

## **1. Qualitative Information on the Consolidated Business Results for the First Six Months of the Fiscal Year Ending September 30, 2012**

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

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

In the first six months of the fiscal year (October 1, 2011 – March 31, 2012), the Japanese economy demonstrated signs of improvement. Though the economy was impacted by the lingering effects of the Great East Japan Earthquake and the Thai floods in 2011, the automobile and other manufacturing industries showed signs of recovery, while reconstruction demand from an emerging full-fledged recovery from the earthquake gave the economy a boost. On the other hand, Japan posted a trade deficit for the first time in 31 years in fiscal 2011 due to sluggish exports caused by protracted yen appreciation and the European economic slump. Soaring oil prices and slowing growth in China also contributed to the continuation of uncertainty in the future economic outlook.

In the food-related sector, though personal consumption maintained its underlying firmness, overall conditions remained severe due to negligible improvements in employment and income conditions.

Amid this environment, in November 2011 the Yokohama Reito Group announced its Fourth Medium-Term Management Plan, a three-year plan entitled “Step Toward the Future.” Under this plan, and its two primary operating policies of “strengthening the core business” and “strengthening growth potential,” the Group strove to improve results.

For the six months ended March 31, 2012, the Refrigerated Warehousing Business performed generally as expected, while the Food Sales Business suffered from poor fishing conditions and lower prices for its main products along with the suspension of exports due to radiation problems caused by the nuclear power plant accident. As a result, both consolidated sales and income declined significantly from the same period of the previous year. Net sales totaled ¥57,494 million, an 8.0% decrease from the same period of the previous fiscal year. Operating income totaled ¥1,365 million, a year-on-year decrease of 48.0%, ordinary income totaled ¥1,393 million, a year-on-year decrease of 47.8%, and net income totaled ¥769 million, a year-on-year decrease of 33.1%.

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

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

The Hokko Logistics Center and the Kagoshima Logistics Center, which were completed the previous fiscal year under a scrap-and-build program, began operating smoothly from the first quarter and contributed to results. Food-related cargo movement also recovered on reconstruction-driven demand. Amid this business environment, the Group implemented cargo operations geared towards profitability and meeting the precise needs of customers.

With regard to inventory volume, the volume of both frozen foods and livestock products increased. As a result, inbound cargo volume for the six-month period increased by about 58,000 tons over the same period of the previous year, and the volume of outbound cargo increased by about 30,000 tons year on year. Overall, average inventory volume increased 5.2% year on year.

Net sales for the segment increased, mainly on the rise in storage fees and loading/unloading fees. Operating income also increased compared with the same period the previous year, outweighing an increase in the depreciation and amortization stemming from the construction of new logistics centers.

As a result, net sales for this segment increased 6.8% year on year to ¥10,083 million, and segment operating income rose 3.8% year on year to ¥2,392 million.

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

The marine products business suffered from a harsh business environment, as catches of mainstay eel and autumn salmon were lower amid significantly worse fishing conditions and exports were suspended due to radiation issues surrounding the nuclear power plant accident. The Group also incurred a loss on valuation of inventories and a loss on sales stemming from a deterioration in

the supply-demand balance and lower market prices for mainstay marine products such as shrimp and imported salmon/trout, along with the livestock product chicken, which declined due to a domestic inventory surplus.

As a result, sales and income for the segment declined substantially for the six-month period, with total net sales declining 10.6% year on year to ¥47,405 million, and segment operating income falling 99.8% to ¥2 million.

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

### **Assets, Liabilities and Net Assets**

Total assets at the end of the second quarter (March 31, 2012) amounted to ¥96,896 million, an increase of ¥3,830 million compared with the previous fiscal year-end (September 30, 2011). This change was mainly attributable to an increase of ¥6,109 million in merchandise, which was partially offset by declines of ¥1,519 million in accounts receivable-trade, ¥603 million in cash and deposits, ¥144 million in deferred tax assets, and ¥514 million in property, plant, and equipment.

Total liabilities amounted to ¥39,878 million, an increase of ¥3,374 million compared with the previous fiscal year-end. This change was mainly attributable to an increase of ¥7,637 million in loans payable, partially offset by declines of ¥2,013 million in accounts payable-trade and ¥153 million in accrued employees' bonuses.

Total net assets amounted to ¥57,018 million, an increase of ¥456 million compared with the previous fiscal year-end.

### **Cash Flows**

Cash and cash equivalents (hereinafter, "cash") at the end of the second quarter amounted to ¥3,959 million, a decrease of ¥603 million compared with the previous fiscal year-end (September 30, 2011). The main factors affecting cash flows during the six-month period are summarized as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥4,102 million, compared with net cash used of ¥3,263 million in the same period of the previous fiscal year. This net outflow was mainly attributable to income before income taxes and minority interests of ¥1,477 million, depreciation and amortization of ¥1,721 million, and a decrease in accounts receivable-trade of ¥1,515 million, which were outweighed by an increase of ¥6,098 million in inventories, a decrease of ¥2,013 million in accounts payable-trade, and ¥629 million in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥3,520 million, compared with net cash used of ¥1,373 million in the same period of the previous fiscal year. The major investment outflow was purchase of property, plant and equipment of ¥3,008 million.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥7,026 million, compared with ¥5,320 million in net cash provided in the same period of the previous fiscal year. This net inflow was mainly derived from a net increase in loans payable of ¥7,652 million, which was partly offset by cash dividends paid of ¥517 million.

## **(3) Qualitative Information on the Consolidated Earnings Forecast**

The Company revises its previous earnings forecast for the fiscal year ending September 30, 2012 announced on November 14, 2011 as follows.

The Company forecasts net sales of ¥113,340 million, operating income of ¥3,000 million, ordinary income of ¥2,880 million, and net income of ¥1,560 million.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	As of September 30, 2011 Amount	(Millions of yen) As of March 31, 2012 Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,563	3,959
Notes and accounts receivable - trade	15,902	14,383
Merchandise	13,985	20,095
Deferred tax assets	728	513
Other	568	878
Allowance for doubtful accounts	(31)	(29)
Total current assets	35,716	39,799
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	24,778	25,042
Machinery, equipment and vehicles, net	4,727	4,942
Land	18,401	18,385
Leased assets, net	174	215
Construction in progress	1,280	231
Other, net	344	374
Total property, plant and equipment	49,706	49,191
Intangible fixed assets		
Goodwill	1,001	925
Other	1,419	1,418
Total intangible fixed assets	2,420	2,343
Investments and other assets		
Investment securities	3,775	3,914
Long-term loans receivable	500	155
Deferred tax assets	10	80
Other	1,007	1,473
Allowance for doubtful accounts	(72)	(62)
Total investments and other assets	5,222	5,561
Total noncurrent assets	57,349	57,096
<b>Total assets</b>	93,065	96,896

	As of September 30, 2011 Amount	(Millions of yen) As of March 31, 2012 Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	6,765	4,752
Short-term loans payable	7,335	15,035
Current portion of long-term loans payable	2,100	2,261
Bonds due within one year	140	120
Lease obligations	52	64
Income taxes payable	722	757
Accrued employees' bonuses	614	461
Accrued bonuses for directors and corporate auditors	30	15
Other	4,949	2,846
<b>Total current liabilities</b>	<b>22,710</b>	<b>26,313</b>
<b>Noncurrent liabilities</b>		
Bonds	90	40
Long-term loans payable	12,465	12,241
Lease obligations	130	161
Deferred tax liabilities	95	100
Provision for employees' retirement benefits	536	571
Provision for directors' and corporate auditors' retirement benefits	302	273
Asset retirement obligations	105	105
Other	68	70
<b>Total noncurrent liabilities</b>	<b>13,793</b>	<b>13,564</b>
<b>Total liabilities</b>	<b>36,503</b>	<b>39,878</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	11,065	11,065
Capital surplus	11,109	11,109
Retained earnings	34,897	35,150
Treasury stock	(520)	(520)
<b>Total shareholders' equity</b>	<b>56,553</b>	<b>56,805</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain on available-for-sale securities	35	66
Deferred gain (loss) on derivatives under hedge accounting	(224)	(8)
Foreign currency translation adjustments	(168)	(206)
<b>Total accumulated other comprehensive income</b>	<b>(358)</b>	<b>(148)</b>
<b>Minority interests</b>	<b>367</b>	<b>361</b>
<b>Total net assets</b>	<b>56,562</b>	<b>57,018</b>
<b>Total liabilities and net assets</b>	<b>93,065</b>	<b>96,896</b>

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

	(Millions of yen)	
	Six months ended	Six months ended
	March 31, 2011	March 31, 2012
	Amount	Amount
Net sales	62,465	57,494
Cost of sales	56,360	52,500
Gross profit	6,105	4,994
Selling, general and administrative expenses	3,480	3,629
Operating income	2,625	1,365
Other income		
Interest income	8	9
Dividend income	24	31
Insurance dividends	29	28
Other	101	165
Total other income	164	235
Other expenses		
Interest expense	102	145
Other	14	60
Total other expenses	117	206
Ordinary income	2,672	1,393
Extraordinary gains		
Gain on reversal of allowance for doubtful accounts	10	-
Gain on sales of noncurrent assets	1	-
Gain on sales of investment securities	1	-
Refund of prior-year real estate taxes	79	84
Total extraordinary gains	92	84
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	15	-
Loss on sales of golf club membership	2	-
Loss on disaster	471	-
Effect of adopting accounting standards for assets retirement obligations	132	-
Total extraordinary losses	622	-
Income before income taxes and minority interests	2,142	1,477
Income taxes—Current	1,143	706
Income taxes—Deferred	(168)	(5)
Total income taxes	975	701
Income before minority interests	1,167	776
Minority interests	17	6
Net income	1,150	769

## Consolidated Statements of Comprehensive Income

	Six months ended March 31, 2011	(Millions of yen) Six months ended March 31, 2012
	Amount	Amount
Income before income taxes and minority interests	1,167	776
Other comprehensive income		
Unrealized gain on available-for-sale securities	95	31
Deferred gain (loss) on derivatives under hedge accounting	7	220
Foreign currency translation adjustments	(3)	(51)
Total other comprehensive income	99	199
Comprehensive income	1,267	976
Breakdown:		
Comprehensive income attributable to owners of the parent	1,254	979
Comprehensive income attributable to minority interests	12	(3)

### (3) Consolidated Statements of Cash flows

(Millions of yen)

	Six months ended March 31, 2011 Amount	Six months ended March 31, 2012 Amount
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	2,142	1,477
Depreciation and amortization	1,430	1,721
Amortization of goodwill	74	76
Increase (decrease) in accrued employees' bonuses	(141)	(153)
Increase (decrease) in accrued bonuses for directors and corporate auditors	(15)	(15)
Increase (decrease) in provision for employees' retirement benefits	58	35
Increase (decrease) in provision for directors' and corporate auditors' retirement benefits	20	(28)
Increase (decrease) in allowance for doubtful accounts	(44)	(11)
Effect of adopting accounting standards for assets retirement obligations	132	-
Loss on disaster	471	-
Interest and dividends income	(32)	(41)
Interest expenses paid on loans and bonds	102	145
Loss (gain) on sales and retirement of noncurrent assets	14	-
Loss (gain) on sales and valuation of investment securities	(1)	-
Decrease (increase) in accounts receivable - trade	(1,116)	1,515
Decrease (increase) in inventories	(3,756)	(6,098)
Increase (decrease) in accounts payable - trade	(1,694)	(2,013)
Increase (decrease) in accrued expenses	326	273
Other - net	52	(255)
Sub total	(1,976)	(3,370)
Interest and dividends received	38	40
Interest paid	(98)	(143)
Income taxes paid	(1,226)	(629)
<b>Net cash provided by (used in) operating activities</b>	<b>(3,263)</b>	<b>(4,102)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(836)	(3,008)
Proceeds from sales of property, plant and equipment	2	1
Purchase of investment securities	(553)	(99)
Proceeds from sales of investment securities	1	-
Payments of loans receivable	(0)	(295)
Collection of loans receivable	15	28
Other - net	(2)	(147)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,373)</b>	<b>(3,520)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	6,649	7,714
Proceeds from long-term loans payable	-	1,000
Repayments of long-term loans payable	(626)	(1,061)
Purchase of treasury stock	(0)	(0)
Dividends paid to shareholders	(517)	(517)
Payments for redemption of bonds	(150)	(70)
Dividends paid to minority shareholders	(2)	(2)
Other - net	(31)	(36)
<b>Net cash provided by (used in) financing activities</b>	<b>5,320</b>	<b>7,026</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1)</b>	<b>(6)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>681</b>	<b>(603)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>3,877</b>	<b>4,563</b>
<b>Cash and cash equivalents, end of period</b>	<b>4,559</b>	<b>3,959</b>

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

Not applicable

**(5) Segment information**

## I. Six months ended March 31, 2011 (October 1, 2010 – March 31, 2011)

## 1. Net sales and 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	9,443	53,007	14	62,465	-	62,465
Intersegment sales or transfers	793	-	24	818	(818)	-
Total	10,237	53,007	39	63,284	(818)	62,465
Segment income	2,304	1,115	13	3,433	(808)	2,625

Notes: 1. The minus 808 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.

## II. Six months ended March 31, 2012 (October 1, 2011 – March 31, 2012)

## 1. Net sales and 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	10,083	47,405	5	57,494	-	57,494
Intersegment sales or transfers	895	-	24	920	(920)	-
Total	10,978	47,405	30	58,414	(920)	57,494
Segment income	2,392	2	7	2,402	(1,037)	1,365

Notes: 1. The minus 1,037 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.

**(6) Note on Significant Changes in Shareholders' Equity**

Not applicable