

1. Qualitative Information on the Consolidated Business Results for the Fiscal Year Ended September 30, 2012

(1) Qualitative Information on the Consolidated Operating Performance

(Operating environment)

In the fiscal year ended September 30, 2012, the Japanese economy temporarily exhibited signs of a mild recovery. Overall, however, amid protracted yen appreciation and underlying deflationary forces, it lapsed into stagnation due to the impact of an unstable political environment and energy problems related to the nuclear power plant accident, including lingering export restrictions. The global economic outlook, meanwhile, grew increasingly uncertain during the year as a result of the stalled progress on the European debt crisis, weak improvement in the U.S. employment market, and an evident slowdown in the growth of emerging nations.

(Operating results)

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

While the Refrigerated Warehousing Business performed according to plan during the year, the Food Sales Business posted significant declines in sales and profit due to poor catches of mainstay marine products and a protracted supply-demand imbalance. As a result, the Group’s consolidated net sales for the fiscal year ended September 30, 2012 totaled ¥111,108 million, a 10.4% decrease from the same period of the previous fiscal year. Operating income totaled ¥1,083 million, a year-on-year decrease of 74.2%, ordinary income totaled ¥1,233 million, a year-on-year decrease of 71.3%, and net income totaled ¥199 million, a year-on-year decrease of 88.1%.

(Results by business segment)

1) Refrigerated Warehousing Business

The new Hokko Logistics Center and the Kagoshima Logistics Center began operations at the start of the year under the scrap and build investment program, and domestic inbound and outbound volumes and average inventory volume grew steadily over the previous year as cargo movement began to recover, primarily food cargo, on the back of reconstruction-related demand. Overseas, the Wang Noi Logistics Center in Thailand became operational at the start of the year under review, as it overcame the effects of last year’s major floods to quickly transition to full-scale operations.

The volume of inbound cargo increased by 110,000 tons and the volume of outbound cargo increased by 60,000 tons, mainly through increases in frozen foods and livestock products. The average inventory volume increased 8.3%.

As a result, net sales for the segment increased 8.9% compared with the previous fiscal year to ¥20,464 million, and operating income rose 13.1% to ¥4,351 million despite higher depreciation expenses accompanying the construction of new logistics centers.

2) Food Sales Business

After instituting a business-division organizational structure in the previous year, the Company established an overseas business organization tasked with expanding and strengthening imports and exports, and took other measures to solidify its position as a leading raw materials supplier. An unstable market environment, however, had a significant impact on business results.

In the Group’s marine products category, the supply-demand balance for mainstay imported salmon/trout deteriorated significantly, and its persistence resulted in increased disposal losses. Domestic prices for mainstay mackerel also declined, partly due to the impact of the salmon/trout supply-demand imbalance, and the Company booked a loss on sales and an inventory valuation loss. Additionally, as of the end of the fiscal year, mackerel exports remained prohibited as a

result of regulations related to radiation issues. Among livestock products, chicken prices declined as a result of a domestic inventory surplus, which caused the Company to book a loss on sales in the first half of the year. In the agricultural products category, sales increased following the establishment of a Kagoshima sales office in October 2011 and efforts to expand sales channels. Profits declined, however, due to the impact of lower prices for imported agricultural products.

As a result, segment sales amounted to ¥90,632 million, a decline of 13.9% compared with the previous fiscal year, and the segment posted an operating loss of ¥1,346 million, compared with a profit of ¥2,023 million in the previous fiscal year.

(Outlook for fiscal year ending September 30, 2013)

The fiscal year ending September 30, 2013 marks the second year of the Company's Fourth Medium-Term Management Plan (three-year plan) and a critical year for making progress towards the plan's final targets. The Group is redoubling its efforts to execute its business in accordance with the operating policies of the plan.

In the Refrigerated Warehousing Business, the Group will continue to accurately assess customer needs and promote cargo operations which emphasize profitable growth. The Kimobetsu Logistics Center in Hokkaido, completed in August 2012, will enter full-scale operations during the year ending September 30, 2013. Additionally, the logistics outsourcing business, a priority initiative under the current management plan, has established a firm footing since the previous fiscal year and is expected to make a contribution. Given these positive factors, the segment is expected to post higher sales and profits in the year.

In the Food Sales Business, the market environment is expected to remain uncertain. In the marine products category, during the fiscal year ended September 30, 2012, the Company completed the disposal of inventory of products whose price declines weighed on financial results. In the year ending September 30, 2013, the Company will review its distribution processes and aim to raise the turnover rate through optimized inventory levels while strengthening its collaborative operational structures with local marine products processing companies. In the livestock products category, there is the possibility that limits on U.S. beef imports may be relaxed to accommodate animals 30 months or younger. Additionally, the EU has already lifted import restrictions on Thai chicken products. These developments will broaden the Company's options on import channels and reduce procurement-related concentration risks as the Company conducts sales operations in consideration of the current supply-demand imbalance. In the agricultural products category, the Company plans to leverage its new packing facilities located within the Kimobetsu Logistics Center, completed in August 2012, to produce and sell high value-added products.

As a result, although revenues from the Food Sales Business are expected to be on par with the year ended September 30, 2012, profits are expected to improve significantly.

Based on the above, for the year ending September 30, 2013, the Company forecasts net sales of ¥111,200 million (an increase of 0.1% compared with the previous fiscal year), operating income of ¥3,000 (an increase of 177.0%), ordinary income of ¥3,000 million (an increase of 143.3%), and net income of ¥1,700 million (an increase of 754.3%).

(2) Qualitative Information on the Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Total assets at September 30, 2012 amounted to ¥90,937 million, a decline of ¥2,128 million compared with the previous fiscal year-end. This change was mainly attributable to decreases of ¥1,863 million in cash and deposits and ¥1,500 million in notes and accounts receivable—trade, partially offset by an increase of ¥1,418 million in property, plant, and equipment due to the construction of new logistics centers.

Total liabilities amounted to ¥35,297 million, a decline of ¥1,205 million compared with the previous fiscal year-end. This change was mainly attributable to declines of ¥1,450 million in

notes and accounts payable—trade and ¥531 million in income taxes payable, along with an increase of ¥2,062 million in loans payable.

Total net assets amounted to ¥55,639 million, a decline of ¥922 million compared with the previous fiscal year-end.

2) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year amounted to ¥2,700 million, a decline of ¥1,863 million compared with the previous fiscal year-end (September 30, 2011). The main factors affecting cash flows during the fiscal year under review are summarized as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥3,476 million, compared with ¥1,067 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 ¥1,286 million and depreciation and amortization of ¥3,536 million, the sum of which was partially offset by a decline of ¥1,450 million in notes and accounts payable—trade and ¥1,388 million in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥6,114 million, compared with ¥7,058 million in the same period of the previous fiscal year. Major investment outflows included purchase of property, plant and equipment of ¥5,658 million.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥780 million, compared with ¥6,686 million in the same period of the previous fiscal year. This net inflow was mainly derived from a net increase in loans payable of ¥2,074 million, which was partly offset by cash dividends paid of ¥1,034 million.

3) Cash Flow-related Indices

	Year ended September 30, 2010	Year ended September 30, 2011	Year ended September 30, 2012
Equity ratio	66.9	60.4	60.8
Equity ratio based on market value	36.2	32.7	32.6
Ratio of cash flow to interest-bearing debt (annual)	-5.8	20.7	6.9
Interest coverage ratio	-7.6	5.0	12.3

1. The above indices are calculated as follows:

Equity ratio: Total equity/Total assets

Market capitalization-based equity ratio: Market capitalization/Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest expense

*All indices are calculated based on consolidated figures.

*Market capitalization is calculated by multiplying the stock price at fiscal year end by the total number of issued and outstanding shares (excluding treasury stock) at the end of the year.

*The interest expense is the figure used in the consolidated statements of cash flow.

2. The interest-bearing debt represents the portion of total debt from the consolidated balance sheet for which interest is paid.

(3) Basic Policy on Profit Distribution and Dividend Forecasts

1) Basic policy on profit distribution

The Company recognizes the return of profits to shareholders as a management priority and maintains a policy of paying a stable dividend to shareholders. The Company seeks to maintain a target dividend payout ratio of 40% or more. Internal reserves are utilized effectively for various types of investments in facilities and IT systems, along with M&As and various other initiatives which raise profitability and competitiveness and enhance corporate value.

2) Dividend forecast

In accordance with the above policy, the Company plans to make a year-end dividend payment of ¥10 per share for the year under review. The planned annual dividend is therefore ¥20 per share, including the interim dividend of ¥10 per share previously paid to shareholders.

For the year ending September 30, 2013, the Company plans to pay an interim dividend of ¥10 per share and a year-end dividend of ¥10 per share, for an annual dividend of ¥20 per share.

(4) Business Risks

In consideration of the Group's business and financial status, the following represent potential risks to the Group's financial condition and management performance. These potential risks may have a significant effect on investors' investment decisions.

1) Economic conditions and operating environment

The Group is engaged in the sale of marine products, livestock products, and agricultural products, as well as related processed products. False labeling of product origin, agrochemical contamination, bird-related influenza and other food-related problems may cause a decrease in product import volumes, a rise in product prices, or a decline in consumption which could potentially impact the Group's sales.

In addition, a decline in fish catches or a change in consumption trends caused by changes in the natural environment, including changes to weather patterns such as unusually cool or hot summers, or changes to sea currents or temperatures, may impact the Group's business.

2) Changes in product prices

Procurement prices for marine, livestock and other products handled by the Group change within a market environment governed by a supply-demand balance in and outside Japan. In addition, market prices change depending on fish catches and agricultural harvests in Japan, along with other factors such as import restraints and embargoes. These price changes could have a serious impact on the Group's financial performance.

3) Property, plant, and equipment

In the Refrigerated Warehousing Business, the Group maintains a large network of refrigerated warehouses which require significant capital investments. In the event of a change in the business environment stemming from a deterioration to customers' businesses, such as changes in road networks or a decline in fish catches, or a decline in the warehouses' convenience, the Group's financial performance may be significantly impacted by a decline in profitability, impairments to property, plant and equipment, or the impact of the disposal of property, plant and equipment.

4) IT systems

The Group conducts its Refrigerated Warehousing Business and Food Sales Business using a nationwide online IT system. In the event of a large-scale, unforeseen natural disaster, the suspension of the Group's business systems, fracturing of the communications network, or a prolonged, wide-scale power blackout may make it difficult for the Group to provide services to customers and conduct business operations. These events could have a significant impact on the Group's business.

Following the Great East Japan Earthquake, in an effort to mitigate risks, the Company installed earthquake-resistant private power generation systems capable of long-term operation

and moved its critical system operations to a large-scale datacenter situated in an area relatively safe from flooding.

2. Management Policy

(1) Basic Management Policy

The Yokohama Reito Group has a management philosophy which states, “The Company is an organ of society, and profits are a measure of our service.” The Group’s management vision is, “To be a food distribution network company which supports deliciousness, convenience, and enjoyment.” Our Group values emphasize the provision of “safe and secure food products” and “high-quality logistics services” in order to raise corporate value and increase shareholder returns.

(2) Management Targets

1. Targets under the Fourth Medium-Term Management Plan

The Fourth Medium-Term Management Plan, “Step Toward the Future,” was launched in October 2011. Amid economic stagnation in leading nations, the radiation problems stemming from the nuclear power plant accident in Japan continue to have a significant impact on the marine products industry. As a result, the Company has revised downward its targets for the Foods Sales Business, and subsequently revised the financial targets for the Fourth Medium-Term Management Plan.

(Targets)	(billion yen)		
	Consolidated		
	Fiscal Year Ended September 30, 2011	Previous Targets for Fiscal Year Ending September 30, 2014	Revised Targets for Fiscal Year Ending September 30, 2014
Net sales	124.0	150.0	130.0
Operating income	4.1	6.3	4.5
Ordinary income	4.2	6.3	4.5
Net income	1.6	3.3	2.5
Return on equity (ROE)	3.0%	4.0%	Unchanged
Dividend payout ratio	62.0%	40.0%	Unchanged

1) The net sales target is ¥130.0 billion, 4.8% higher than the result for the year ended September 30, 2011.

2) The profit targets are operating income of ¥4.5 billion, an increase of 7.3%, ordinary income of ¥4.5 billion, an increase of 4.7%, and net income of ¥2.5 billion, an increase of 49.8%.

3) The return on equity (ROE) target is 4% or higher.

4) The dividend payout ratio target is to maintain a ratio of 40% or higher, as the Company prioritizes returns to shareholders.

(3) Medium-Term Management Strategy

1) Guiding Principle and Vision

The current medium-term management plan’s guiding principle is to “aim for growth by breaking out of the current mold.” It represents the first step towards the establishment of a robust business model which can facilitate a strong, flexible, and rapid response to various changes in the operating environment and enable the Group to achieve its long-term vision of realizing sustainable improvement in corporate value.

2) Business Operating Policies

The two main operating policies for the Refrigerated Warehousing Business and Food Sales Business are “strengthening the core businesses” and “strengthening growth potential.” The Group is implementing various initiatives to reach the goals of the new plan.

(4) Issues to Address

The Yokohama Reito Group aims to leverage its well-developed management foundation and sound financial condition to establish a management structure capable of responding to various economic and operating conditions. This will enable the Group to realize its vision of a sustainable improvement in corporate value, and continue to maintain stable profitability and provide high-quality services into the future.

Going forward, the Company will utilize its IT systems to their fullest potential and promote the standardization, efficiency, and consolidation of operations in order to achieve further cost reductions. Additionally, the Company will implement sophisticated risk management and continue to make regular improvements to its compliance and inter control systems. The employee education and training system will also be enhanced to ensure that the Group can nurture talent critical to its growth, while ensuring the establishment of a robust organization.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of September 30, 2011 Amount	(Millions of yen) As of September 30, 2012 Amount
Assets		
Current assets		
Cash and deposits	4,563	2,700
Notes and accounts receivable - trade	15,902	14,402
Merchandise	13,985	14,003
Deferred tax assets	728	441
Other	568	985
Allowance for doubtful accounts	(31)	(26)
Total current assets	35,716	32,507
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	24,778	26,243
Machinery, equipment and vehicles, net	4,727	4,912
Land	18,401	19,382
Leased assets, net	174	212
Construction in progress	1,280	8
Other, net	344	366
Total property, plant and equipment	49,706	51,125
Intangible fixed assets		
Goodwill	1,001	848
Other	1,419	1,630
Total intangible fixed assets	2,420	2,479
Investments and other assets		
Investment securities	3,775	3,616
Long-term loans receivable	500	71
Deferred tax assets	10	-
Other	1,007	1,190
Allowance for doubtful accounts	(72)	(53)
Total investments and other assets	5,222	4,825
Total noncurrent assets	57,349	58,430
Total assets	93,065	90,937

	As of September 30, 2011 Amount	(Millions of yen) As of September 30, 2012 Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,765	5,314
Short-term loans payable	7,335	10,509
Current portion of long-term loans payable	2,100	2,211
Bonds due within one year	140	47
Lease obligations	52	69
Income taxes payable	722	191
Accrued employees' bonuses	614	619
Accrued bonuses for directors and corporate auditors	30	27
Other	4,949	3,802
Total current liabilities	22,710	22,793
Noncurrent liabilities		
Bonds	90	-
Long-term loans payable	12,465	11,242
Lease obligations	130	153
Deferred tax liabilities	95	23
Provision for employees' retirement benefits	536	605
Provision for directors' and corporate auditors' retirement benefits	302	302
Asset retirement obligations	105	105
Other	68	72
Total noncurrent liabilities	13,793	12,504
Total liabilities	36,503	35,297
Net assets		
Shareholders' equity		
Common stock	11,065	11,065
Capital surplus	11,109	11,109
Retained earnings	34,897	34,061
Treasury stock	(520)	(520)
Total shareholders' equity	56,553	55,716
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	35	(214)
Deferred gain (loss) on derivatives under hedge accounting	(224)	(28)
Foreign currency translation adjustments	(168)	(197)
Total accumulated other comprehensive income	(358)	(439)
Minority interests	367	362
Total net assets	56,562	55,639
Total liabilities and net assets	93,065	90,937

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

	(Millions of yen)	
	Year ended	Year ended
	September 30, 2011	September 30, 2012
	Amount	Amount
Net sales	124,051	111,108
Cost of sales	113,055	102,959
Gross profit	10,996	8,148
Selling, general and administrative expenses	6,802	7,065
Operating income	4,193	1,083
Other income		
Interest income	28	23
Dividend income	82	90
Incentives received	32	183
Insurance dividends	29	28
Insurance received	12	15
Other	162	208
Total other income	348	550
Other expenses		
Interest expense	209	281
Other	34	119
Total other expenses	243	400
Ordinary income	4,298	1,233
Extraordinary gains		
Gain on reversal of allowance for doubtful accounts	43	-
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	126	84
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	62	-
Loss on sales of investment securities	2	-
Loss on valuation of golf club membership	9	-
Loss on sales of golf club membership	2	-
Impairment loss	22	31
Loss on disaster	617	-
Effect of adopting accounting standards for assets retirement obligations	132	-
Loss on closure of business facilities	381	-
Total extraordinary losses	1,230	31
Income before income taxes and minority interests	3,193	1,286
Income taxes—Current	1,514	864
Income taxes—Deferred	(23)	199
Total income taxes	1,491	1,064
Income before minority interests	1,702	221
Minority interests	33	22
Net income	1,668	199

Consolidated Statements of Comprehensive Income

	Year ended September 30, 2011	(Millions of yen) Year ended September 30, 2012
	Amount	Amount
Income before income taxes and minority interests	1,702	221
Other comprehensive income		
Unrealized gain on available-for-sale securities	94	(249)
Deferred gain (loss) on derivatives under hedge accounting	(206)	202
Foreign currency translation adjustments	(26)	(39)
Total other comprehensive income	(137)	(87)
Comprehensive income	1,564	134
Breakdown:		
Comprehensive income attributable to owners of the parent	1,546	117
Comprehensive income attributable to minority interests	17	17

(3) Consolidated Statements of Changes in Shareholders' Equity

	(Millions of yen)	
	Year ended September 30, 2011	Year ended September 30, 2012
	Amount	Amount
Shareholders' equity		
Common stock		
Balance at end of previous period	11,065	11,065
Changes during period		
Total changes during period	-	-
Balance at end of period	<u>11,065</u>	<u>11,065</u>
Capital surplus		
Balance at end of previous period	11,109	11,109
Changes during period		
Total changes during period	-	-
Balance at end of period	<u>11,109</u>	<u>11,109</u>
Retained earnings		
Balance at end of previous period	34,264	34,897
Changes during period		
Cash dividends	(1,034)	(1,034)
Net income	1,668	199
Total changes during period	<u>633</u>	<u>(835)</u>
Balance at end of period	<u>34,897</u>	<u>34,061</u>
Treasury stock		
Balance at end of previous period	(519)	(520)
Changes during period		
Purchase of treasury stock	(0)	(0)
Total changes during period	<u>(0)</u>	<u>(0)</u>
Balance at end of period	<u>(520)</u>	<u>(520)</u>
Total shareholders' equity		
Balance at end of previous period	55,920	56,553
Changes during period		
Cash dividends	(1,034)	(1,034)
Net income	1,668	199
Purchase of treasury stock	(0)	(0)
Total changes during period	<u>632</u>	<u>(836)</u>
Balance at end of period	<u>56,553</u>	<u>55,716</u>

	(Millions of yen)	
	Year ended September 30, 2011	Year ended September 30, 2012
	Amount	Amount
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities		
Balance at end of previous period	(59)	35
Changes during period		
Net change in items other than shareholders' equity during period	94	(249)
Total changes during period	94	(249)
Balance at end of period	35	(214)
Deferred gain (loss) on derivatives under hedge accounting		
Balance at end of previous period	(24)	(224)
Changes during period		
Net change in items other than shareholders' equity during period	(200)	196
Total changes during period	(200)	196
Balance at end of period	(224)	(28)
Foreign currency translation adjustments		
Balance at end of previous period	(152)	(168)
Changes during period		
Net change in items other than shareholders' equity during period	(15)	(28)
Total changes during period	(15)	(28)
Balance at end of period	(168)	(197)
Total accumulated other comprehensive income		
Balance at end of previous period	(236)	(358)
Changes during period		
Net change in items other than shareholders' equity during period	(121)	(81)
Total changes during period	(121)	(81)
Balance at end of period	(358)	(439)
Minority interests		
Balance at end of previous period	369	367
Changes during period		
Net change in items other than shareholders' equity during period	(2)	(4)
Total changes during period	(2)	(4)
Balance at end of period	367	362
Total net assets		
Balance at end of previous period	56,053	56,562
Changes during period		
Cash dividends	(1,034)	(1,034)
Net income	1,668	199
Purchase of treasury stock	(0)	(0)
Net change in items other than shareholders' equity during period	(124)	(86)
Total changes during period	508	(922)
Balance at end of period	56,562	55,639

(4) Consolidated Statements of Cash flows

	(Millions of yen)	
	Year ended	Year ended
	September 30, 2011	September 30, 2012
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	3,193	1,286
Depreciation and amortization	3,098	3,536
Impairment loss	22	31
Amortization of goodwill	152	174
Increase (decrease) in accrued employees' bonuses	7	5
Increase (decrease) in accrued bonuses for directors and corporate auditors	-	(3)
Increase (decrease) in provision for employees' retirement benefits	114	69
Increase (decrease) in provision for directors' and corporate auditors' retirement benefits	43	0
Increase (decrease) in allowance for doubtful accounts	(103)	(23)
Effect of adopting accounting standards for assets retirement obligations	132	-
Loss on disaster	617	-
Loss on closure of business facilities	381	-
Interest and dividends income	(111)	(114)
Interest expenses paid on loans and bonds	209	281
Loss (gain) on sales and retirement of noncurrent assets	60	-
Loss (gain) on sales and valuation of investment securities	0	(3)
Decrease (increase) in accounts receivable - trade	(149)	1,497
Decrease (increase) in inventories	(3,322)	(64)
Increase (decrease) in accounts payable - trade	(1,062)	(1,450)
Increase (decrease) in accrued expenses	295	271
Other - net	(302)	(461)
Sub total	<u>3,277</u>	<u>5,033</u>
Interest and dividend income received	117	113
Interest paid	(216)	(282)
Income taxes paid	<u>(2,111)</u>	<u>(1,388)</u>
Net cash provided by (used in) operating activities	<u>1,067</u>	<u>3,476</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,403)	(5,658)
Proceeds from sales of property, plant and equipment	6	3
Purchase of investment securities	(607)	(208)
Proceeds from sales of investment securities	18	9
Purchase of investments in subsidiaries	-	(23)
Payments of loans receivable	(103)	(321)
Collection of loans receivable	27	262
Other - net	3	(179)
Net cash provided by (used in) investing activities	<u>(7,058)</u>	<u>(6,114)</u>

	(Millions of yen)	
	Year ended September 30, 2011	Year ended September 30, 2012
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,235	3,185
Proceeds from long-term loans payable	8,089	1,100
Repayments of long-term loans payable	(1,254)	(2,211)
Purchase of treasury stock	(0)	(0)
Dividends paid to shareholders	(1,034)	(1,034)
Dividends paid to minority shareholders	(20)	(2)
Payments for redemption of bonds	(250)	(182)
Other – net	(78)	(74)
Net cash provided by (used in) financing activities	<u>6,686</u>	<u>780</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(8)</u>	<u>(5)</u>
Net increase (decrease) in cash and cash equivalents	<u>686</u>	<u>(1,863)</u>
Cash and cash equivalents, beginning of period	<u>3,877</u>	<u>4,563</u>
Cash and cash equivalents, end of period	<u>4,563</u>	<u>2,700</u>

(5) Notes on the Going-concern Assumption

Not applicable

(6) Significant Information Regarding the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 3

Names of consolidated subsidiaries:

Thai Yokorei Co., Ltd.
Clover Trading Co., Ltd.
Alliance Seafoods, Inc.

(2) Number of unconsolidated subsidiaries: 2

Names of major unconsolidated subsidiaries:

Global Agency Co., Ltd.
Best Cold Chain Co., Ltd.

(3) Reason for excluding from the scope of consolidation:

Global Agency Co., Ltd. and Best Cold Chain Co., Ltd. were excluded from consolidation because they are small in size, and their total assets, net sales, net income/loss (amounts proportionate to the company's equity interest) and retained earnings (amount proportionate to the company's equity interest) are of minor importance.

2. Application of the equity method

The equity method was not applied to two (2) unconsolidated subsidiaries and one (1) affiliate (Kobe Danchi Reizo Co., Ltd.) because they are of minor importance in terms of the bearing of their net income/loss (amounts proportionate to the company's equity interest) and retained earnings (amount proportionate to the company's equity interest) on the consolidated financial statements for the fiscal year ended September 30, 2012, and in terms of their position within the whole Yokohama Reito Group.

3. Fiscal year end date of consolidated subsidiaries and related matters

The Fiscal year period of Thai Yokorei Co., Ltd. ends on June 30.

Each subsidiary's financial statements on its fiscal year end date were used for the preparation of the consolidated financial statements. However, for important transactions that took place between consolidated subsidiaries during the period between the fiscal year-end date of each company and the consolidated year end date, adjustments necessary for consolidation were performed.

Effective the fiscal year ended September 30, 2012, the fiscal year end date for Clover Trading Co., Ltd. was changed from August 31 to September 30.

As a result, Clover Trading Co., Ltd.'s net income/loss for thirteen corresponding months was incorporated into the consolidated financial statements for the fiscal year ended September 30, 2012. The impact of this change on the consolidated Statement of Income is negligible.

4. Accounting standards

(1) Valuation standards / methods for principal assets

1) Marketable securities

Available-for-sale securities:

For which market value is available:

The present market value is recorded based on the market prices etc. at the consolidated fiscal year-end date. (Valuation differences between this and acquisition cost were incorporated into net assets in full. Selling prices were computed with the moving-average cost method.)

For which market value is not available:
Valued using the moving-average cost method

2) Derivatives
The market value method

3) Inventories
Merchandise:
The cost accounting method is mainly applied based on gross average for each month.
(The value recorded on the balance sheets was computed with devaluation treatment based on reduction of profitability.)

(2) Depreciation and amortization of principal depreciable assets

1) Property, plant and equipment (excluding leased assets)
The company and its domestic consolidated subsidiaries mainly use the declining-balance method. Overseas consolidated subsidiaries use the straight-line method.

The straight-line method, however, was used for buildings (except for accompanying equipment or facilities) acquired by the company or its domestic consolidated subsidiaries on or after April 1, 1998.

The useful lives of buildings and machinery, equipment and vehicles are as follows:

Buildings and structures: 7-50 years

Machinery, equipment and vehicles: 4-12 years

2) Intangible fixed assets (excluding leased assets)

The Straight-line method is used.

The cost of computer software developed or obtained for internal use is amortized using the straight-line method over its estimated useful life (5 years).

3) Leased assets

Leased assets associated with finance leases for which ownership of the leased assets does not transfer to the lessee:

The straight-line method is employed assuming the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

Among leased assets for finance leases for which ownership of the leased assets does not transfers to lessees, lease transactions entered into before the beginning of the fiscal year during which the company started to adopt *Accounting Standard for Lease Transactions* (ASBJ Statement No.13) are accounted for in the same manner as ordinary operating leases.

4) Long-term prepaid expenses

The Straight-line method is used.

(3) Accounting standards for principal provisions and allowances

1) Allowance for doubtful accounts

Allowances for general doubtful accounts were set aside on the basis of historical losses experienced on receivables/loans. For bankruptcy/reorganization claims and certain receivables/loans for which default is expected, allowance was calculated by assessing the obligor's financial position.

2) Employees' bonuses

To prepare for the payment of bonuses to employees, accrued bonuses are recorded in an amount expected to be paid within the fiscal year ended September 30, 2012.

3) Directors' and corporate auditors' bonuses

To prepare for the payment of bonuses to directors and corporate auditors, accrued bonuses

for directors and corporate auditors are recorded in an amount expected to be paid within the fiscal year ended September 30, 2012.

4) Employees' retirement benefit plan

To prepare for the retirement benefits payment to employees and regular workers at some operating facilities, a provision is recorded for the period in the amount deemed to have accrued during the fiscal year based on the estimated value of the projected retirement benefit obligations and pension assets at fiscal-year end.

Some domestic consolidated subsidiaries used simplified accounting methods.

Any actual differences are charged to expenses from the following fiscal year using the straight-line method over a number of years (10 years) within average remaining years of service of the employees when incurred.

5) Directors' and corporate auditors' retirement benefit plan

To prepare for the payment of retirement benefits for directors and corporate auditors, a provision is recorded in the necessary amount at the end of the fiscal year in accordance with internal regulations.

(4) Accounting method for principal hedges

1) Hedge accounting

Deferral hedge accounting is used.

Of rights and obligations denominated in foreign currencies with forward exchange contract, those which meet specific conditions were translated and allocated at a predetermined rate.

Interest rate swap contracts that meet specified conditions of the accounting standards are dealt with under the specified accounting methods therein.

2) Hedging instruments and hedged transactions

a. Hedging instruments: Derivative contracts (e.g. forward exchange transactions)

Hedged transactions: Rights and obligations denominated in foreign currencies arising from export/import of merchandise as well as forecasted transactions denominated in foreign currencies

b. Hedging instruments: Interest rate swap contracts

Hedged transactions: Loans

3) Hedging policy

In accordance with internal regulations, the company utilizes hedging instruments against future risk of interest rate fluctuations and foreign exchange fluctuations. The company has a policy of not utilizing derivative contracts for speculation purposes.

4) Method for evaluating effectiveness of hedges

Evaluation of effectiveness of hedges was omitted, as forecasted transactions are hedged with forward exchange transactions for the same currency to offset the future effects of foreign currency fluctuations.

Evaluation of effectiveness was also omitted for interest rate swap transactions which are accounted for under the specified accounting methods.

(5) Amortization of goodwill

Goodwill is amortized with the straight-line method over ten (10) years.

(6) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, bank deposits which can be withdrawn freely and easily converted into money, and short-term investments with maturities of three months or less at the date of acquisition and represent a minor risk of fluctuation in value.

- (7) Other significant information regarding the preparation of consolidated financial statements
Accounting methods for consumption tax:
Consumption tax and local consumption tax were not included.

(7) Additional information

Adoption of accounting standard for accounting changes and error corrections

The Company has adopted *Accounting Standard for Accounting Changes and Error Corrections* (ASBJ Statement No. 24, December 4, 2009) and *Guidance on Accounting Standard for Accounting Changes and Error Corrections* (ASBJ Guidance No. 24, December 4, 2009) for accounting changes and corrections of prior period errors made after the beginning of the fiscal year ended September 30, 2012.

Segment information

a. Business segment information

1. Overview of reportable segment

The company's reportable segments are components of the company about which separate financial information is available. These segments are subject to periodic examinations to enable the company's board of directors to decide how to allocate resources and assess performance. The company has three reportable segments categorized by the type of service provided, namely "refrigerated warehousing business," "food sales business," and "other businesses."

Operations in each segment are as follows.

- 1) Refrigerated warehousing business includes cool storage and frozen storage operations of marine, livestock, and other products as well as related operations.
- 2) Food sales business includes wholesale sales, processing operations, etc. of marine, livestock, and other products.
- 3) Other businesses includes real estate leasing operations etc.

2. Calculation of net sales, income/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in reportable business segments largely correspond to what is set forth in *Significant Information Regarding the Preparation of Consolidated Financial Statements*. Reportable segment income is based on operating income. Intersegment sales or transfers are based on prices of trading with third parties.

3. Net sales, income/loss, assets, liabilities, and other items by reportable segment

(October 1, 2010 – September 30, 2011)

(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	18,788	105,246	16	124,051	-	124,051
Intersegment sales or transfers	1,488	-	49	1,538	(1,538)	-
Total	20,276	105,246	66	125,589	(1,538)	124,051
Segment income	3,846	2,023	11	5,880	(1,687)	4,193
Segment assets	52,796	29,868	406	83,071	9,994	93,065
Other items						
Depreciation/amortization*3	2,838	39	26	2,904	193	3,098
Amortization of goodwill	23	128	-	152	-	152
Impairment loss	-	22	-	22	-	22
Increase in property, plant and equipment and intangible fixed assets*3	8,296	59	27	8,383	22	8,405

Notes: 1. Details of adjustments are as follows:

- 1) The minus 1,687 million yen adjustment for segment income was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.
- 2) The 9,994 million yen adjustment for segment assets was unallocated corporate assets, consisting principally of working funds (cash and deposits) and long-term investment funds (investment securities etc.) of Yokohama Reito Co., Ltd.
- 3) The 193 million yen adjustment for depreciation/amortization was for unallocated corporate assets.

- 4) The 22 million yen adjustment for increase in property, plant and equipment and intangible fixed assets was an increase in unallocated corporate assets.
2. Segment income was adjusted based on operating income reported on the consolidated financial statements for the corresponding period.
3. Depreciation/amortization and increase in property, plant and equipment and intangible fixed assets include long-term prepaid expenses and their amortization expenses.

(October 1, 2011 – September 30, 2012)

(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	20,464	90,632	11	111,108	-	111,108
Intersegment sales or transfers	1,641	-	47	1,689	(1,689)	-
Total	22,105	90,632	59	112,798	(1,689)	111,108
Segment income (loss)	4,351	(1,346)	9	3,014	(1,930)	1,083
Segment assets	53,172	28,830	383	82,386	8,551	90,937
Other items						
Depreciation/amortization*3	3,281	50	22	3,355	180	3,536
Amortization of goodwill	23	151	-	174	-	174
Impairment loss	-	31	-	31	-	31
Increase in property, plant and equipment and intangible fixed assets*3	4,910	83	-	4,993	215	5,209

- Notes:
1. Details of adjustments are as follows:
 - 1) The minus 1,930 million yen adjustment for segment income was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.
 - 2) The 8,551 million yen adjustment for segment assets was unallocated corporate assets, consisting principally of working funds (cash and deposits) and long-term investment funds (investment securities etc.) of Yokohama Reito Co., Ltd.
 - 3) The 180 million yen adjustment for depreciation/amortization was for unallocated corporate assets.
 - 4) The 215 million yen adjustment for increase in property, plant and equipment and intangible fixed assets was an increase in unallocated corporate assets.
 2. Segment income was adjusted based on operating income reported on the consolidated financial statements for the corresponding period.
 3. Depreciation/amortization and increase in property, plant and equipment and intangible fixed assets include long-term prepaid expenses and their amortization expenses.

b. Related information

(October 1, 2010 – September 30, 2011)

1. Information by product and service

Information was omitted from disclosure because the segment information above presents the same information.
2. Information by geographic area
 - 1) Net sales

Information was omitted from disclosure because net sales to outside customers in Japan exceed 90% of total net sales in the consolidated statements of income.
 - 2) Property, plant and equipment

Information was omitted from disclosure because total property, plant and equipment owned in Japan exceed 90% of total property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

Information was omitted from disclosure because no outside customer accounts for more than 10% of total net sales in the consolidated statements of income.

(October 1, 2011 – September 30, 2012)

1. Information by product and service

Information was omitted from disclosure because the segment information above presents the same information.

2. Information by geographic area

1) Net sales

Information was omitted from disclosure because net sales to outside customers in Japan exceed 90% of total net sales in the consolidated statements of income.

2) Property, plant and equipment

Information was omitted from disclosure because total property, plant and equipment owned in Japan exceed 90% of total property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

Information was omitted from disclosure because no outside customer accounts for more than 10% of total net sales in the consolidated statements of income.

c. Impairment loss on fixed assets by reportable segment

(October 1, 2010 – September 30, 2011)

Information was omitted from disclosure because the segment information above presents the same information.

(October 1, 2011– September 30, 2012)

Information was omitted from disclosure because the segment information above presents the same information.

d. Amortization expense for and unamortized balance of goodwill by reportable segment

(October 1, 2010 – September 30, 2011)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/ corporate	Total
Amortization expense	23	128	-	152	-	152
Unamortized balance	101	899	-	1,001	-	1,001

(October 1, 2011 – September 30, 2012)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/ corporate	Total
Amortization expense	23	151	-	174	-	174
Unamortized balance	77	771	-	848	-	848

e. Gain on negative goodwill by reportable segment

(October 1, 2010 – September 30, 2011)

Not applicable

(October 1, 2011– September 30, 2012)

Not applicable

Per-Share Information

Year ended September 30, 2011		Year ended September 30, 2012	
	yen		yen
Net assets per share	1,085.92	Net assets per share	1,068.19
Net income per share	32.25	Net income per share	3.85

Note: 1. Diluted net income per share has been omitted from disclosure as there were no potentially dilutive securities.

2. Net income per share was calculated based on the following:

	Year ended September 30, 2011	Year ended September 30, 2012
Net income per share		
Net income (millions of yen)	1,668	199
Amount not attributed to common stock (millions of yen)	-	-
Net income attributed to common stock (millions of yen)	1,668	199
Average number of shares outstanding (thousands of shares)	51,749	51,748

Significant Subsequent Events

Not applicable