

Fiscal 2009 Second Quarter Results

(For the Period from January 1, 2009, to June 30, 2009)

Yamazaki Baking Co., Ltd.

(July 31, 2009)

From fiscal 2009 this document was prepared in accordance with the Rules on Quarterly Consolidated Financial Statements and Quarterly Accounting Policies. Increase/decrease amounts were included for reference.

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2008		Fiscal 2009		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Net sales	399,169	100.0	446,065	100.0	46,896	11.7
Operating income	14,042	3.5	12,616	2.8	(1,426)	(10.2)
Ordinary income	12,300	3.1	13,028	2.9	727	5.9
Net income	3,031	0.8	5,805	1.3	2,773	91.5

	1st Quarter	2nd Quarter
Net sales	220,424	225,641
Operating income	5,122	7,494

	Fiscal 2008 2nd Quarter	Fiscal 2009 2nd Quarter	Increase/ (decrease)
Number of consolidated subsidiaries	16	23	7
Number of equity-method subsidiaries	1	2	1

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2008		Fiscal 2009		Increase/ (decrease)	Percentage change
	2nd Quarter	Percentage of total	2nd Quarter	Percentage of total		
Food business	370,748	92.9	415,779	93.2	45,030	12.1
Bread	46,958	11.8	48,774	10.9	1,815	3.9
Sweet buns	156,129	39.1	154,277	34.6	(1,852)	(1.2)
Japanese-style confectionery	33,036	8.3	33,703	7.5	667	2.0
Western-style confectionery	39,593	9.9	55,161	12.4	15,568	39.3
Processed bread and prepared rice and side dishes	47,247	11.8	47,156	10.6	(90)	(0.2)
Biscuits, crackers, <i>sembei</i> and other merchandise	47,782	12.0	76,705	17.2	28,923	60.5
Retail business	27,663	6.9	29,302	6.6	1,638	5.9
Other businesses	757	0.2	984	0.2	227	30.0
Total	399,169	100.0	446,065	100.0	46,896	11.7

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2008 2nd Quarter	Fiscal 2009 2nd Quarter	Increase/ (decrease)	Percentage change
Food business	13,679	12,511	(1,168)	(8.5)
Retail business	100	(287)	(387)	-
Other businesses	158	228	70	44.3
Subtotal	13,938	12,452	(1,486)	(10.7)
Elimination and corporate	104	164	60	
Total	14,042	12,616	(1,426)	(10.2)

Consolidated Results

4. Income and Expenses

(Millions of yen)

	Fiscal 2008		Fiscal 2009		Increase/ (decrease)	Percentage change	Reasons
	2nd Quarter	%	2nd Quarter	%			
Gross profit	145,367	36.4	164,641	36.9	19,273	13.3	
Selling, general and administrative expenses	131,324	32.9	152,024	34.1	20,699	15.8	
Advertising expenses	13,631		21,808		8,176		
Shipping and transport expenses	22,105		24,288		2,183		
Personnel expenses	55,579		61,084		5,505		
Depreciation and amortization	4,232		5,000		767		
Rental fees	12,429		13,929		1,500		
Others	23,345		25,911		2,566		
Operating income	14,042	3.5	12,616	2.8	(1,426)	(10.2)	
Nonoperating income	1,286	0.3	1,982	0.4	696	54.1	
Interest and dividend income	475		440		(34)		
Rent income on fixed assets	352		364		12		
Foreign exchange gains	–		228		228		Loans to affiliated companies
Equity in earnings of affiliates	–		339		339		Portion of Fujiya Co., Ltd.'s affiliated companies
Other nonoperating income	458		610		151		
Nonoperating expenses	3,028	0.7	1,571	0.3	(1,457)	(48.1)	
Interest expense	1,025		1,254		228		
Equity in losses of affiliates	1,106		–		(1,106)		Fujiya Co., Ltd.
Foreign exchange losses	337		–		(337)		Loans to affiliated companies
Other nonoperating expenses	559		317		(242)		
Ordinary income	12,300	3.1	13,028	2.9	727	5.9	
Extraordinary gains	0	0.0	22	0.0	22	3,786.5	
Gain on sales of fixed assets	0		14		14		
Reversal for allowance for losses from acceptances and guarantees	–		7		7		
Extraordinary losses	4,376	1.1	1,765	0.4	(2,610)	(59.7)	
Loss on sales and retirement of fixed assets	849		1,021		171		
Loss on closing of stores	283		364		80		
Provision of reserve for loss on closing of stores	–		200		200		
Loss on devaluation of investment securities	–		162		162		
Provision of reserve for retirement benefits for directors and corporate auditors	2,704		–		(2,704)		
Provision for allowance for losses from acceptances and guarantees	175		–		(175)		
Other extraordinary losses	363		17		(346)		
Income before income taxes	7,924	2.0	11,285	2.5	3,360	42.4	
Income and other taxes	4,943	1.2	6,226	1.4	1,283	26.0	
Minority interest or loss	(50)	(0.0)	(746)	(0.2)	(696)	(1,380.3)	
Net income	3,031	0.8	5,805	1.3	2,773	91.5	

Consolidated Results

5. Consolidated Balance Sheets (Including Reasons for Major Changes)

(Millions of yen)

	Fiscal 2009 2nd Quarter	Fiscal 2008 End of Period	Increase/ (decrease)	Reasons
Current assets	167,230	187,684	(20,453)	
Cash and deposits	67,182	69,199	(2,016)	
Notes and accounts receivable	68,341	85,402	(17,061)	Decrease in accounts receivable resulting from bank holiday in the end of previous fiscal period
Merchandise and finished goods	9,293	9,263	30	
Work in process	952	866	85	
Raw materials and supplies	7,391	8,388	(996)	
Deferred tax assets	3,522	3,347	175	
Other current assets	11,539	13,760	(2,221)	
Allowance for doubtful accounts	(993)	(2,543)	1,550	Liquidation of affiliated companies: ¥1.6 billion
Fixed assets	426,883	426,715	167	
Tangible fixed assets	285,295	282,525	2,770	Capital investment: ¥19.1 billion/ Depreciation and amortization: ¥15.6 billion
Buildings and structures	90,989	91,040	(51)	
Machinery, equipment and vehicles	76,380	77,971	(1,591)	
Land	108,848	108,000	848	
Others	9,076	5,512	3,564	Lease assets: ¥3.8 billion
Intangible fixed assets	34,842	33,204	1,637	Software: ¥2.2 billion
Investments and other assets	106,745	110,985	(4,239)	
Investment securities	41,108	41,203	(95)	
Long-term loans receivable	1,720	1,723	(2)	
Deferred tax assets	22,114	26,207	(4,093)	Liquidation of affiliated companies: ¥3.7 billion
Other investments and other assets	44,921	44,977	(55)	
Allowance for doubtful accounts	(3,119)	(3,125)	6	
Total assets	594,113	614,399	(20,286)	
Current liabilities	203,906	212,408	(8,501)	
Notes and accounts payable	64,850	73,121	(8,270)	Decrease in accounts payable-trade: ¥7.4 billion
Short-term loans payable	71,410	60,982	10,428	New loans and transfer from current portion of long-term liabilities
Accrued income tax	2,884	6,002	(3,117)	Decrease in taxable income
Accrued expenses	29,840	34,017	(4,176)	
Allowance for employees' bonuses	3,689	3,973	(283)	
Reserve for sales promotion expenses	802	-	802	
Allowance for loss on store closures	350	153	196	
Other current liabilities	30,077	34,158	(4,080)	Decrease in accounts payable: ¥3.4 billion
Long-term liabilities	157,306	170,659	(13,352)	
Bonds	5,800	6,290	(490)	
Long-term loans payable	58,971	67,768	(8,796)	Transfer to current portion of current liabilities
Allowance for employees' retirement benefits	74,881	74,015	865	
Reserve for retirement benefits for directors and corporate auditors	2,719	2,644	75	
Reserve for loss on guarantees	1,325	9,063	(7,737)	Liquidation of affiliated companies: ¥7.7 billion
Other long-term liabilities	13,607	10,876	2,731	Long-term lease obligations: ¥3.1 billion
Total liabilities	361,213	383,067	(21,854)	
Total net assets	232,900	231,332	1,568	Minority interests: ¥18.4 billion (down ¥9.0 billion)
Total liabilities and net assets	594,113	614,399	(20,286)	

6. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2008 2nd Quarter	Fiscal 2009 2nd Quarter	Increase/ (decrease)
Capital investment	11,441	19,151	7,709
Depreciation and amortization	14,035	15,692	1,657

* Amount of capital investment and depreciation and amortization of tangible fixed assets, including lease assets, were disclosed from fiscal 2009.

7. Interest-bearing Debt

(Millions of yen)

	Fiscal 2009 2nd Quarter	Fiscal 2008 End of Period	Increase/ (decrease)	Reasons
Interest-bearing debt	142,504	141,364	1,140	Increase resulting from new loans

8. Cash Flows

(Millions of yen)

	Fiscal 2008 2nd Quarter	Fiscal 2009 2nd Quarter	Increase/ (decrease)	Reasons
Net cash provided by operating activities	35,936	23,801	(12,135)	Decrease in liquidation of affiliated companies
Net cash used in investing activities	(18,035)	(24,069)	(6,033)	Increase in payments for purchases of fixed assets
Net cash provided by financing activities	(6,897)	(2,049)	4,847	Increase resulting from new loans
Cash and cash equivalents at beginning of period	40,591	68,539	27,948	
Cash and cash equivalents at end of quarter	51,523	66,211	14,687	

Projections for Fiscal 2009

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2008		Fiscal 2009 projection		Increase/ (decrease)	Percentage change
		%		%		
Net sales	811,738	100.0	910,000	100.0	98,261	12.1
Operating income	25,821	3.2	26,000	2.9	178	0.7
Ordinary income	21,555	2.7	23,200	2.5	1,644	7.6
Net income	5,987	0.7	8,400	0.9	2,412	40.3

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2008	Fiscal 2009 projection	Increase/ (decrease)	Percentage change
Food business	750,953	844,600	93,646	12.5
Bread	91,334	93,460	2,125	2.3
Sweet buns	310,513	322,520	12,006	3.9
Japanese-style confectionery	68,645	70,100	1,454	2.1
Western-style confectionery	82,754	106,820	24,065	29.1
Processed bread and prepared rice and side dishes	99,450	100,430	979	1.0
Biscuits, crackers, <i>sembei</i> and other merchandise	98,254	151,270	53,015	54.0
Retail business	59,369	63,450	4,080	6.9
Other businesses	1,415	1,950	534	37.8
Total	811,738	910,000	98,261	12.1

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2008	Fiscal 2009 projection	Increase/ (decrease)	Percentage change
Food business	24,120	24,130	10	0.0
Retail business	1,096	1,310	213	19.5
Other businesses	572	520	(52)	(9.1)
Subtotal	25,789	25,960	170	0.7
Elimination and corporate	32	40		
Total	25,821	26,000	178	0.7

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2008 2nd Quarter		Fiscal 2009 2nd Quarter		Increase/ (decrease)	Percentage change
		%		%		
Net sales	304,805	100.0	307,326	100.0	2,521	0.8
Operating income	10,935	3.6	10,393	3.4	(541)	(5.0)
Ordinary income	11,292	3.7	11,522	3.7	230	2.0
Net income	3,631	1.2	5,454	1.8	1,822	50.2

	1st Quarter	2nd Quarter
Net sales	151,002	156,324
Operating income	4,561	5,832

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2008 2nd Quarter		Fiscal 2009 2nd Quarter		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	46,970	15.4	48,400	15.8	1,430	3.0
Sweet buns	143,962	47.2	143,994	46.9	32	0.0
Japanese-style confectionery	32,787	10.8	33,451	10.9	663	2.0
Western-style confectionery	37,080	12.2	38,818	12.6	1,737	4.7
Processed bread and prepared rice and side dishes	21,766	7.1	20,731	6.7	(1,035)	(4.8)
Biscuits, crackers, <i>sembei</i> and other merchandise	22,237	7.3	21,929	7.1	(307)	(1.4)
Total	304,805	100.0	307,326	100.0	2,521	0.8

Nonconsolidated Results

3. Income and Expenses

(Millions of yen)

	Fiscal 2008 2nd Quarter		Fiscal 2009 2nd Quarter		Increase/ (decrease)	Percentage change	Reasons
		%		%			
Gross profit	96,727	31.7	96,551	31.4	(175)	(0.2)	
Selling, general and administrative expenses	85,792	28.1	86,158	28.0	365	0.4	
Advertising expenses	7,902		7,680		(221)		
Shipping and transport expenses	16,379		16,244		(134)		
Personnel expenses	39,611		40,378		766		
Depreciation and amortization	3,219		3,336		116		
Rental fees	3,436		3,519		82		
Others	15,243		14,998		(244)		
Operating income	10,935	3.6	10,393	3.4	(541)	(5.0)	
Nonoperating income	1,691	0.5	1,956	0.6	264	15.7	
Interest and dividend income	718		672		(45)		
Other nonoperating income	973		1,055		82		
Foreign exchange gains	–		228		228		Loans to affiliated companies
Nonoperating expenses	1,334	0.4	828	0.3	(506)	(38.0)	
Interest expense	589		674		85		
Other nonoperating expenses	407		153		(254)		
Foreign exchange losses	337		–		(337)		Loans to affiliated companies
Ordinary income	11,292	3.7	11,522	3.7	230	2.0	
Extraordinary gains	0	0.0	46	0.1	46	32,239.8	
Gain on sales of fixed assets	0		2		2		
Reversal of reserve for loss on liabilities for guarantee	–		21		21		
Reversal of allowance for doubtful accounts	–		22		22		
Extraordinary losses	3,264	1.1	642	0.2	(2,621)	(80.3)	
Loss on sales and retirement of non-current assets	585		638		53		
Provision of reserve for retirement benefits for directors and corporate auditors	2,000		–		(2,000)		
Provision for allowance for doubtful accounts	181		–		(181)		
Provision for allowance for losses from acceptances and guarantees	175		–		(175)		
Loss on revaluation of stocks of affiliated companies	169		–		(169)		
Loss on devaluation of investment securities	92		2		(90)		
Loss on retirement of stocks of affiliated companies	–		1		1		
Loss on devaluation of membership	59		–		(59)		
Net income before income taxes	8,028	2.6	10,927	3.6	2,898	36.1	
Income and other taxes	4,396	1.4	5,472	1.8	1,076	24.5	
Net income	3,631	1.2	5,454	1.8	1,822	50.2	

Nonconsolidated Results

4. Nonconsolidated Balance Sheets (Including Reasons for Major Changes)

(Millions of yen)

	Fiscal 2009 2nd Quarter	Fiscal 2008 End of Period	Increase/ (decrease)	Reasons
Current assets	100,720	112,167	(11,447)	
Cash and deposits	37,652	33,470	4,182	Increase from credit of accounts receivable
Notes and accounts receivable	49,479	65,295	(15,815)	Decrease in accounts receivable resulting from bank holiday in the end of previous fiscal period
Merchandise and finished goods	3,448	2,974	474	
Work in process	76	91	(14)	
Raw materials and supplies	3,829	4,856	(1,027)	
Deferred tax assets	2,048	1,982	65	
Other current assets	4,237	5,157	(919)	
Allowance for doubtful accounts	(53)	(1,660)	1,606	Liquidation of affiliated companies: ¥1.6 billion
Fixed assets	335,057	338,735	(3,678)	
Tangible fixed assets	195,888	197,587	(1,699)	Capital investment: ¥9.8 billion/ Depreciation and amortization: ¥10.9 billion
Buildings and structures	56,799	58,341	(1,542)	
Machinery, equipment and vehicles	57,354	59,003	(1,648)	
Land	76,670	76,553	117	
Others	5,065	3,690	1,374	Lease assets: ¥1.5 billion
Intangible fixed assets	6,683	5,009	1,674	Software: ¥1.6 billion
Investments and other assets	132,485	136,139	(3,653)	
Investment securities	30,190	29,797	393	
Investments in affiliated companies	67,252	67,253	(1)	
Long-term loans receivable	4,902	4,678	224	
Deferred tax assets	20,176	24,531	(4,354)	Liquidation of affiliated companies: ¥3.7 billion
Other investments and other assets	12,635	12,550	84	
Allowance for doubtful accounts	(2,671)	(2,671)	-	
Total assets	435,777	450,903	(15,125)	
Current liabilities	119,773	125,238	(5,464)	
Notes and accounts payable	43,699	47,237	(3,537)	Decrease in accounts payable-trade: ¥3.7 billion
Short-term loans payable	38,332	30,844	7,488	Transfer from current portion of long-term liabilities
Accrued income tax	1,441	4,135	(2,694)	Decrease in taxable income
Accrued expenses	19,647	22,856	(3,209)	Decrease in periodic and occasional payments: ¥2.3 billion
Allowance for employees' bonuses	2,587	2,677	(89)	
Other current liabilities	14,064	17,486	(3,421)	Decrease in accounts payable: ¥2.0 billion
Long-term liabilities	102,435	114,756	(12,321)	
Long-term loans payable	39,507	46,004	(6,497)	Transfer to current portion of current liabilities
Allowance for employees' retirement benefits	55,773	55,139	633	
Reserve for retirement benefits for directors and corporate auditors	2,117	2,051	65	
Reserve for loss on guarantees	2,184	9,935	(7,751)	Liquidation of affiliated companies: ¥7.7 billion
Other long-term liabilities	2,852	1,624	1,228	Lease obligations: ¥1.0 billion
Total liabilities	222,208	239,994	(17,785)	
Total net assets	213,568	210,908	2,659	
Total liabilities and net assets	435,777	450,903	(15,125)	

Nonconsolidated Results

5. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2008 2nd Quarter	Fiscal 2009 2nd Quarter	Increase/ (decrease)
Capital investment	7,714	9,821	2,106
Depreciation and amortization	11,060	10,965	(95)

* Amount of capital investment and depreciation and amortization of tangible fixed assets, including lease assets, were disclosed from fiscal 2009.

6. Interest-bearing Debt

(Millions of yen)

	Fiscal 2009 2nd Quarter	Fiscal 2008 End of Period	Increase/ (decrease)	Reasons
Interest-bearing debt	83,181	82,191	989	Increase resulting from new loans

Projections for Fiscal 2009

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2008		Fiscal 2009 projection		Increase/ (decrease)	Percentage change
		%		%		
Net sales	614,582	100.0	632,200	100.0	17,617	2.9
Operating income	18,591	3.0	19,600	3.1	1,008	5.4
Ordinary income	18,622	3.0	20,200	3.2	1,577	8.5
Net income	6,010	1.0	7,400	1.2	1,389	23.1

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2008		Fiscal 2009 projection		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	92,161	15.0	94,460	14.9	2,298	2.5
Sweet buns	286,460	46.6	297,890	47.1	11,429	4.0
Japanese-style confectionery	68,027	11.1	69,390	11.0	1,362	2.0
Western-style confectionery	77,482	12.6	79,320	12.6	1,837	2.4
Processed bread and prepared rice and side dishes	44,648	7.3	45,130	7.1	481	1.1
Biscuits, crackers, <i>sembei</i> and other merchandise	45,802	7.4	46,010	7.3	207	0.5
Total	614,582	100.0	632,200	100.0	17,617	2.9

Cautionary Statements

This document contains discussions that include management plans, projections, strategies and estimates that are not historical facts.

Projections of future performance are based on management extrapolations from current data, but actual future performance may differ materially from projections.