of marine products increased, but the business posted lower revenue and profit. In the livestock products category, the chicken market recovered from last year's slump owing to a correction in the supply-demand imbalance, leading to higher revenue and profit. In the agricultural products category, potato sales increased as a result of the opening of the Kimobetsu Packing Center in August 2012. Onion sales declined, however, due to impact of higher prices in production areas, and overall the category posted lower revenues and profits.

As a result, segment sales amounted to ¥24,388 million, a decline of 7.7% compared with the same period of the previous fiscal year, and the segment posted operating income of ¥109 million, a year-on-year decline of 63.0%.

## **(2) Qualitative Information on the Consolidated Financial Position**

### Assets, Liabilities and Net Assets

Total assets at December 31, 2012 amounted to ¥93,136 million, an increase of ¥2,198 million compared with the previous fiscal year-end (September 30, 2012). This change was mainly attributable to increases of ¥418 million in merchandise and ¥2,691 million in notes and accounts receivable—trade, which were partially offset by a decrease of ¥900 million in property, plant, and equipment.

Total liabilities amounted to ¥37,028 million, an increase of ¥1,730 million compared with the previous fiscal year-end. This change was mainly attributable to an increase of ¥2,019 million in loans payable, which was partially offset by a decline of ¥496 million in accrued employees' bonuses.

Total net assets amounted to ¥56,107 million, an increase of ¥468 million compared with the previous fiscal year-end.

### Cash Flows

Cash and cash equivalents (hereinafter, "cash") at the end of the first quarter amounted to ¥3,182 million, an increase of ¥482 million compared with the previous fiscal year-end (September 30, 2012). The main factors affecting cash flows during the first three months of the fiscal year under review are summarized as follows.

#### 1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥191 million, compared with net cash used of ¥6,839 million in the same period of the previous fiscal year. This net inflow was mainly attributable to income before income taxes and minority interests of ¥1,297 million, depreciation and amortization of ¥849 million, and an increase of ¥1,016 million in accounts payable—trade, the sum of which was partially offset by an increase of ¥2,690 million in accounts receivable—trade.

#### 2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,175 million, compared with ¥1,874 million in the same period of the previous fiscal year. Major investment outflows included purchase of property, plant and equipment of ¥1,511 million.

#### 3) Cash flows from financing activities

Net cash provided by financing activities amounted to ¥1,465 million, compared with ¥7,590 million in the same period of the previous fiscal year. This net inflow was mainly derived from a net increase in loans payable of ¥2,011 million, which was partly offset by cash dividends paid of ¥517 million.

## **(3) Consolidated Earnings Forecast**

There is no change to the earnings forecast for the year ending September 30, 2013 announced on November 14, 2012 with the financial results for the year ended September 30, 2012.

## **2. Other Information**

(1) Changes in consolidation status of major subsidiaries during the period:

Not applicable

(2) Use of accounting methods specific to preparation of quarterly consolidated financial statements:

Not applicable

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:

Changes in accounting policy

*Change in depreciation method*

In response to Japan's recent corporate tax law amendments and effective from the first quarter of the fiscal year ending September 30, 2013, the method which Yokohama Reito Co., Ltd. and its domestic consolidated subsidiaries use for depreciation of property, plant, and equipment acquired on or after October 1, 2012 will be adjusted to reflect the revised corporate tax code. The impact of this change on consolidated operating income, ordinary income and net income for the three months ended December 31, 2012 was negligible.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	As of September 30, 2012 Amount	(Millions of yen) As of December 31, 2012 Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,700	3,182
Notes and accounts receivable - trade	14,402	17,093
Merchandise	14,003	14,422
Deferred tax assets	441	326
Other	985	490
Allowance for doubtful accounts	(26)	(32)
Total current assets	32,507	35,483
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	26,243	25,788
Machinery, equipment and vehicles, net	4,912	4,759
Land	19,382	19,053
Leased assets, net	212	211
Construction in progress	8	61
Other, net	366	350
Total property, plant and equipment	51,125	50,225
Intangible fixed assets		
Goodwill	848	810
Other	1,630	1,631
Total intangible fixed assets	2,479	2,442
Investments and other assets		
Investment securities	3,616	3,795
Long-term loans receivable	71	75
Other	1,190	1,170
Allowance for doubtful accounts	(53)	(57)
Total investments and other assets	4,825	4,985
Total noncurrent assets	58,430	57,652
<b>Total assets</b>	90,937	93,136

	As of September 30, 2012 Amount	(Millions of yen) As of December 31, 2012 Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,314	6,331
Short-term loans payable	10,509	11,178
Current portion of long-term loans payable	2,211	2,463
Bonds due within one year	47	40
Lease obligations	69	74
Income taxes payable	191	440
Accrued employees' bonuses	619	123
Accrued bonuses for directors and corporate auditors	27	6
Other	3,802	2,712
<b>Total current liabilities</b>	<b>22,793</b>	<b>23,370</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	11,242	12,342
Lease obligations	153	148
Deferred tax liabilities	23	76
Provision for employees' retirement benefits	605	614
Provision for directors' and corporate auditors' retirement benefits	302	297
Asset retirement obligations	105	105
Other	72	73
<b>Total noncurrent liabilities</b>	<b>12,504</b>	<b>13,657</b>
<b>Total liabilities</b>	<b>35,297</b>	<b>37,028</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	11,065	11,065
Capital surplus	11,109	11,109
Retained earnings	34,061	34,341
Treasury stock	(520)	(520)
<b>Total shareholders' equity</b>	<b>55,716</b>	<b>55,995</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain on available-for-sale securities	(214)	(91)
Deferred gain (loss) on derivatives under hedge accounting	(28)	9
Foreign currency translation adjustments	(197)	(190)
<b>Total accumulated other comprehensive income</b>	<b>(439)</b>	<b>(271)</b>
<b>Minority interests</b>	<b>362</b>	<b>383</b>
<b>Total net assets</b>	<b>55,639</b>	<b>56,107</b>
<b>Total liabilities and net assets</b>	<b>90,937</b>	<b>93,136</b>

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

	(Millions of yen)	
	Three months ended December 31, 2011	Three months ended December 31, 2012
	Amount	Amount
Net sales	31,744	30,142
Cost of sales	28,800	27,193
Gross profit	2,943	2,949
Selling, general and administrative expenses	1,839	1,737
Operating income	1,104	1,211
Other income		
Interest income	4	2
Dividend income	22	26
Insurance dividends	28	2
Gain on sales of noncurrent assets	0	43
Other	83	124
Total other income	138	198
Other expenses		
Interest expense	66	64
Loss on sales and retirement of noncurrent assets	5	18
Other	24	29
Total other expenses	95	112
Ordinary income	1,147	1,297
Extraordinary gains		
Refund of prior-year real estate taxes	84	-
Total extraordinary gains	84	-
Income before income taxes and minority interests	1,231	1,297
Income taxes—Current	339	392
Income taxes—Deferred	222	91
Total income taxes	561	483
Income before minority interests	670	814
Minority interests	7	17
Net income	663	796

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three months ended December 31, 2011	Three months ended December 31, 2012
	Amount	Amount
Income before income taxes and minority interests	670	814
Other comprehensive income		
Unrealized gain on available-for-sale securities	(170)	123
Deferred gain (loss) on derivatives under hedge accounting	146	38
Foreign currency translation adjustments	(48)	9
Total other comprehensive income	(72)	171
Comprehensive income	598	985
Breakdown:		
Comprehensive income attributable to owners of the parent	601	965
Comprehensive income attributable to minority interests	(2)	20

### (3) Consolidated Statements of Cash flows

	(Millions of yen)	
	Three months ended December 31, 2011	Three months ended December 31, 2012
	Amount	Amount
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	1,231	1,297
Depreciation and amortization	841	849
Amortization of goodwill	38	38
Increase (decrease) in accrued employees' bonuses	(483)	(496)
Increase (decrease) in accrued bonuses for directors and corporate auditors	(22)	(20)
Increase (decrease) in provision for employees' retirement benefits	14	9
Increase (decrease) in provision for directors' and corporate auditors' retirement benefits	(42)	(5)
Increase (decrease) in allowance for doubtful accounts	(10)	9
Interest and dividend income	(27)	(28)
Interest expenses paid on loans and bonds	66	64
Decrease (increase) in accounts receivable - trade	(1,782)	(2,690)
Decrease (increase) in inventories	(6,238)	(366)
Increase (decrease) in accounts payable - trade	(48)	1,016
Increase (decrease) in accrued expenses	462	79
Other - net	(179)	562
Sub total	<u>(6,180)</u>	<u>320</u>
Interest and dividend income received	24	28
Interest paid	(67)	(67)
Income taxes paid	(616)	(88)
<b>Net cash provided by (used in) operating activities</b>	<u>(6,839)</u>	<u>191</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,754)	(1,511)
Proceeds from sales of property, plant and equipment	0	403
Purchase of investment securities	(68)	(1)
Payments of loans receivable	(1)	(68)
Collection of loans receivable	18	29
Other - net	(69)	(27)
<b>Net cash provided by (used in) investing activities</b>	<u>(1,874)</u>	<u>(1,175)</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	7,821	660
Proceeds from long-term loans payable	1,000	2,100
Repayments of long-term loans payable	(646)	(748)
Purchase of treasury stock	(0)	(0)
Dividends paid to shareholders	(517)	(517)
Dividends paid to minority shareholders	(0)	-
Payments for redemption of bonds	(47)	(7)
Other - net	(18)	(20)
<b>Net cash provided by (used in) financing activities</b>	<u>7,590</u>	<u>1,465</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(6)</u>	<u>0</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,129)</u>	<u>482</u>
<b>Cash and cash equivalents, beginning of period</b>	<u>4,563</u>	<u>2,700</u>
<b>Cash and cash equivalents, end of period</b>	<u>3,434</u>	<u>3,182</u>



**(4) Notes on the Going-concern Assumption**

Not applicable

**(5) Notes on Significant Changes in Shareholders' Equity**

Not applicable

## (6) Segment information

### I. Three months ended December 31, 2011 (October 1, 2011 – December 31, 2011)

#### 1. Net sales, income/loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other businesses	Total		
Net sales						
Sales to outside customers	5,327	26,414	2	31,744	-	31,744
Intersegment sales or transfers	439	-	12	451	(451)	-
Total	5,766	26,414	15	32,196	(451)	31,744
Segment income	1,313	296	4	1,614	(509)	1,104

Notes: 1. The minus 509 million yen adjustment for segment income was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.

2. Segment income was adjusted based on operating income reported on the consolidated financial statements for the corresponding period.

#### 2. Information on impairment loss on noncurrent assets and goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

No significant impairment loss was recorded

(Significant change in the amount of goodwill)

Not applicable

(Significant gain on negative goodwill)

Not applicable

### II. Three months ended December 31, 2012 (October 1, 2012 – December 31, 2012)

#### 1. Net sales, income/loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other businesses	Total		
Net sales						
Sales to outside customers	5,750	24,388	2	30,142	-	30,142
Intersegment sales or transfers	411	-	11	422	(422)	-
Total	6,161	24,388	14	30,564	(422)	30,142
Segment income	1,549	109	3	1,662	(450)	1,211

Notes: 1. The minus 450 million yen adjustment for segment income was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.

2. Segment income was adjusted based on operating income reported on the consolidated financial statements for the corresponding period.

#### 2. Information on impairment loss on noncurrent assets and goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

No significant impairment loss was recorded

(Significant change in the amount of goodwill)

Not applicable

(Significant gain on negative goodwill)

Not applicable