

Fiscal 2011

Second Quarter Results

(For the Period from January 1, 2011, to June 30, 2011)

Yamazaki Baking Co., Ltd.

(August 2, 2011)

1. Overview

(Millions of yen)

	Fiscal 2010		Fiscal 2011		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Net sales	471,899	100.0	460,848	100.0	(11,050)	(2.3)
Operating income	16,945	3.6	15,551	3.4	(1,393)	(8.2)
Ordinary income	17,432	3.7	15,810	3.4	(1,622)	(9.3)
Net income	7,733	1.6	3,754	0.8	(3,978)	(51.5)

	1st Quarter	2nd Quarter
Net sales	225,889	234,959
Operating income	5,886	9,665

	Fiscal 2010 2nd Quarter	Fiscal 2011 2nd Quarter	Increase/ (decrease)
Number of consolidated subsidiaries	27	27	0
Number of equity-method subsidiaries	3	3	0

In fiscal 2011, one subsidiary was newly included in the scope of consolidation, and one subsidiary was liquidated in fiscal 2010.

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2010		Fiscal 2011		Increase/ (decrease)	Percentage change
	2nd Quarter	Percentage of total	2nd Quarter	Percentage of total		
Food business	437,993	92.8	424,920	92.2	(13,073)	(3.0)
Bread	49,098	10.4	48,740	10.6	(358)	(0.7)
Sweet buns	156,039	33.1	159,730	34.6	3,690	2.4
Japanese-style confectionery	31,689	6.7	32,092	7.0	402	1.3
Western-style confectionery	63,277	13.4	56,204	12.2	(7,073)	(11.2)
Processed bread and prepared rice and side dishes	47,777	10.1	51,417	11.2	3,640	7.6
Biscuits, crackers, <i>sembei</i> and other merchandise	90,110	19.1	76,735	16.6	(13,374)	(14.8)
Retail business	30,119	6.4	32,214	7.0	2,094	7.0
Other businesses	3,786	0.8	3,714	0.8	(71)	(1.9)
Total	471,899	100.0	460,848	100.0	(11,050)	(2.3)

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2010 2nd Quarter	Fiscal 2011 2nd Quarter	Increase/ (decrease)	Percentage change
Food business	16,331	15,374	(956)	(5.9)
Retail business	(520)	(877)	(357)	–
Other businesses	725	646	(78)	(10.8)
Subtotal	16,537	15,144	(1,392)	(8.4)
Adjustment	408	407	(0)	
Total	16,945	15,551	(1,393)	(8.2)

4. Income and Expenses

(Millions of yen)

	Fiscal 2010		Fiscal 2011		Increase/ (decrease)	Percentage change	Reasons
	2nd Quarter	%	2nd Quarter	%			
Gross profit	179,351	38.0	170,252	36.9	(9,099)	(5.1)	
Selling, general and administrative expenses	162,405	34.4	154,700	33.5	(7,705)	(4.7)	Nine-month results of Fujiya Co., Ltd. due to the change of fiscal year in FY2010
Advertising expenses	27,559		22,605		(4,954)		
Shipping and transport expenses	23,442		23,337		(104)		
Personnel expenses	64,644		62,950		(1,694)		
Depreciation and amortization	7,197		7,481		283		
Rental fees	14,096		13,248		(848)		
Others	25,464		25,077		(387)		
Operating income	16,945	3.6	15,551	3.4	(1,393)	(8.2)	
Nonoperating income	2,151	0.5	1,555	0.3	(596)	(27.7)	
Interest income	48		37		(11)		
Dividends income	473		444		(29)		
Rent income on fixed assets	280		275		(4)		
Equity in earnings of affiliates	645		163		(482)		Affiliated companies of Fujiya Co., Ltd.
Other nonoperating income	703		635		(68)		
Nonoperating expenses	1,665	0.4	1,296	0.3	(368)	(22.1)	
Interest expense	1,205		1,086		(118)		
Foreign exchange losses	161		38		(122)		Loans to affiliated companies
Other nonoperating expenses	297		170		(126)		
Ordinary income	17,432	3.7	15,810	3.4	(1,622)	(9.3)	
Extraordinary gains	68	0.0	85	0.0	16	24.6	
Gain on sales of fixed assets	2		2		0		
Gain on sales of investment securities	-		46		46		
Reversal of provision for loss on guarantees	24		29		5		
Reversal of provision for loss on store closing	41		6		(35)		
Other extraordinary gains	0		-		(0)		
Extraordinary losses	2,500	0.5	5,766	1.2	3,266	130.6	
Loss on sales and retirement of fixed assets	633		825		191		
Earthquake-related expenses	-		2,113		2,113		Loss incurred by Great East Japan Earthquake
Loss on adjustment for changes of accounting standard for asset retirement obligations	-		1,696		1,696		Asset retirement obligations in past years
Loss on closing of stores	208		116		(92)		
Loss on devaluation of investment securities	515		665		149		
Impairment loss	-		239		239		
Provision for employees' retirement benefits	920		-		(920)		Results of newly consolidated company in Fiscal 2010
Provision of reserve for retirement benefits for directors and corporate auditors	45		68		22		
Other extraordinary losses	175		41		(134)		
Income before income taxes	14,999	3.2	10,128	2.2	(4,871)	(32.5)	
Income and other taxes	6,322	1.4	6,242	1.4	(80)	(1.3)	
Minority interests	943	0.2	132	0.0	(811)	(86.0)	
Net income	7,733	1.6	3,754	0.8	(3,978)	(51.5)	

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

(Millions of yen)

	Fiscal 2011 2nd Quarter	Fiscal 2010 End of Period	Increase/ (decrease)	Reasons
Current assets	190,280	204,325	(14,045)	
Cash and deposits	85,951	77,200	8,750	Increase due to payment of accounts receivable
Notes and accounts receivable	71,673	91,880	(20,207)	Decrease in accounts receivable resulting from bank holiday in the end of previous fiscal period
Merchandise and finished goods	10,474	10,129	344	
Work in process	867	619	247	
Raw materials and supplies	6,542	7,874	(1,331)	
Deferred tax assets	3,346	3,609	(262)	
Other current assets	12,228	13,774	(1,546)	Decrease in accounts receivable—other: ¥1.2 billion
Allowance for doubtful accounts	(804)	(762)	(41)	
Fixed assets	432,044	434,022	(1,977)	Capital investment: ¥16.8 billion/ Depreciation and amortization: ¥19.1 billion
Tangible fixed assets	295,405	296,710	(1,305)	Asset retirement obligations: ¥3.2 billion
Buildings and structures	89,102	89,348	(245)	
Machinery, equipment and vehicles	72,121	74,472	(2,350)	
Tools, furniture and fixtures	3,719	3,830	(110)	
Land	111,771	111,682	89	
Lease assets	17,051	16,582	469	
Construction in progress	1,637	795	842	
Intangible fixed assets	32,811	32,989	(177)	
Investments and other assets	103,827	104,322	(494)	
Investment securities	39,911	40,872	(961)	Decrease due to recording of valuation differences: ¥0.6 billion, Valuation loss: ¥0.6 billion
Long-term loans receivable	1,494	1,543	(49)	
Deferred tax assets	26,040	24,938	1,102	
Other investments and other assets	40,017	40,683	(666)	
Allowance for doubtful accounts	(3,635)	(3,715)	80	
Total assets	622,324	638,348	(16,023)	
Current liabilities	207,347	219,468	(12,120)	
Notes and accounts payable	68,160	73,564	(5,404)	Decrease in accounts payable—trade: ¥5.4 billion
Short-term loans payable	61,560	62,246	(685)	
Lease obligations	4,382	3,963	418	
Current portion of bonds	1,234	1,234	—	
Accrued income tax	7,730	7,918	(188)	
Accrued expenses	30,918	32,402	(1,484)	
Allowance for employees' bonuses	3,578	3,241	336	
Reserve for sales promotion expenses	971	984	(13)	
Provision for loss on store closures	22	36	(14)	
Asset retirement obligations	8	—	8	Changes in accounting treatment
Other current liabilities	28,781	33,876	(5,094)	Decrease in accounts payable: ¥2.7 billion
Long-term liabilities	167,324	171,744	(4,419)	
Bonds	5,550	6,167	(617)	
Long-term loans payable	49,978	58,676	(8,698)	Transfer to current portion of current liabilities
Lease obligations	12,784	13,148	(364)	
Allowance for employees' retirement benefits	80,779	79,156	1,622	Increase in retirement benefit expenses
Reserve for retirement benefits for directors and corporate auditors	3,101	3,047	54	
Reserve for loss on guarantees	1,377	1,406	(29)	
Asset retirement obligations	3,591	28	3,562	Changes in accounting treatment (Results of Fujiya Co., Ltd. in the previous year)
Other long-term liabilities	10,162	10,112	50	
Total liabilities	374,672	391,212	(16,540)	
Total net assets	247,652	247,135	517	Minority interests: ¥19.6 billion (up ¥0.2 billion)
Total liabilities and net assets	622,324	638,348	(16,023)	

6. Major Subsidiaries

(1) Net sales

(Millions of yen)

	Fiscal 2010 2nd Quarter	Fiscal 2011 2nd Quarter	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	63,219	42,099	(21,119)
Sun-Delica Co., Ltd.	33,231	37,071	3,840
Yamazaki Nabisco Co., Ltd.	17,679	17,452	(226)
Vie de France Co., Ltd.	15,521	15,375	(146)
Tohato Inc.	12,440	12,550	109
Daily Yamazaki Co., Ltd.	32,368	34,965	2,596

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

2nd Quarter of Fiscal 2010: October 2009 – June 2010 (9 months)

2nd Quarter of Fiscal 2011: January 2011 – June 2011 (6 months)

(2) Operating income

(Millions of yen)

	Fiscal 2010 2nd Quarter	Fiscal 2011 2nd Quarter	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	1,211	183	(1,027)
Sun-Delica Co., Ltd.	693	817	123
Yamazaki Nabisco Co., Ltd.	1,317	1,277	(40)
Vie de France Co., Ltd.	345	51	(293)
Tohato Inc.	1,169	1,182	12
Daily Yamazaki Co., Ltd.	(520)	(877)	(357)

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

2nd Quarter of Fiscal 2010: October 2009 – June 2010 (9 months)

2nd Quarter of Fiscal 2011: January 2011 – June 2011 (6 months)

7. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2010 2nd Quarter	Fiscal 2011 2nd Quarter	Increase/ (decrease)
Capital investment	15,261	16,880	1,619
Depreciation and amortization	19,570	19,176	(393)

* 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. Cash Flows

(Millions of yen)

	Fiscal 2010 2nd Quarter	Fiscal 2011 2nd Quarter	Increase/ (decrease)	Reasons
Net cash provided by operating activities	44,633	39,967	(4,666)	Decrease in income before income taxes
Net cash used in investing activities	(16,869)	(15,654)	1,214	Increase due to a decrease in the acquisition of fixed assets
Net cash used in financing activities	(22,809)	(15,555)	7,254	Increase due to new loans and decrease of payment
Cash and cash equivalents at beginning of period	52,917	75,296	22,379	
Cash and cash equivalents at end of quarter	60,116	84,137	24,021	

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
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
Net income	12,724	1.4	9,000	1.0	(3,724)	(29.3)

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
Adjustment	710	790		
Total	26,991	28,000	1,008	3.7

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2010		Fiscal 2011		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Net sales	308,074	100.0	310,620	100.0	2,546	0.8
Operating income	11,281	3.7	11,521	3.7	240	2.1
Ordinary income	12,539	4.1	12,972	4.2	433	3.5
Net income	6,828	2.2	5,966	1.9	(862)	(12.6)

	1st Quarter	2nd Quarter
Net sales	152,482	158,138
Operating income	4,295	7,226

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2010		Fiscal 2011		Increase/ (decrease)	Percentage change
	2nd Quarter	Percentage of total	2nd Quarter	Percentage of total		
Bread	48,767	15.8	48,438	15.6	(328)	(0.7)
Sweet buns	146,052	47.4	150,013	48.3	3,961	2.7
Japanese-style confectionery	31,636	10.3	31,969	10.3	332	1.1
Western-style confectionery	39,772	12.9	41,157	13.2	1,384	3.5
Processed bread and prepared rice and side dishes	19,811	6.4	18,293	5.9	(1,517)	(7.7)
Biscuits, crackers, <i>sembei</i> and other merchandise	22,034	7.2	20,748	6.7	(1,286)	(5.8)
Total	308,074	100.0	310,620	100.0	2,546	0.8

3. Operating income

(Millions of yen)

	Fiscal 2010		Fiscal 2011		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Operating income	11,281	3.7	11,521	3.7	240	2.1

<Detail of increase/decrease>

	Fiscal 2010		Fiscal 2011		Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
	2nd Quarter	%	2nd Quarter	%			
Gross profit	99,447	32.3	99,859	32.1	412	0.4	Increase in net sales ¥1.2 billion Increase in raw material expenses (¥1.4 billion) Increase in expenses (¥0.1 billion) Decrease in amortization ¥0.2 billion Others ¥0.5 billion
Selling, general and administrative expenses	88,166	28.6	88,337	28.4	171	0.2	Increase in personnel expenses (¥0.3 billion) Decrease in expenses 0.1 billion

* Negative impacts on operating income are shown in parentheses in the column of "Factors affecting operating income increase/(decrease)."

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
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
Net income	9,052	1.5	6,200	1.0	(2,852)	(31.5)

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2010		Fiscal 2011 projection		Increase/ (decrease)	Percentage change
		%		%		
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

Cautionary Statements

This document contains discussions that includes 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.