

1. Qualitative Information on the Consolidated Business Results for the Fiscal Year Ended September 30, 2014

(1) Qualitative Information on the Consolidated Operating Performance

(Operating environment)

In the fiscal year ended September 30, 2014, the Japanese economy maintained a moderate recovery trend, supported by an improvement in corporate earnings and an increase in capital spending. There was also a heightened sense of caution, however, over a possible economic slowdown amid the sluggish improvement in consumption, which stemmed primarily from the April consumption tax hike and higher prices caused by yen depreciation. Reviewing global economic trends, while the U.S. economy continued its moderate expansion, concerns emerged over deflation among European economies and a slowdown in growth among emerging economies. Overall, therefore, the global economic outlook remained clouded during the period. In food industries related to the Yokohama Reito Group's business, the future outlook was clouded by higher electricity and logistics costs, along with the impact of Russia's embargo on certain food products.

(Operating results)

Amid this environment, in the final year of its Fourth Medium-Term Management Plan (three-year plan) announced in October 2011, the Yokohama Reito Group undertook initiatives to improve its performance based on its two primary operating policies of "Strengthening the core business" and "Strengthening growth potential."

In the refrigerated warehousing business, inventories normalized following a period of temporarily high inventory levels. Three new logistics centers completed during the fiscal year performed well. In the food sales business, the market environment continued to be challenging due to the high prices of mainstay products. Overall, however, the business recovered due to the thorough implementation of sales policies emphasizing cautious purchasing and the maintenance of appropriate inventory levels.

During the fiscal year, consolidated subsidiary Clover Trading Co., Ltd. decided to withdraw from an unprofitable eel cultivation joint venture in Taiwan. An impairment loss of ¥620 million was booked in relation to this decision.

As a result, the Group's consolidated net sales for the fiscal year ended September 30, 2014 totaled ¥141,654 million, a 19.3% increase compared to the previous fiscal year. Operating income totaled ¥4,105 million, a year-on-year increase of 10.1%, ordinary income totaled ¥4,102 million, a year-on-year increase of 7.8%, and net income totaled ¥1,835 million, a year-on-year decline of 20.5%.

(Results by business segment)

1) Refrigerated Warehousing Business

Cargo imports declined year on year due to steady yen depreciation and soaring raw material cargo prices among global production sites. Domestic cargo volumes were increased to compensate for the import decline. In its third year, the logistics outsourcing service business took root in all the logistics centers and made a steady contribution to earnings. The Customs Broker Section, which was newly established at the beginning of this fiscal year as an independent business, steadily increased its customs clearance income and expanded revenue opportunities to contribute to earnings. Overall, the refrigerated warehousing business's annual electricity costs rose by approximately ¥200 million due to higher electricity rates. The Wang Noi 2nd Distribution Center in Thailand, and the Ishikari 2nd Logistics Center and the Yumeshma Logistics Center in Japan, all completed during the period, performed smoothly after the start of operations and are expected to

make a full-fledged contribution to earnings from the next fiscal year. In the period under review, start-up and depreciation expenses incurred by the centers weighed on earnings.

In terms of cargo handling, the volume of inbound cargo increased by approx. 24,000 tons, an increase of 2.1% compared with the previous year, and the volume of outbound cargo rose by approx. 13,000 tons, a year-on-year increase of 1.1%. Overall, the average inventory volume increased by approx. 43,000 tons, or 1.5% year on year, reversing a decline trend in the previous year. Overseas, Thai consolidated subsidiary Thai Yokorei Co., Ltd. successfully responded to robust local demand for low-temperature logistics. As a result, the company increased revenues, while its income declined due to start-up expenses related to the opening of the Wang Noi 2nd Distribution Center.

As a result, the segment's net sales increased 4.1% compared with the previous fiscal year to ¥22,292 million, and operating income rose 0.8% year on year to ¥4,792 million.

2) Food Sales Business

In the marine products category, the business environment remained challenging due to persistently high prices for mainstay products from the start of the fiscal year, although prices of some products began to decline. Despite the challenges, marine products revenues and profits increased due to steady purchasing and sales efforts. By product, shrimp and salmon/trout prices remained high, and while their sales made a large contribution to category revenues, profit declined due to lower margins. The handling volume of scallops rose, generating a significant increase in both sales and profits. Sales and profits of eel increased as a result of an expanded sales network, which overcame an unstable sales environment marked by concerns that whitebait prices would plunge following recent years of high prices. In the livestock products category, sales and profits increased as a result of a policy to raise turnover rate by maintaining appropriate inventory levels. Trading volume for pork was significantly increased amid surging pork prices, leading to higher sales and profits and driving up category results. The agricultural product category posted higher sales and profits due to improved profit margins for mainstay potatoes and onions.

As a result, segment sales amounted to ¥119,330 million, an increase of 22.7% compared with the previous fiscal year, and the segment posted operating income of ¥1,285 million, a year-on-year increase of 78.3%.

(Outlook for fiscal year ending September 30, 2015)

The Yokohama Reito Group completed its Fourth Medium-Term Management Plan (three-year plan) in the year under review and began its Fifth Medium-Term Management Plan (three-year plan), "Flap The Wings 2017," in October 2014.

Using the business model established under the Fourth Medium-Term Management Plan as a foundation, the Yokohama Reito Group will aim to further enhance the quality of its business operations and strive for stable, steady growth.

In consideration of the above management stance, for the fiscal year ending September 30, 2015, the Yokohama Reito Group forecasts consolidated net sales of ¥143,630 million, a 1.4% increase over the previous year, operating income of ¥4,400 million, up 7.2% year on year, ordinary income of ¥4,260 million, up 3.8% year on year, and net income of ¥2,500 million, up 36.2% year on year.

(2) Qualitative Information on the Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Total assets at September 30, 2014 amounted to ¥114,210 million, an increase of ¥16,617 million compared with the previous fiscal year-end (September 30, 2013). This change was mainly attributable to increases of ¥10,297 million in property, plant, and equipment in relation to the construction of new logistics centers, ¥3,611 million in notes and accounts receivable-trade, ¥3,227

million in merchandise, ¥833 million in cash and deposits, and ¥519 million in investment securities, which were partially offset by a decrease of ¥2,000 million in marketable securities.

Total liabilities amounted to ¥54,575 million, an increase of ¥15,141 million compared with the previous fiscal year-end. This change was mainly attributable to increases of ¥12,457 million in loans payable, ¥1,106 million in notes payable related to facilities, ¥800 million in notes and accounts payable-trade, and ¥669 million for accounts payable related to facilities.

Total net assets amounted to ¥59,635 million, an increase of ¥1,475 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 ¥4,431 million, a decrease of ¥1,728 million compared with the previous fiscal year-end (September 30, 2013). The main factors affecting cash flows during the fiscal year under review are summarized as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥280 million compared with ¥6,952 million provided in the previous fiscal year. This net outflow was mainly attributable to income before income taxes and minority interests of ¥3,481 million, depreciation and amortization of ¥3,882 million, and an increase of ¥800 million in accounts payable-trade, the sum of which was outweighed by factors such as an increase in accounts receivable-trade of ¥3,605 million, an increase in inventories of ¥3,267 million, and income taxes paid of ¥2,184 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥12,812 million, compared with ¥3,958 million used in the previous fiscal year. The main investment outflow was ¥12,097 million used for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥11,320 million, compared with ¥471 million provided in the previous fiscal year. This net inflow was mainly derived from a net increase in loans payable of ¥12,475 million, which was partly offset by dividends paid to shareholders of ¥1,034 million.

3) Cash Flow-related Indices

	Year ended September 30, 2012	Year ended September 30, 2013	Year ended September 30, 2014
Equity ratio (%)	60.8	59.1	51.5
Equity ratio based on market value (%)	32.6	42.9	36.9
Ratio of cash flow to interest-bearing debt (years)	6.9	3.7	-
Interest coverage ratio (times)	12.3	30.0	-

Notes:

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. The ratio of cash flow to interest-bearing debt and the interest coverage ratio for the year ended September 30, 2014 are not calculated because there was a negative cash flow from operating activities.

(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, 2015, 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.

5) Risk associated with changes in legal systems, etc.

The domestic operations of the Group are subject to various laws and regulations including the Warehousing Business Act, the Consigned Freight Forwarding Business Act, the Customs Business Act, the Food Sanitation Act and laws and regulations relating to the environment. For this reason, any unforeseen changes, new establishments or violations of laws and regulations could have a significant impact on the Group's financial performance.

6) Risk associated with overseas expansion

The Group's overseas business strategy entails expanding procurement routes to avoid a concentration of suppliers, increasing the outsourcing of product processing to enhance cost competitiveness and proactive expansion with the aim of engaging in sales in consideration of the supply-demand imbalance. However, any acts of terrorism or deterioration in governments of countries where the Group operates, any fluctuation in economic circumstances therein, any unforeseen changes in laws and regulations or any trouble resulting from differences between the laws and regulations of Japan and those of the countries in which the Group operates could have a significant impact on the Group's financial performance.

7) Risk associated with foreign exchange rate fluctuation

The import and export of commodities and raw materials constitute a portion of the Group's main business operations and transactions denominated in foreign currencies expose the Group to risk associated with foreign exchange rate fluctuation. In order to mitigate this risk, the Group leverages forward exchange transactions. However, a drastic exchange rate fluctuation that cannot be covered by such transactions could have a significant impact on the Group's financial performance.

2. Management Policy

(1) Basic Management Policy

Since its founding, the Yokohama Reito Group has operated based on a management philosophy which states, "The Company is an organ of society, and profits are a measure of our service." Our basic management policy states that as experts in "Foods distribution gentle to people, resources,

and the planet,” we have built trust through our contributions to a stable, safe, and secure food supply. We aim to raise corporate value and increase shareholder returns by putting the management philosophy and management policy into practice.

(2) Target Management Indices and Medium-Term Management Strategy

1. Achievements under previous medium-term management plan

	Consolidated			(Billions of yen)
	Target	Result	Achievement Rate	
Net sales	130.0	141.6	109.0%	
Operating income	4.5	4.1	91.2%	
Ordinary income	4.5	4.1	91.2%	
Net income	2.5	1.8	73.4%	
Return on equity (ROE)	in the 4.0 to 4.9% level	3.2%	-	
Dividend payout ratio	40% or higher	56.4%	-	

1) Net sales and income targets

Although we achieved the net sales target, we did not achieve the income targets. The main reason was higher costs in the Refrigerated Warehousing Business, specifically higher expenses stemming from capital investments and higher electric power costs caused by rising electric power rates. Additionally, in the Food Sales Business, profit margins declined due to generally higher prices for main food products, while consolidated subsidiary Clover Trading Co., Ltd. booked an extraordinary loss due to the withdrawal from an unprofitable business.

2) Return on equity (ROE) in the 4.0 to 4.9% level

Due to the booking of an extraordinary loss in the final year of the management plan, our ROE was 3.2% and we did not achieve the target.

3) Dividend payout ratio of 40% or higher

We achieved the target, with a payout ratio of 56.4% in the final year of the management plan.

2. Formulation of the Fifth Medium-Term Management Plan

Begun in October 2014, the Fifth Medium-Term Management Plan “Flap The Wings 2017” is a three-year plan covering October 2014 through September 2017. The plan’s driving policy is to maximize our accumulated strengths and management resources in order to provide high-quality services worthy of the Yokohama Reito Group and build Win-Win relationships and partnerships with customers. In the Refrigerated Warehousing Business, we aim to become the leading cool network company in Japan. We are implementing various initiatives to ensure that we provide genuine security and optimized logistics services to customers so that they regard Yokohama Reito as their No. 1 logistics partner. In the Food Sales Business, we aim to thoroughly implement partnership-oriented trading in which we create robust trading schemes with suppliers and buyers in order to minimize market risk. At the same time, we plan to further enhance product areas where we maintain an advantage. We have begun taking various Group-wide measures to implement these initiatives.

In consideration of the above business goals, we have set the following targets for the final year of the current medium-term plan.

	Consolidated		(Billions of yen)
	Results for Fiscal Year Ended September 30, 2014	Targets for Fiscal Year Ending September 30, 2017	
Net sales	141.6	150.0	
Operating income	4.1	5.7	
Ordinary income	4.1	5.7	
Net income	1.8	3.2	
Return on equity (ROE)	3.2%	5.1%	
Dividend payout ratio	56.4%	40% or higher	
EBITDA	-	10.0	
Equity ratio	-	52.0%	

- 1) The net sales target is ¥150.0 billion, 5.9% higher than the result for the year ended September 30, 2014.
- 2) The profit targets are operating income of ¥5.7 billion, an increase of 38.8%, ordinary income of ¥5.7 billion, an increase of 38.9%, and net income of ¥3.2 billion, an increase of 74.3%.
- 3) The return on equity (ROE) target is 5.1%.
- 4) The dividend payout ratio target is to maintain a ratio of 40% or higher, as the Company prioritizes returns to shareholders.
- 5) EBITDA of ¥10.0 billion and an equity ratio of 52.0% have been added as new targets.

(3) Issues to Address

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

Going forward, the Group will upgrade and effectively utilize its IT systems and promote the standardization, efficiency, and consolidation of operations in order to achieve further cost reductions and operational sophistication. Additionally, the Group will continue to actively implement risk management, compliance, and internal controls in order to bolster corporate governance, while strengthening employee training systems critical to the Group's future growth and the establishment of a robust organization.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of September 30, 2013	As of September 30, 2014	(Millions of yen)
	Amount	Amount	
Assets			
Current assets			
Cash and deposits	4,159	4,993	
Notes and accounts receivable - trade	16,035	19,646	
Marketable securities	2,000	-	
Merchandise	14,177	17,405	
Deferred tax assets	624	550	
Other	360	1,001	
Allowance for doubtful accounts	(29)	(19)	
Total current assets	37,328	43,577	
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	25,182	32,482	
Machinery, equipment and vehicles, net	4,699	6,810	
Land	19,106	19,176	
Leased assets, net	175	281	
Construction in progress	1,937	2,236	
Other, net	302	711	
Total property, plant and equipment	51,403	61,700	
Intangible fixed assets			
Goodwill	696	600	
Other	1,627	1,721	
Total intangible fixed assets	2,324	2,321	
Investments and other assets			
Investment securities	4,993	5,513	
Long-term loans receivable	87	110	
Deferred tax assets	33	-	
Other	1,465	1,096	
Allowance for doubtful accounts	(43)	(109)	
Total investments and other assets	6,537	6,610	
Total noncurrent assets	60,265	70,632	
Total assets	97,593	114,210	

	As of September 30, 2013	As of September 30, 2014	(Millions of yen)
	Amount	Amount	
Liabilities			
Current liabilities			
Notes and accounts payable - trade	6,515	7,315	
Short-term loans payable	5,145	12,289	
Current portion of long-term loans payable	2,201	3,029	
Lease obligations	72	95	
Income taxes payable	1,398	797	
Accrued employees' bonuses	639	651	
Accrued bonuses for directors and corporate auditors	30	30	
Other	3,346	5,439	
Total current liabilities	19,348	29,646	
Noncurrent liabilities			
Convertible bonds	7,000	7,000	
Long-term loans payable	11,470	15,956	
Lease obligations	110	170	
Deferred tax liabilities	357	436	
Provision for employees' retirement benefits	636	-	
Provision for directors' and corporate auditors' retirement benefits	331	382	
Net defined benefit liability	-	804	
Asset retirement obligations	105	105	
Other	73	73	
Total noncurrent liabilities	20,085	24,928	
Total liabilities	39,433	54,575	
Net assets			
Shareholders' equity			
Common stock	11,065	11,065	
Capital surplus	11,109	11,109	
Retained earnings	35,335	36,145	
Treasury stock	(521)	(522)	
Total shareholders' equity	56,989	57,799	
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	734	1,087	
Deferred gain (loss) on derivatives under hedge accounting	5	46	
Foreign currency translation adjustments	(39)	(63)	
Remeasurements of defined benefit plans	-	(91)	
Total accumulated other comprehensive income	700	978	
Minority interests	469	857	
Total net assets	58,159	59,635	
Total liabilities and net assets	97,593	114,210	

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

	Year ended September 30, 2013	Year ended September 30, 2014	(Millions of yen)
	Amount	Amount	
Net sales	118,691	141,654	
Cost of sales	108,093	130,235	
Gross profit	10,597	11,419	
Selling, general and administrative expenses	6,868	7,314	
Operating income	3,729	4,105	
Other income			
Interest income	19	17	
Dividend income	98	105	
Incentives received	3	46	
Insurance dividends	29	28	
Insurance received	36	18	
Gain on sales of noncurrent assets	74	2	
Other	225	161	
Total other income	487	380	
Other expenses			
Interest expense	232	278	
Bond issuance cost	18	-	
Loss on sales and retirement of noncurrent assets	133	73	
Other	26	32	
Total other expenses	410	383	
Ordinary income	3,806	4,102	
Extraordinary losses			
Impairment loss	-	620	
Total extraordinary losses	-	620	
Income before income taxes and minority interests	3,806	3,481	
Income taxes—Current	1,734	1,576	
Income taxes—Deferred	(309)	20	
Total income taxes	1,425	1,596	
Income before minority interests	2,380	1,885	
Minority interests	71	49	
Net income	2,308	1,835	

Consolidated Statements of Comprehensive Income

	Year ended September 30, 2013	Year ended September 30, 2014	(Millions of yen)
	Amount	Amount	
Income before income taxes and minority interests	2,380	1,885	
Other comprehensive income			
Unrealized gain on available-for-sale securities	949	352	
Deferred gain (loss) on derivatives under hedge accounting	33	41	
Foreign currency translation adjustments	216	(29)	
Total other comprehensive income	<u>1,199</u>	<u>364</u>	
Comprehensive income	<u>3,579</u>	<u>2,249</u>	
Breakdown:			
Comprehensive income attributable to owners of the parent	3,448	2,205	
Comprehensive income attributable to minority interests	130	44	

(3) Consolidated Statements of Changes in Shareholders' Equity

Year ended September 30, 2013 (October 1, 2012 – September 30, 2013)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at end of previous period	11,065	11,109	34,061	(520)	55,716
Changes during period					
Cash dividends			(1,034)		(1,034)
Net income			2,308		2,308
Purchase of treasury stock				(0)	(0)
Change of consolidation scope					-
Net change in items other than shareholders' equity during period					-
Total changes during period	-	-	1,273	(0)	1,272
Balance at end of period	11,065	11,109	35,335	(521)	56,989

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at end of previous period	(214)	(28)	(197)	-	(439)	362	55,639
Changes during period							
Cash dividends					-		(1,034)
Net income					-		2,308
Purchase of treasury stock					-		(0)
Change of consolidation scope					-		-
Net change in items other than shareholders' equity during period	949	33	157	-	1,140	107	1,247
Total changes during period	949	33	157	-	1,140	107	2,520
Balance at end of period	734	5	(39)	-	700	469	58,159

Year ended September 30, 2014 (October 1, 2013 – September 30, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at end of previous period	11,065	11,109	35,335	(521)	56,989
Changes during period					
Cash dividends			(1,034)		(1,034)
Net income			1,835		1,835
Purchase of treasury stock				(0)	(0)
Change of consolidation scope			9		9
Net change in items other than shareholders' equity during period					-
Total changes during period	-	-	810	(0)	809
Balance at end of period	11,065	11,109	36,145	(522)	57,799

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at end of previous period	734	5	(39)	-	700	469	58,159
Changes during period							
Cash dividends					-		(1,034)
Net income					-		1,835
Purchase of treasury stock					-		(0)
Change of consolidation scope					-		9
Net change in items other than shareholders' equity during period	352	41	(23)	(91)	278	387	665
Total changes during period	352	41	(23)	(91)	278	387	1,475
Balance at end of period	1,087	46	(63)	(91)	978	857	59,635

(4) Consolidated Statements of Cash flows

	Year ended September 30, 2013	Year ended September 30, 2014	(Millions of yen)
	Amount	Amount	
Cash flows from operating activities			
Income before income taxes and minority interests	3,806	3,481	
Depreciation and amortization	3,515	3,882	
Impairment loss	-	620	
Amortization of goodwill	152	160	
Increase (decrease) in accrued employees' bonuses	19	11	
Increase (decrease) in accrued bonuses for directors and corporate auditors	3	-	
Increase (decrease) in provision for employees' retirement benefits	28	(635)	
Increase (decrease) in provision for directors' and corporate auditors' retirement benefits	29	50	
Increase (decrease) in net defined benefit liability	-	661	
Increase (decrease) in allowance for doubtful accounts	(7)	56	
Interest and dividends income	(118)	(123)	
Interest expenses paid on loans and bonds	232	278	
Decrease (increase) in accounts receivable - trade	(1,596)	(3,605)	
Decrease (increase) in inventories	(176)	(3,267)	
Increase (decrease) in accounts payable - trade	1,198	800	
Increase (decrease) in accrued expenses	(264)	295	
Other - net	789	(607)	
Sub total	7,611	2,060	
Interest and dividend income received	117	121	
Interest paid	(231)	(278)	
Income taxes paid	(544)	(2,184)	
Net cash provided by (used in) operating activities	6,952	(280)	
Cash flows from investing activities			
Payments into time deposits	-	(561)	
Purchase of property, plant and equipment	(4,110)	(12,097)	
Proceeds from sales of property, plant and equipment	643	18	
Purchase of investment securities	(20)	(29)	
Payments of loans receivable	(165)	(66)	
Collection of loans receivable	143	101	
Other - net	(449)	(177)	
Net cash provided by (used in) investing activities	(3,958)	(12,812)	

	(Millions of yen)	
	Year ended September 30, 2013	Year ended September 30, 2014
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,554)	7,154
Proceeds from long-term loans payable	2,668	8,045
Repayments of long-term loans payable	(2,451)	(2,724)
Proceeds from issuance of convertible bonds	6,981	-
Purchase of treasury stock	(0)	(0)
Dividends paid to shareholders	(1,034)	(1,034)
Payments for redemption of bonds	(47)	-
Other – net	(89)	(118)
Net cash provided by (used in) financing activities	471	11,320
Effect of exchange rate changes on cash and cash equivalents	(5)	(35)
Net increase (decrease) in cash and cash equivalents	3,459	(1,807)
Cash and cash equivalents, beginning of period	2,700	6,159
Increase (decrease) in cash and cash equivalents due to change in the scope of consolidation	-	78
Cash and cash equivalents, end of period	6,159	4,431

(5) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Significant Information Regarding the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 4

Names of consolidated subsidiaries:

Thai Yokorei Co., Ltd.

Clover Trading Co., Ltd.

Alliance Seafoods, Inc.

Best Cold Chain Co., Ltd.

Unconsolidated subsidiary Best Cold Chain Co., Ltd. was included in the scope of consolidation from the current fiscal year because its materiality has increased.

(2) Number of unconsolidated subsidiaries: 2

Names of major unconsolidated subsidiaries:

Global Agency Co., Ltd.

Yokorei Co., Ltd.

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

Global Agency Co., Ltd. and Yokorei 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 two (2) affiliates (Kobe Danchi Reizo Co., Ltd., etc.) 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, 2014, 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. and Best Cold Chain 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.

4. Accounting standards

(1) Valuation standards / methods for principal assets

1) Marketable securities

Shares in subsidiaries and affiliated companies:

Moving-average cost method

Other securities:

For which market value is available:

The present market value is recorded based on the market prices etc. at the 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.

(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) Accrued employees' bonuses

To use for the payment of bonuses to employees, a provision is recorded in the amount

deemed to have accrued during the fiscal year ended September 30, 2014.

3) Accrued bonuses for directors and corporate auditors

To prepare for the payment of bonuses to directors and corporate auditors, a provision is recorded based on the amount deemed to have accrued during the fiscal year ended September 30, 2014.

4) Provision for directors' and corporate auditors' retirement benefits

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 treatment for retirement benefits

1) The method for attributing projected retirement benefits to periods of employee service
In calculating retirement benefit obligations, the straight-line attribution method is used to attribute projected retirement benefits for the period up to the end of the fiscal year under review.

2) Treatment of actuarial differences as expenses

Any actuarial gain/loss is 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.

Some domestic consolidated subsidiaries use simplified accounting methods.

(5) 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 because forecasted transactions are hedged with forward exchange transactions for the same currency to thoroughly 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.

(6) Amortization of goodwill

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

(7) 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.

(8) Other significant information regarding the preparation of consolidated financial statements

Accounting methods for consumption tax:

Consumption tax and local consumption tax were not included.

(Changes in accounting policy)

(Application of accounting standard for retirement benefit)

“Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan -ASBJ- Statement No. 26 of May 17, 2012)” and “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 of May 17, 2012)” are applied (except for the provisions of Article 35 of the “Accounting Standard for Retirement Benefits” and the provisions of Article 67 of the “Guidance on Accounting Standard for Retirement Benefits”) effective the end of current consolidated fiscal year. Accordingly, accounting method was changed so that amount deducting pension plan assets from retirement benefit obligations is recognized as net defined benefit liability, and difference of unrecognized actuarial gains and losses is reported as net defined benefit liability.

Accounting Standard for Retirement Benefits and other standards are applied in accordance with the transitional treatment specified in Article 37 of Accounting Standard for Retirement Benefits, and the impact of this change has been added to or subtracted from remeasurements of defined benefit plans in accumulated other comprehensive income, as of the end of current consolidated fiscal year.

As a result, as of the end of current consolidated fiscal year, 804 million yen was reported as net defined benefit liability and total accumulated other comprehensive income decreased by 91 million yen.

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, 2012 – September 30, 2013)

	Reportable segment				Adjustments *1	(Millions of yen) Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other businesses	Total		
Net sales						
Sales to outside customers	21,410	97,262	18	118,691	-	118,691
Intersegment sales or transfers	1,518	-	44	1,563	(1,563)	-
Total	22,928	97,262	63	120,254	(1,563)	118,691
Segment income (loss)	4,756	721	6	5,483	(1,754)	3,729
Segment assets	54,584	29,746	364	84,695	12,897	97,593
Other items						
Depreciation/amortization*3	3,242	50	18	3,311	203	3,515
Amortization of goodwill	23	128	-	152	-	152
Increase in property, plant and equipment and intangible fixed assets*3	3,702	15	-	3,717	596	4,314

Notes: 1. Details of adjustments are as follows:

- 1) The minus 1,754 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 12,897 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 203 million yen adjustment for depreciation/amortization was for unallocated corporate assets.

4) The 596 million yen adjustment for increase in property, plant and equipment and intangible fixed assets was an increase in unallocated corporate assets.

2. Segment income (loss) 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, 2013 – September 30, 2014)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other businesses	Total		
Net sales						
Sales to outside customers	22,292	119,330	32	141,654	-	141,654
Intersegment sales or transfers	1,919	-	44	1,964	(1,964)	-
Total	24,211	119,330	76	143,619	(1,964)	141,654
Segment income	4,792	1,285	32	6,110	(2,004)	4,105
Segment assets	65,277	35,623	348	101,250	12,960	114,210
Other items						
Depreciation/amortization*3	3,581	46	15	3,644	238	3,882
Amortization of goodwill	32	128	-	160	-	160
Impairment loss	-	620	-	620	-	620
Increase in property, plant and equipment and intangible fixed assets*3	13,930	11	-	13,941	118	14,059

Notes: 1. Details of adjustments are as follows:

1) The minus 2,004 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 12,960 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 238 million yen adjustment for depreciation/amortization was for unallocated corporate assets.

4) The 118 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, 2012 – September 30, 2013)

1. Information by product and service

Information was omitted from disclosure because *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, 2013 – September 30, 2014)

1. Information by product and service

Information was omitted from disclosure because *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, 2012 – September 30, 2013)

Not applicable

(October 1, 2013 – September 30, 2014)

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

d. Amortization expense for and unamortized balance of goodwill by reportable segment
 (October 1, 2012 – September 30, 2013)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/corporate	Total	(Millions of yen)
Amortization expense	23	128	-	152	-	152	
Unamortized balance	53	642	-	696	-	696	

(October 1, 2013 – September 30, 2014)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/corporate	Total	(Millions of yen)
Amortization expense	32	128	-	160	-	160	
Unamortized balance	363	236	-	600	-	600	

e. Gain on negative goodwill by reportable segment
 (October 1, 2012 – September 30, 2013)
 Not applicable

(October 1, 2013 – September 30, 2014)
 Not applicable

(Per-Share Information)

Year ended September 30, 2013		Year ended September 30, 2014	
	yen		yen
Net assets per share	1,114.84	Net assets per share	1,135.88
Net income per share	44.61	Net income per share	35.48
Net income per share(diluted)	43.19	Net income per share (diluted)	31.06

Note: Net income per share and net income per share – fully diluted were calculated based on the following:

		Year ended September 30, 2013	Year ended September 30, 2014
Net income per share			
Net income	(millions of yen)	2,308	1,835
Amount not attributable to common stock shareholders	(millions of yen)	-	-
Net income attributable to common stock	(millions of yen)	2,308	1,835
Average number of shares outstanding	(thousands of shares)	51,747	51,746
Net income per share (diluted)			
Net income	(millions of yen)	-	-
Increase in the number of shares of common stock	(thousands of shares)	1,700	7,368
<i>Of which, Convertible bonds</i>	(thousands of shares)	(1,700)	(7,368)

(Significant Subsequent Events)

Not applicable