

# **Fiscal 2010 Results**

(For the Period from January 1, 2010, to December 31, 2010)

**Yamazaki Baking Co., Ltd**  
(February 14, 2011)

Fujiya Co., Ltd.'s consolidated earnings results for 15-month period from October 1, 2009 to December 31, 2010 have been included in the Consolidated Results, due to the change in the fiscal year-end of Fujiya and its five consolidated subsidiaries.

## Consolidated Results

### 1. Overview

(Millions of yen)

	Fiscal 2009		Fiscal 2010		Increase/ (decrease)	Percentage change
		%		%		
Net sales	885,683	100.0	928,242	100.0	42,558	4.8
Operating income	22,738	2.6	26,991	2.9	4,253	18.7
Ordinary income	22,852	2.6	27,559	3.0	4,707	20.6
Net income	8,640	1.0	12,724	1.4	4,084	47.3

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2010
Net sales	222,589	249,310	218,375	237,967	928,242
Operating income	8,381	8,564	3,031	7,013	26,991

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)
Number of consolidated subsidiaries	23	26	3
Number of equity-method subsidiaries	3	3	0

\* In fiscal 2010, four subsidiaries were newly included in the scope of consolidation, and one subsidiary was liquidated.

Nichiryō Baking Co., LTD. has been newly accounted for by the equity method since the end of fiscal 2009.

### 2. Net Sales by Segment

(Millions of yen)

	Fiscal 2009		Fiscal 2010		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Food business	824,101	93.1	856,190	92.2	32,089	3.9
Bread	93,239	10.5	92,745	10.0	(493)	(0.5)
Sweet buns	305,913	34.6	306,042	32.9	129	0.0
Japanese-style confectionery	67,589	7.6	66,521	7.2	(1,068)	(1.6)
Western-style confectionery	110,819	12.5	121,882	13.1	11,062	10.0
Processed bread and prepared rice and side dishes	97,372	11.0	100,880	10.9	3,508	3.6
Biscuits, crackers, <i>sembei</i> and other merchandise	149,167	16.9	168,118	18.1	18,951	12.7
Retail business	59,457	6.7	64,731	7.0	5,274	8.9
Other businesses	2,124	0.2	7,319	0.8	5,194	244.5
Total	885,683	100.0	928,242	100.0	42,558	4.8

### 3. Operating Income by Segment

(Millions of yen)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)	Percentage change
Food business	22,691	24,017	1,326	5.8
Retail business	78	909	830	1,055.6
Other businesses	698	1,354	655	93.8
Subtotal	23,468	26,281	2,812	12.0
Elimination and corporate	(730)	710	1,441	
Total	22,738	26,991	4,253	18.7

## 4. Income and Expenses

(Millions of yen)

	Fiscal 2009		Fiscal 2010		Increase/ (decrease)	Percentage change	Reasons
		%		%			
Gross profit	325,917	36.8	343,711	37.0	17,793	5.5	
Selling, general and administrative expenses	303,179	34.2	316,720	34.1	13,540	4.5	Amount resulted from the change in the fiscal-year end of Fujiya Co., Ltd.; and portion of newly consolidated companies
Advertising expenses	41,765		50,416		8,651		
Shipping and transport expenses	48,621		46,620		(2,000)		
Personnel expenses	122,219		126,838		4,618		
Depreciation and amortization	12,069		14,986		2,916		
Rental fees	27,841		27,236		(604)		
Others	50,662		50,620		(41)		
Operating income	22,738	2.6	26,991	2.9	4,253	18.7	
Nonoperating income	3,290	0.4	3,851	0.4	561	17.1	
Interest income	121		89		(31)		
Dividends income	635		756		120		
Rent income on fixed assets	761		564		(197)		
Equity in earnings of affiliates	405		1,170		765		Portions of Fujiya Co., Ltd.'s affiliated companies and Nichiryō Baking Co., LTD.
Foreign exchange gains	49		–		(49)		Loans to affiliated companies
Other nonoperating income	1,317		1,270		(46)		
Nonoperating expenses	3,176	0.4	3,284	0.3	108	3.4	
Interest expense	2,537		2,324		(213)		
Foreign exchange losses	–		476		476		Loans to affiliated companies
Other nonoperating expenses	638		483		(154)		
Ordinary income	22,852	2.6	27,559	3.0	4,707	20.6	
Extraordinary gains	77	0.0	329	0.0	252	326.3	
Gain on sales of fixed assets	30		–		(30)		
Compensation income	46		196		149		
Gain on sales of investment securities	0		72		72		
Reversal of provision for loss on store closing	–		54		54		
Other extraordinary gains	–		6		6		
Extraordinary losses	4,595	0.5	3,890	0.4	(705)	(15.3)	
Loss on sales and retirement of fixed assets	2,262		1,985		(277)		
Provision for employees' retirement benefits	–		920		920		Portion of newly consolidated companies
Impairment loss	583		197		(386)		
Loss on closing of stores	581		380		(200)		
Provision for reserve for loss on guarantees	397		43		(354)		
Loss on devaluation of investment securities	208		11		(197)		
Provision for allowance for doubtful accounts	310		–		(310)		
Other extraordinary losses	251		351		99		
Income before income taxes	18,334	2.1	23,998	2.6	5,664	30.9	
Income and other taxes	10,904	1.2	9,957	1.1	(946)	(8.7)	
Minority interest (loss)	(1,211)	(0.1)	1,316	0.1	2,527	(208.7)	
Net income	8,640	1.0	12,724	1.4	4,084	47.3	

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

(Millions of yen)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)	Reasons
Current assets	172,663	204,325	31,662	
Cash and deposits	54,807	77,200	22,393	Increase due to new loans and decrease in payment for facilities
Notes and accounts receivable	84,702	91,880	7,178	Amount resulted from the change in the fiscal-year end of Fujiya Co., Ltd.; and portion of newly consolidated companies
Merchandise and finished goods	9,210	10,129	919	
Work in process	752	619	(133)	
Raw materials and supplies	7,831	7,874	42	
Deferred tax assets	3,657	3,609	(48)	
Other current assets	12,670	13,774	1,103	Increase in accounts receivable-other: ¥1.3 billion
Allowance for doubtful accounts	(969)	(762)	206	
Fixed assets	437,118	434,022	(3,095)	Capital investment: ¥38.5 billion/ Depreciation and amortization: ¥40.1 billion
Tangible fixed assets	296,025	296,710	685	
Buildings and structures	90,378	89,348	(1,030)	
Machinery, equipment and vehicles	77,782	74,472	(3,310)	
Tools, furniture and fixtures	4,023	3,830	(193)	
Land	108,839	111,682	2,843	Transfer of fixed assets leased to newly consolidated companies to land: ¥3.0 billion
Lease assets	13,866	16,582	2,715	
Construction in progress	1,134	795	(339)	
Intangible fixed assets	32,850	32,989	139	
Investments and other assets	108,242	104,322	(3,919)	
Investment securities	43,722	40,872	(2,849)	Decrease due to recording of valuation differences: ¥2.7 billion
Long-term loans receivable	1,679	1,543	(136)	
Deferred tax assets	22,479	24,938	2,458	
Other investments and other assets	43,957	40,683	(3,273)	Transfer of fixed assets leased to newly consolidated companies to tangible fixed assets: ¥3.2 billion
Allowance for doubtful accounts	(3,596)	(3,715)	(119)	
Total assets	609,781	638,348	28,566	
Current liabilities	213,932	219,468	5,535	
Notes and accounts payable	68,710	73,564	4,854	Increase in accounts payable-trade: ¥4.7 billion
Short-term loans payable	69,149	62,246	(6,903)	Decrease due to scheduled repayment
Lease obligations	2,811	3,963	1,151	
Current portion of bonds	1,284	1,234	(50)	
Accrued income tax	3,961	7,918	3,956	Increase in taxable income
Accrued expenses	32,904	32,402	(501)	
Allowance for employees' bonuses	3,802	3,241	(560)	
Reserve for sales promotion expenses	896	984	87	
Provision for loss on store closures	136	36	(100)	
Other current liabilities	30,275	33,876	3,600	Increase in accounts payable: ¥1.6 billion
Long-term liabilities	160,533	171,744	11,210	
Bonds	7,506	6,167	(1,339)	
Long-term loans payable	51,092	58,676	7,584	Increase due to new loans
Lease obligations	11,332	13,148	1,816	
Allowance for employees' retirement benefits	75,969	79,156	3,187	Increase in retirement benefit expenses for newly consolidated companies
Reserve for retirement benefits for directors and corporate auditors	2,833	3,047	213	
Reserve for loss on guarantees	1,364	1,406	42	
Other long-term liabilities	10,435	10,141	(293)	
Total liabilities	374,466	391,212	16,746	
Total net assets	235,314	247,135	11,820	Minority interests: ¥19.4 billion (up ¥1.4 billion)
Total liabilities and net assets	609,781	638,348	28,566	

## 6. Major Subsidiaries

### (1) Net sales

(Millions of yen)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	76,359	106,671	30,311
Sun-Delica Co., Ltd.	68,140	70,372	2,231
Yamazaki Nabisco Co., Ltd.	36,092	34,972	(1,120)
Vie de France Co., Ltd.	29,976	30,064	87
Tohato Inc.	23,623	23,695	72
Daily Yamazaki Co., Ltd.	63,197	69,807	6,610

\* For Fujiya Co., Ltd., the above table indicates figures for the following fiscal period:

Fiscal 2009: October 2008 – September 2009 (12 months)

Fiscal 2010: October 2009 – December 2010 (15 months)

### (2) Operating income

(Millions of yen)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	(2,652)	1,499	4,151
Sun-Delica Co., Ltd.	1,212	1,633	420
Yamazaki Nabisco Co., Ltd.	2,369	2,030	(339)
Vie de France Co., Ltd.	(60)	90	151
Tohato Inc.	2,487	1,686	(801)
Daily Yamazaki Co., Ltd.	78	909	830

\* For Fujiya Co., Ltd., the above table indicates figures for the following fiscal period:

Fiscal 2009: October 2008 – September 2009 (12 months)

Fiscal 2010: October 2009 – December 2010 (15 months)

## 7. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)
Capital investment	53,748	38,551	(15,196)
Depreciation and amortization	36,010	40,181	4,170

\* The amounts of capital investment and depreciation and amortization of tangible fixed assets and of intangible fixed assets including lease assets have been disclosed.

## 8. Interest-bearing Debt

(Millions of yen)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)	Reasons
Interest-bearing Debt	134,561	134,110	(450)	Decrease due to redemption of bonds

<b>Consolidated Results</b>
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### 9. Cash Flows

(Millions of yen)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)	Reasons
Net cash provided by operating activities	40,988	59,394	18,406	Increase in income before income taxes
Net cash used in investing activities	(44,681)	(30,526)	14,155	Increase due to a decrease in the acquisition of fixed assets
Net cash used in financing activities	(11,983)	(8,640)	3,343	Increase due to new loans
Cash and cash equivalents at beginning of period	68,539	52,917	(15,622)	
Cash and cash equivalents at end of period	52,917	75,296	22,379	

### 10. Number of Employees by Segment

(Number of employees)

	Fiscal 2009		Fiscal 2010		Increase/(decrease)	
Food business	22,051	[22,600]	22,284	[22,737]	233	[137]
Retail business	777	[304]	771	[287]	(6)	[(17)]
Other businesses	51	[39]	579	[506]	528	[467]
Total	22,879	[22,943]	23,634	[23,530]	755	[587]

\* Figures given are the total number of employees as of the end of each period. Figures in brackets, [ ], are the average number of temporary employees for each period, which are in addition to the number of permanent employees shown in the left-hand column.

### 11. Number of Stores

(Number of stores)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)
Fujiya [Number of Western-style confectionery stores]	615	646	31
Daily Yamazaki	1,633	1,634	1
Vie de France	211	219	8

## Projections for Fiscal 2011

## Consolidated Results

### 1. Overview

(Millions of yen)

	Fiscal 2010		Fiscal 2011 projection		Increase/ (decrease)	Percentage change
		%		%		
Net sales	928,242	100.0	929,000	100.0	757	0.1
Gross profit	343,711	37.0	340,110	36.6	(3,601)	(1.0)
Selling, general and administrative expenses	316,720	34.1	312,110	33.6	(4,610)	(1.5)
Operating income	26,991	2.9	28,000	3.0	1,008	3.7
Ordinary income	27,559	3.0	29,000	3.1	1,440	5.2
Extraordinary losses	(3,560)	(0.4)	(5,000)	(0.5)	(1,439)	40.4
Net income	12,724	1.4	6,700	0.7	(6,024)	(47.3)

	Fiscal 2011 first half projection			Fiscal 2011 second half projection		
		Increase/(decrease)	Percentage change		Increase/(decrease)	Percentage change
Net sales	457,500	(14,399)	(3.1)	471,500	15,157	3.3
Operating income	15,500	(1,445)	(8.5)	12,500	2,454	24.4
Ordinary income	15,800	(1,632)	(9.4)	13,200	3,073	30.3
Net income	900	(6,833)	(88.4)	5,800	808	16.2

### 2. Net Sales by Segment

(Millions of yen)

	Fiscal 2010	Fiscal 2011 projection	Increase/ (decrease)	Percentage change
Food business	856,190	852,370	(3,820)	(0.4)
Bread	92,745	94,140	1,394	1.5
Sweet buns	306,042	311,640	5,597	1.8
Japanese-style confectionery	66,521	67,850	1,328	2.0
Western-style confectionery	121,882	115,680	(6,202)	(5.1)
Processed bread and prepared rice and side dishes	100,880	106,520	5,639	5.6
Biscuits, crackers, <i>sembei</i> and other merchandise	168,118	156,540	(11,578)	(6.9)
Retail business	64,731	68,250	3,518	5.4
Other businesses	7,319	8,380	1,060	14.5
Total	928,242	929,000	757	0.1

### 3. Operating Income by Segment

(Millions of yen)

	Fiscal 2010	Fiscal 2011 projection	Increase/ (decrease)	Percentage change
Food business	24,017	24,730	712	3.0
Retail business	909	1,000	90	10.0
Other businesses	1,354	1,480	125	9.3
Subtotal	26,281	27,210	928	3.5
Elimination and corporate	710	790		
Total	26,991	28,000	1,008	3.7

4. Major Subsidiaries

(1) Net sales (Millions of yen)

	Fiscal 2010	Fiscal 2011 projection	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	106,671	85,000	(21,671)
Sun-Delica Co., Ltd.	70,372	77,620	7,247
Yamazaki Nabisco Co., Ltd.	34,972	35,560	587
Vie de France Co., Ltd.	30,064	31,130	1,065
Tohato Inc.	23,695	24,350	654
Daily Yamazaki Co., Ltd.	69,807	73,450	3,642

\* For Fujiya Co., Ltd., the above table indicates figures for the following fiscal terms:

Fiscal 2010: October 2009 – December 2010 (15 months)

Fiscal 2011: January 2011 – December 2011 (12 months)

(2) Operating income (Millions of yen)

	Fiscal 2010	Fiscal 2011 projection	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	1,499	1,000	(499)
Sun-Delica Co., Ltd.	1,633	1,980	346
Yamazaki Nabisco Co., Ltd.	2,030	2,040	9
Vie de France Co., Ltd.	90	340	249
Tohato Inc.	1,686	1,930	243
Daily Yamazaki Co., Ltd.	909	1,000	90

\* For Fujiya Co., Ltd., the above table indicates figures for the following fiscal terms:

Fiscal 2010: October 2009 – December 2010 (15 months)

Fiscal 2011: January 2011 – December 2011 (12 months)

5. Capital Investment and Depreciation and Amortization (Millions of yen)

	Fiscal 2010	Fiscal 2011 projection	Increase/ (decrease)
Capital investment	38,551	37,230	(1,321)
Depreciation and amortization	40,181	40,910	728

\* The amounts of capital investment and depreciation and amortization of tangible fixed assets and of intangible fixed assets (including lease assets) have been disclosed.

<b>Nonconsolidated Results</b>
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## 1. Overview

(Millions of yen)

	Fiscal 2009		Fiscal 2010		Increase/ (decrease)	Percentage change
		%		%		
Net sales	615,313	100.0	615,151	100.0	(161)	(0.0)
Operating income	18,685	3.0	16,476	2.7	(2,208)	(11.8)
Ordinary income	20,219	3.3	18,328	3.0	(1,891)	(9.4)
Net income	9,021	1.5	9,052	1.5	31	0.3

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2010
Net sales	150,577	157,497	147,255	159,821	615,151
Operating income	5,061	6,219	1,725	3,469	16,476

## 2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2009		Fiscal 2010		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	94,384	15.3	94,037	15.3	(346)	(0.4)
Sweet buns	285,601	46.4	286,830	46.6	1,228	0.4
Japanese-style confectionery	67,009	10.9	66,261	10.8	(747)	(1.1)
Western-style confectionery	80,813	13.1	82,400	13.4	1,586	2.0
Processed bread and prepared rice and side dishes	42,773	7.0	40,731	6.6	(2,042)	(4.8)
Biscuits, crackers, <i>sembei</i> and other merchandise	44,730	7.3	44,889	7.3	159	0.4
<b>Total</b>	<b>615,313</b>	<b>100.0</b>	<b>615,151</b>	<b>100.0</b>	<b>(161)</b>	<b>(0.0)</b>

3. Operating Income

(Millions of yen)

	Fiscal 2009		Fiscal 2010		Increase/ (decrease)	Percentage change
		%		%		
Operating income	18,685	3.0	16,476	2.7	(2,208)	(11.8)

<Detail of increase/decrease>

	Fiscal 2009		Fiscal 2010		Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)	
		%		%				
Gross profit	191,626	31.1	192,692	31.3	1,066	0.6	Decrease in net sales	(0.1 billion)
							Improvement in raw material expenses	1.6 billion
							Increase in labor cost	(2.3 billion)
							Others	1.9 billion
Selling, general and administrative expenses	172,941	28.1	176,216	28.6	3,275	1.9	Increase in personnel expenses	(0.8 billion)
							Increase in expenses	(1.3 billion)
							Increase in amortization	(1.2 billion)

\* Negative impacts on operating income are shown in parentheses in the column of "Factors affecting operating income."

#### 4. Number of Employees

(Number of employees)

	Fiscal 2009		Fiscal 2010		Increase/(decrease)	
Number of employees	16,060	[9,751]	16,174	[10,066]	114	[315]

\* Figures given are the total number of employees as of the end of each period. Figures in brackets, [ ], are the average number of temporary employees for each period, which are in addition to the number of permanent employees shown in the left-hand column.

#### 5. Number of Stores by Sales Channel

(Number of stores)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)
Daily Yamazaki	1,566	1,564	(2)
Yamazaki Shop	3,746	3,719	(27)
Sun Etoile	605	608	3
Other licensed stores	340	341	1
Supermarkets	15,306	15,793	487
Convenience stores	40,236	40,939	703
General stores and other	35,665	36,027	362
Total	97,464	98,991	1,527

\* The number of stores in the Daily Yamazaki sales channel is the number of stores to which Yamazaki Baking sells directly. The total number of Daily Yamazaki stores is 1,634.

#### 6. Sales by Sales Channel

(%)

	Fiscal 2009	Fiscal 2010	Increase/ (decrease)
Daily Yamazaki	2.9	2.5	(0.4)
Yamazaki Shop	4.9	4.9	0.0
Sun Etoile	2.2	2.1	(0.1)
Other licensed stores	1.3	1.3	0.0
Supermarkets	40.0	40.6	0.6
Convenience stores	22.8	23.2	0.4
General stores and other	25.9	25.4	(0.5)
Total	100.0	100.0	0.0

## Projections for Fiscal 2011

## Nonconsolidated Results

### 1. Overview

(Millions of yen)

	Fiscal 2010		Fiscal 2011 projection		Increase/ (decrease)	Percentage change
		%		%		
Net sales	615,151	100.0	623,700	100.0	8,548	1.4
Gross profit	192,692	31.3	195,430	31.3	2,737	1.4
Selling, general and administrative expenses	176,216	28.6	177,330	28.4	1,113	0.6
Operating income	16,476	2.7	18,100	2.9	1,623	9.9
Ordinary income	18,328	3.0	20,200	3.2	1,871	10.2
Extraordinary losses	(1,257)	(0.2)	(2,200)	(0.4)	(942)	74.9
Net income	9,052	1.5	6,200	1.0	(2,852)	(31.5)

	Fiscal 2011 first half projection			Fiscal 2011 second half projection		
		Increase/(decrease)	Percentage change		Increase/(decrease)	Percentage change
Net sales	311,400	3,325	1.1	312,300	5,222	1.7
Operating income	11,500	218	1.9	6,600	1,404	27.0
Ordinary income	12,800	260	2.1	7,400	1,610	27.8
Net income	3,000	(3,828)	(56.1)	3,200	975	43.9

### 2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2010		Fiscal 2011 projection		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	94,037	15.3	94,980	15.2	942	1.0
Sweet buns	286,830	46.6	291,330	46.7	4,499	1.6
Japanese-style confectionery	66,261	10.8	67,460	10.8	1,198	1.8
Western-style confectionery	82,400	13.4	83,550	13.4	1,149	1.4
Processed bread and prepared rice and side dishes	40,731	6.6	41,220	6.6	488	1.2
Biscuits, crackers, <i>sembei</i> and other merchandise	44,889	7.3	45,160	7.3	270	0.6
Total	615,151	100.0	623,700	100.0	8,548	1.4

**Projections for Fiscal 2011**

**Nonconsolidated Results**

3. Operating Income

(Millions of yen)

	Fiscal 2010		Fiscal 2011 projection		Increase/ (decrease)	Percentage change
		%		%		
Operating income	16,476	2.7	18,100	2.9	1,623	9.9

<Detail of increase/decrease>

	Fiscal 2010		Fiscal 2011 projection		Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
		%		%			
Gross profit	192,692	31.3	195,430	31.3	2,737	1.4	Increase in net sales: 4.1 billion Increase in raw material expenses (2.2 billion) Increase in labor cost (0.5 billion) Decrease in expenses 0.1 billion Others 1.2 billion
Selling, general and administrative expenses	176,216	28.6	177,330	28.4	1,113	0.6	Increase in personnel expenses (0.5 billion) Increase in expenses (0.2 billion) Increase in amortization (0.4 billion)

\* Negative impacts on operating income are shown in parentheses in the column of "Factors affecting operating income."

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.