Financial Results (Consolidated) for Fiscal Year Ended March 2013 (Japanese accounting standards)

May 14, 2013

Name of listed firm:	**Zensho Holdings Co., Ltd.**		Exchange: TSE
Code no.:	7550		URL http://www.zensho.co.jp/
Representative:	(title) Chairman of the Board and CEO	(name) Kentaro Ogawa	
Address any inquiries to:	(title) Senior General Manager of Group Finance and Accounting Division	(name) Tetsuro Fukumoto	(tel.) 03 (6833) 1600

Date of annual general meeting of shareholders (planned):	June 20, 2013
Starting date of dividend payment (planned):	June 21, 2013
Date of submittal of securities report (planned):	June 21, 2013

Supplemental explanatory materials on consolidated financial results prepared? [✓ Y] / N

Investors meeting held on settlement of accounts? [✓ Y] / N (for institutional investors)

(Figures rounded down to the nearest million yen)

1. Consolidated financial performance in the fiscal year ended March 2013 (April 1, 2012 – March 31, 2013)

(1) Consolidated business performance

(Percentages [%] indicate changes from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2013	417,577	3.6	14,736	(29.8)	13,873	(28.1)	5,058	64.8
FY 2012	402,962	8.7	21,005	18.9	19,300	22.2	3,068	(35.2)

(Reference) Comprehensive income FY 2013: 7,204 million yen (up 38.7%) FY 2012: 5,195 million yen (up 88.3%)

	Net profit per share	Net profit per share–assuming dilution	Return on equity (ROE)	Return on assets (ROA)	Operating profit ratio
	yen	yen	%	%	%
FY 2013	41.77	–	12.5	5.6	3.5
FY 2012	25.34	–	8.3	8.3	5.2

(Reference) Gain/loss on equity-method investments FY 2013: – million yen FY 2012: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY 2013	258,509	55,218	16.5	351.83
FY 2012	235,981	49,066	16.2	316.59

(Reference) Equity capital FY 2013: 42,599 million yen FY 2012: 38,331 million yen

(3) Consolidated cash-flow position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Ending balance of cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2013	21,572	(24,373)	2,878	18,657
FY 2012	24,099	(19,398)	(6,593)	18,580

2. Dividend position

	Annual dividends					Total dividends (full-year)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY 2012	–	8.00	–	8.00	16.00	1,937	63.1	5.0
FY 2013	–	8.00	–	8.00	16.00	1,937	38.3	4.8
FY 2014 (forecast)	–	8.00	–	8.00	16.00	–	30.9	–

3. Consolidated business performance forecasts for FY 2014 (April 1, 2013 – March 31, 2014))

(Percentages [%] indicate changes from the previous year for annual figures and year-on-year changes for quarterly figures.)

	Sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Q2 (cumulative)	236,030	14.8	9,968	11.8	9,072	11.4	3,194	0.6	26.38
Full year	473,927	13.5	18,863	28.0	17,232	24.2	6,259	23.8	51.70

Notes

(1) Important changes in subsidiaries (changes in specified subsidiaries involving changes in scope of consolidation) during this fiscal year [✓ Y] / N

New: one company; name: Maruya Co., Ltd. Removed: ____ company(ies); name: ____________

Note: For more information, see “Group position” on p. 7.

(2) Changes in accounting policies, changes in accounting estimates, corrections

(i) Changes in accounting policies involving revisions of accounting standards: Y / [✓ N]

(ii) Other changes in accounting policies: Y / [✓ N]

(iii) Change in accounting estimates: Y / [✓ N]

(iv) Corrections Y / [✓ N]

(3) Shares issued and outstanding (common stock)

(i) Ending number of shares issued and outstanding (including treasury stock)	FY 2013	121,100,000 shares	FY 2012	121,100,000 shares
(ii) Ending number of shares of treasury stock	FY 2013	23,497 shares	FY 2012	23,395 shares
(iii) Average shares during the fiscal year	FY 2013	121,076,640 shares	FY 2012	121,076,685 shares

Note: See “Per-share information” on p. 22 concerning the number of shares on which calculations of net profit per share (consolidated) are based.

1. Non-consolidated financial performance in the fiscal year ended March 2013 (April 1, 2012 – March 31, 2013)

(1) Non-consolidated business performance (Percentages [%] indicate changes from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2013	196,364	(1.6)	4,319	(59.8)	6,486	(43.4)	1,016	–
FY 2012	199,451	(3.5)	10,741	(20.8)	11,453	(19.7)	(8,497)	–

	Net profit per share	Net profit per share–assuming dilution
	yen	yen
FY 2013	8.39	–
FY 2012	(70.17)	–

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY 2013	212,050	28,890	13.6	238.61
FY 2012	180,103	29,001	16.1	239.52

(Reference) Equity capital FY 2013: 28,890 million yen FY 2012: 29,001 million yen

Notes on implementation of audit procedures

These Financial Results are not subject to audit procedures under the Financial Instruments and Exchange Act. Audit procedures were underway for financial statements at the time of release of these Financial Results.

Notes on appropriate use of forecasts of business performance and other notes

The forecast figures indicated above are projections based on the information available at the time they were prepared. They include some degree of uncertainty. Actual business performance and other results may differ from the forecast figures indicated above. See p. 3 of the Appendix for information on the above forecast figures.

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1. Business performance and financial position

(1) Analysis of business performance

Although the Japanese economy showed signs of a gradual recovery this consolidated fiscal year (the period from April 1, 2012 to March 31, 2013), uncertainty continued to remain high over foreign economies, resulting in sluggish growth. Signs of a recovery did emerge in some areas of the economy following the change of government in December as people placed their hopes on the new economic and financial policies, but the future of the economy nevertheless continues to remain uncertain.

The food service industry has continued to operate within a harsh economic climate, with sluggish consumer spending resulting from uncertainty in employment and income situations, rising prices of ingredients and electricity costs, and so on.

Operating in the Zensho Group's core business in the Gyudon (beef bowl) category, Sukiya has maintained high net sales at existing restaurants over the medium to long term: Net sales in this consolidated fiscal year at existing restaurants were 113.2% relative to the 2003 figure and 108.8% relative to the 2009 figure. However, year-on-year figures showed a decline in net sales (to 92.2%), a reaction to the increase in sales one year ago in the early stages of recovery from the Great East Japan Earthquake. Rising prices of rice, meat and other foodstuffs, as well as increasing energy costs, have also contributed to a decrease in profits compared to the previous year. In addition, Coco's, Big Boy, and Jolly Pasta in the Family Dining category and Hamasushi, a chain in the Fast Food Service category that continues opening new outlets, all recorded strong performance overall in terms of net sales at existing restaurants.

At the end of this consolidated fiscal year, the Group's number of stores stood at 4,629 locations. Events contributing to this figure included the opening of 240 restaurants and the closing of 47 restaurants and the addition of Maruya Co.,Ltd. to the scope of consolidation, a move that increased the number of stores.

Consolidated business performance in this consolidated fiscal year showed sales of 417,577 million yen (up 3.6% year-on-year), operating profit of 14,736 million yen (down 29.8% year-on-year), ordinary profit of 13,873 million yen (down 28.1% year-on-year), and net profit of 5,058 million yen (up 64.8% year-on-year).

Information on reporting segments is omitted here because the Company's only reporting segment operates in the food industry. An overview of conditions in each of the major categories of the food business is provided below.

Gyudon category

With the opening of 169 restaurants and the closing of 20 restaurants, the number of restaurants in the Gyudon category at the end of this consolidated fiscal year totaled at 2,465. This figure includes 1,913 outlets in Sukiya operated by Zensho Co., Ltd. and 482 outlets (including 26 franchised outlets) operated by Nakau Co., Ltd.

In addition to opening new locations and strengthening brand power through advertising, public relations, and other activities, Sukiya, a gyudon chain operated by Zensho Co., Ltd., strengthened its product lineup by continuing to add new and seasonal products, drawing on the Group's strength in sales. Sukiya also has been seeking to strengthen quality controls and improve its service to allow customers to continue to enjoy safe, delicious products with peace of mind.

Products introduced in this consolidated fiscal year included variations on Sukiya's traditional gyudon dishes, including Curry Nanban (regular size: 400 yen) and Sanshu no Kinoko Gyudon (regular size: 400 yen) for a limited time only, as well as eel bowl (regular size: 780 yen) as a seasonal product and Gyu-toro don (stewed beef rib) (regular size: 680 yen) and Tonkabayakidon (special rice bowl with grilled pork) (regular size: 630 yen) as a specialty bowl. The chain also introduced Tamagokake Gohan Choshoku (a rice and egg breakfast) (regular size: 200 yen) during breakfast hours to entice customers to have breakfast.

Nakau, a Japanese-style gyudon and Kyoto-style udon noodle chain operated by Nakau Co., Ltd., sought to improve business performance and strengthen the power of its products by enhancing its menu and introducing seasonal products. It also sought to improve existing products while undertaking various sales promotions. One approach to enhancing its menu was to strengthen its breakfast lineup, including Medamayaki Asateishoku (a rice and fried egg breakfast) (regular size: 200 yen), introduced in September.

Due to these efforts, sales in the Gyudon category in the cumulative period through this consolidated fiscal year totaled 177,812 million yen (down 0.5% year-on-year).

Family Dining category

With the opening of 1 restaurant, the closing of 15 restaurants, and some conversions to other business categories within the Group, the number of restaurant locations in the Family Dining category stood at 1,553 outlets at the end of this consolidated fiscal year.

Coco's, the standard restaurant chain operated by Coco's Japan Co., Ltd., sought to strengthen business performance by improving in-store service. It continued efforts from the previous year to boost sales through effective promotions and to cut costs through strengthened labor productivity and other measures.

The Big Boy chain of hamburger steak and grill restaurants and other restaurants operated by Big Boy Japan Inc. sought to improve business performance in various ways, including improvements in its main products as well as salad bar, soup bar and new set menus.

Jolly Pasta restaurants, the chain that sells boiled spaghetti and handmade pizza, and other restaurants operated by Sunday's Sun INC., sought to make their menus even more delicious by improving their pasta sauces and by introducing full-featured seasonal menus. Under the slogan "When you want pasta, it's Jolly Pasta," these measures have seeking to underscore the chain's identity as a pasta specialist.

To increase customer satisfaction, Hanaya Yohei, the Japanese-cuisine restaurant chain operated by Hanaya Yohei Co., Ltd. targeted various improvements, including improving service by strengthening training of in-store employees; improving labor productivity; and developing safe, delicious products customers can enjoy with peace of mind.

Due to these efforts, sales in the Family Dining category in the cumulative period through this consolidated fiscal year totaled 146,972 million yen. (down 2.4% year-on-year)

Fast Food Service category

With the opening of 68 restaurants, the closing of 9 restaurants, and some conversions from other business categories within the Group, the number of restaurant locations in the Fast Food Service category at the end of this consolidated fiscal year stood at 517.

Due to these efforts, sales in the Fast Food Service category in the cumulative period through this consolidated fiscal year totaled 62,189 million yen (up 32.7% year-on-year).

Other category

Net sales in the Other category in the cumulative period through this consolidated fiscal year totaled 30,601 million yen (up 14.1% year-on-year). A majority stake in Maruya Co., Ltd. – the company that operates the supermarket chain "Maruya" – was acquired in November 2012, with consolidation coming in this third quarter. Main businesses included in this category include Tolona Japan Co., Ltd., which produces and sells pizzas; Sanbishi Co., Ltd., which produces and sells soy sauce; and Global Fresh Supply Co., Ltd., a company which handles logistics functions for the Zensho Group, and Global Table Supply Co., Ltd., which procures supplies, uniforms, and other equipment.

Although the government's economic and financial policies are expected to spur a recovery of the economy, the forecast for the next period nevertheless continues to remain uncertain, with various concerns such as the unease in the employment and income environments, low consumer confidence due to the increase in the consumption tax, and so on.

Given these conditions, as an enterprise providing safe, delicious food at reasonable cost to people all around the world, the Zensho Group will continue to strengthen the brands within each of its business categories. Efforts targeting this goal include the pursuit of food safety, improvements in the quality of restaurants, and an energetic program to open new restaurants in categories offering competitive strengths, both in Japan and around the world. In pursuit of group synergies, the Zensho Group will also seek to achieve sustained improvements in product quality and cost through a mass-merchandising system (MMD), through which it implements integrated design and management of activities ranging from procurement of food materials through production, logistics, and in-store sales.

The Group projects the following full-year business performance figures: 473,927 million yen in net sales (up 13.5% from the previous year); 18,863 million yen in operating profit (up 28.0% from the previous year); 17,232 million yen in ordinary profit (up 24.2% from the previous year); and 6,259 million yen in net profit (up 23.8% from the previous year).

(2) Analysis of financial position

(i) Position of assets, liabilities, and net assets

At the end of this consolidated fiscal year, the Group's assets increased by 22,528 million yen, mainly due to capital investments accompanying activities such as the opening of 240 new restaurants and increase in inventories by promoting direct trading.

Liabilities increased by 16,376 million yen, mainly due to an increase in loans payable accompanying active efforts to open new restaurants.

Net assets had increased by 6,152 million yen, mainly due to an increase in retained earnings accompanying net profit.

(ii) Cash-flow position

	Amount
Beginning balance in cash and cash equivalents	18,580 million yen
Operating cash flow	21,572 million yen
Investing cash flow	(24,373 million yen)
Financing cash flow	2,878 million yen
Ending balance in cash and cash equivalents	18,657 million yen
(Reference) Free cash flow	(2,800 million yen)

Cash and cash equivalents ("funds" hereinafter) totaled 18,657 million yen at the end of this consolidated fiscal year. This was due to cash inflows, including net income before taxes and other adjustments, and depreciation, along with cash outflows resulting from expenditures on opening new restaurants, debt repayment, payment of interest, and payment of corporate and other taxes, as well as dividends.

(Cash flow from operating activities)

Cash flow from operating activities resulted in an increase in funds of 21,572 million yen. This was mainly due to net income before taxes and other adjustments and depreciation.

(Cash flow from investing activities)

Cash flow used in investment activities resulted in a decrease in funds of 24,373 million yen. This was mainly due to expenditures on acquisition of tangible fixed assets to open new restaurants and on purchase of stock in affiliates.

(Cash flow from financing activities)

Cash flow from financing activities resulted in an increase in funds of 2,878 million yen. This was mainly due to increase in loans payable accompanying active efforts to open new restaurants and expenditures on payment of dividends.

(Reference) Trends in cash flow indicators

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Equity ratio (%)	13.2	14.7	15.6	16.2	16.5
Equity ratio on market price basis (%)	24.6	36.5	43.2	52.1	58.1
Debt repayment period (years)	11.4	6.2	5.4	6.0	6.8
Interest coverage ratio (times)	6.1	9.8	10.4	10.3	10.3

Notes: 1. Equity ratio: equity capital/total assets
Market value basis equity ratio: total market value of stock/total assets
Debt repayment period: interest-bearing debt/operating cash flow
Interest coverage ratio: operating cash flow/interest payments
2. Each of the above indicators is calculated using financial figures on a consolidated basis.
3. The total market value of stock is calculated as follows: year-end closing price × year-end number of shares issued and outstanding (after subtracting treasury stock).
4. The figure for cash flow from operating activities on the consolidated statement of cash flows is used as operating cash flow. The figure for payment of interest on the consolidated statement of cash flows is used as interest payments.
5. Since the fiscal year ended March 2009, interest-bearing debt includes lease liabilities.

(3) Basic policy on distribution of profits and dividends for the current year and next year

Regarding the stable return of profits to its shareholders as among its key management goals, the Zensho Group applies a basic policy of distributing profits in accordance with business performance while actively expanding its lines of business and enhancing internal reserves.

In accordance with the above policy, plans call for payment of 16 yen per share in dividends over the course of this consolidated fiscal year, consisting of 8 yen/share in midyear dividends and 8 yen/share in year-end dividends.

Also in accordance with the above policy, plans call for payment of 16 yen per share in dividends in the next fiscal year, consisting of 8 yen/share in midyear dividends and 8 yen/share in year-end dividends.

(4) Business risks and other risks

Provided below is an overview of business risks and various other risks Zensho Holdings and the Zensho Group face that may have a significant impact on management decisions. Recognizing the possibility of these risks, the Company will seek to avoid them while preparing to respond appropriately in the event that they do occur. This information includes forward-looking statements that reflect judgments made as of the end of this consolidated fiscal year.

(i) Procurement of raw materials

Events such as supply instabilities or the rising cost of food materials in the event of disease outbreaks (past examples include bovine spongiform encephalopathy (BSE) or avian influenza), unseasonable weather, or natural disasters may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

(ii) Control of safety of food products

While the Group pursues thorough quality and sanitation control to provide safe, delicious products to its customers, factors such as damage to the corporate image in the event of mass food poisoning or other health and safety problems may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

(iii) Regulatory environment

In addition to the Companies Act, the Financial Instruments and Exchange Act, the Corporation Tax Act, and other generally applicable laws and regulations, the Group is also subject to various legal regulations and systems governing restaurant management, including the Food Sanitation Act, the Labor Standards Act, and the Container and Packaging Recycling Act. New costs required to comply with future strengthening in these regulations may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

(iv) Dependence on main businesses

The Zensho Group currently consists of Gyudon category, Restaurant category, Fast food category, and other categories. Through expansion, the Group is in the process of building a structure less dependent on any single business type. Nevertheless, events affecting the performance of a single business type, including problems in procuring food materials or other risks, may still harm the business performance and financial position of Zensho and the Zensho Group.

(v) Business performance of businesses subject to M&A activities

Through now, the Zensho Group has endeavored to grow its lines of business through mergers and acquisitions (M&A) in addition to opening new restaurants. While in an M&A dedicated sections carefully research the subject business from multifaceted points of view through the due-diligence process, there is a possibility that revenue improvements could not be implemented as originally planned or that it would not be possible to maintain the management team, employees, or customer base following the merger or acquisition. It is also possible that contingent liabilities or unrecognized liabilities could arise after an M&A, the occurrence of which may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

(vi) Risk of natural disasters

In the event of a natural disaster such as a large-scale earthquake, flood, or typhoon in regions that include locations of Zensho Group restaurants or plants, the scope of the actual damage may render it difficult to carry out ordinary business activities, harming the business performance and financial position of Zensho Holdings and the Zensho Group.

(vii) Rising interest rates

Until now, the Zensho Group has raised some of the funds used for capital investments in restaurants and other facilities and in M&A activities by borrowing from financial institutions. This is intended to make the most of the historically low interest rates of recent years. While the Group does hedge against rising interest rates by employing a ratio of fixed assets to net worth of 88.7%, from a long-term perspective, rising cost burdens due to rising interest rates may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

(viii) Asset-impairment accounting

Impairment losses recorded by the Group in the future based on asset-impairment accounting for fixed assets may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

(ix) Dependence on leased restaurant properties

The Zensho Group leases the land and buildings for its offices and most of its restaurants. While leases can be renewed with the agreement of the lessor, the lessor may terminate the lease agreement for his or her own reasons. It is also possible that a restaurant may be forced into unplanned closure due to the early termination of a lease for the lessor's own reasons. These events may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

(x) Foreign exchange risks

Zensho Holdings and the Zensho Group purchase some raw materials from overseas. Exchange rate fluctuations affect the cost of such materials. While the Group seeks to minimize its exposure to foreign exchange risk through forward foreign exchange contracts and other means, there is no guarantee that it will be able to hedge against all foreign exchange risk in a timely manner in accordance with growth in business performance. Thus, rising costs in the event of short-term violent fluctuations in exchange rates may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

(xi) Catalina Restaurant Group Inc. (U.S.)

In May 2006, Zensho America Corp., Zensho's wholly-owned subsidiary, made the U.S. firm Catalina Restaurant Group Inc. a subsidiary. The Catalina Restaurant Group operates the Coco's and Carrow's restaurant chains in the United States. As of the end of March 2013, it operated 178 locations in the states of California, Arizona, Nevada, and elsewhere. Various measures to strengthen this business will be carried out in the future, including large-scale menu revisions focusing on introducing new products and revising restaurant operation systems. However, the inability to carry out these plans for various reasons (including concerns about an economic downturn in the United States) may harm the business performance and financial position of Zensho Holdings and the Zensho Group.

2. Group position

The Zensho Group consists of 36 companies—Zensho Holdings and 35 subsidiaries—and carries out a broad range of business activities in the food business.

(1) Gyudon category (share of Group sales: 42.6%)

Zensho Co., Ltd. runs directly operated outlets of Sukiya, a family Gyudon chain, across Japan, striving to provide a broad range of customers, including families, with an abundant choice of value-priced products and satisfying service.

Nakau Co., Ltd. offers both directly operated and franchised outlets of Nakau, a Japanese-style Gyudon and Kyoto-style udon noodle chain that provide customers with high quality food, primarily in urban locations.

(2) Restaurant category (share of Group sales: 35.2%)

Coco's Japan Co., Ltd. offers both directly operated and franchised outlets of Coco's, a standard restaurant selling meals in the 1,000-yen price range, across Japan.

Big Boy Japan Inc. directly operates hand-kneaded hamburger and salad-bar restaurants. It directly operates Big Boy restaurants chiefly in the Kanto, Kansai, and Tohoku regions of Japan and the Victoria Station restaurants in Hokkaido.

Sunday's Sun Inc. directly operates Jolly Pasta restaurants, which sell boiled spaghetti and handmade pizza, and Fracasso Italian kitchens, both primarily in the Kanto and Kansai regions.

Hanaya Yohei Co., Ltd. directly operates the Hanaya Yohei chain of Japanese-cuisine restaurants in the Kanto region.

Catalina Restaurant Group Inc. operates the Coco's and Carrows family dining chains, primarily in the U.S. state of California.

(3) Fast food category (share of Group sales: 14.9%)

Hamasushi Co., Ltd. directly operates the Hamasushi chain of conveyer-belt sushi restaurants. Yamato Foods Co., Ltd. directly operates the Kyubeiya chain of restaurants in the Kanto region; the main product is homemade udon. It also operates franchises of Mister Donut and Mos Burger, primarily in the Kanto region.

(4) Other (share of Group sales: 7.3%)

The main businesses of Tolona Japan Co., Ltd. are the production and sale of pizza crust.

The main businesses of Sanbishi Co., Ltd. are the production and sale of soy sauce and other seasonings.

The main business of Maruya Co., Ltd. is the operation of supermarkets.

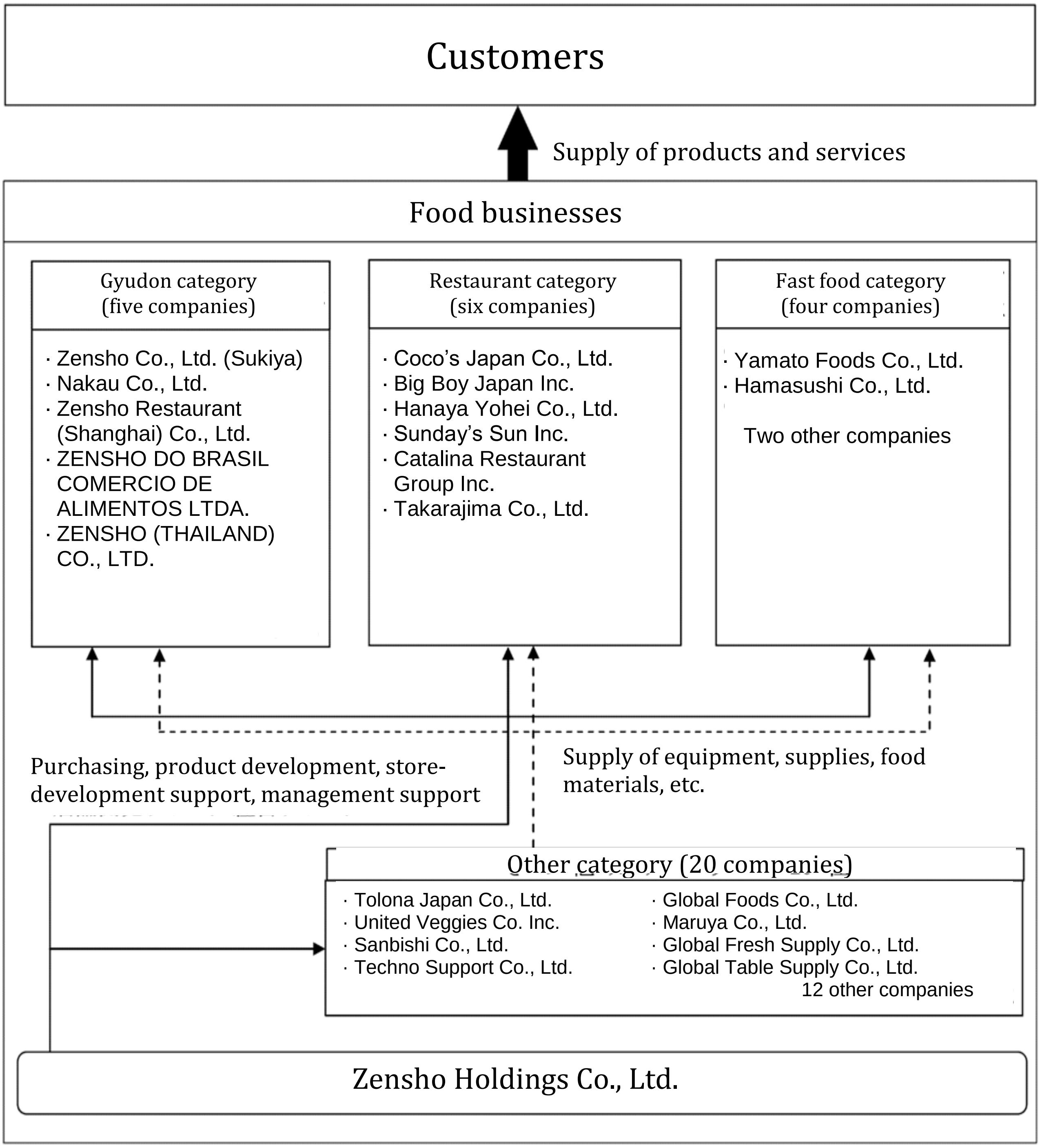
The main business of United Veggies Co. Inc. is the sale of fruits and vegetables.

The main businesses of Techno Support Co., Ltd. are facilities and maintenance.

The main businesses of Global Foods Co., Ltd. are the purchase and sale of food materials.

The main business of Global Fresh Supply Co., Ltd. is the nationwide distribution of food materials.

The main business of Global Table Supply Co., Ltd. is the sale of supplies and equipment.


Customers
Supply of products and services
Food businesses
Gyudon category
(five companies)
· Zensho Co., Ltd. (Sukiya)
· Nakau Co., Ltd.
· Zensho Restaurant (Shanghai) Co., Ltd.
· ZENSHO DO BRASIL COMERCIO DE ALIMENTOS LTDA.
· ZENSHO (THAILAND) CO., LTD.
Restaurant category
(six companies)
· Coco's Japan Co., Ltd.
· Big Boy Japan Inc.
· Hanaya Yohei Co., Ltd.
· Sunday's Sun Inc.
· Catalina Restaurant Group Inc.
· Takarajima Co., Ltd.
Fast food category
(four companies)
· Yamato Foods Co., Ltd.
· Hamasushi Co., Ltd.
Two other companies
Purchasing, product development, store-development support, management support
Supply of equipment, supplies, food materials, etc.
Other category (20 companies)
· Tolona Japan Co., Ltd.
· United Veggies Co. Inc.
· Sanbishi Co., Ltd.
· Techno Support Co., Ltd.
· Global Foods Co., Ltd.
· Maruya Co., Ltd.
· Global Fresh Supply Co., Ltd.
· Global Table Supply Co., Ltd.
12 other companies
Zensho Holdings Co., Ltd.

3. Management policies

(1) The Company's basic management policies

Based on the fundamental philosophy of eradicating hunger and poverty from the world, the Zensho Group does business around the world. Its mission is to provide people around the world with safe, delicious food at reasonable price by developing a broad range of food businesses. To provide safe, high quality products and services to its customers, it strives to develop a mass-merchandising system (MMD) to plan and design all processes ranging from menu development through procurement of food materials, production and processing, logistics, and sales, and to implement integrated control of these processes.

By putting this MMD into practice, we strive to develop restaurants that can be used safely and conveniently by a wide range of customers at any time. We also strive to expand our lines of business and increase efficiency and to increase shareholder value.

(2) Target management indicator

As an important management indicator for increasing returns to shareholders and improving corporate value, the Zensho Group targets an ordinary profit ratio of 10%.

(3) Mid- to long-term Company management strategies and topics

In the future, we will address the following points as key topics:

(i) Progress on MMD

To allow its customers to enjoy safe, delicious products with peace of mind and to ensure safety from the raw materials stage through the MMD, the Zensho Group has sought to improve business performance, expand its lines of business, and pursue group synergies. By further strengthening these efforts, we will pursue food safety, improve product quality, and improve costs.

(ii) Growth by opening new restaurants and through M&A activities

In addition to an ongoing energetic program to open new restaurants in categories in which it offers competitive strengths, both in Japan and worldwide, the Group will also make it possible to open new restaurants in other categories by strengthening their competitive capabilities. We will also consider further strengthening the MMD through M&A activities.

(iii) Brand progress

We will build our brands by pursuing quality, quick service, and cleanliness (QQSC) in all our businesses, while moving ahead to build spaces in which customers can enjoy their food in comfort.

(iv) Food safety

We regard assuring food safety on behalf of our customers as the most important issue we face. Through our Food Safety Pursuing Division, responsible for food safety group-wide, we will pursue food safety by strengthening efforts in areas including sanitary management in restaurants, securing traceability of food materials, and quality testing of food materials.

4. Consolidated financial statements

(1) Consolidated balance sheet

(Units: Millions of yen)

	Previous consolidated fiscal year (March 31, 2012)	This consolidated fiscal year (March 31, 2013)
Assets		
Current assets		
Cash and deposits	18,580	18,657
Notes and accounts receivable – trade	4,774	4,748
Merchandise and products	7,179	10,012
In-process inventories	358	510
Raw materials and supplies	2,488	2,492
Deferred income taxes	1,844	1,615
Other receivables	9,090	11,787
Allowance for doubtful accounts	(0)	(10)
Total current assets	44,317	49,816
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	141,312	160,366
Accumulated depreciation	(67,329)	(82,418)
Buildings and structures (net)	73,982	77,947
Machinery and vehicles	11,644	12,583
Accumulated depreciation	(6,049)	(6,040)
Machinery and vehicles (net)	5,594	6,542
Tools, appliances, and fixtures	34,352	42,118
Accumulated depreciation	(20,524)	(25,850)
Tools, appliances, and fixtures (net)	13,828	16,268
Land	9,344	14,051
Lease assets	14,101	17,095
Accumulated depreciation	(5,578)	(8,237)
Lease assets (net)	8,523	8,858
Construction in progress	386	803
Total property, plant, and equipment	111,660	124,471
Intangible assets		
Goodwill	13,052	12,399
Other	5,260	5,054
Total intangible assets	18,312	17,453
Investments and other assets		
Investment securities	4,069	4,276
Guarantee deposits	30,560	32,921
Long-term loans receivable	72	75
Long-term prepaid rents	22,644	24,591
Deferred income taxes	2,417	2,326
Other	1,773	2,405
Allowance for doubtful accounts	(4)	(21)
Total investments and other assets	61,532	66,574
Total noncurrent assets	191,506	208,498
Deferred assets		
Stock issuance expenses	4	0
Bond issuance expenses	153	194
Total deferred assets	157	194
Total assets	235,981	258,509

(Units: Millions of yen)

	Previous consolidated fiscal year (March 31, 2012)	This consolidated fiscal year (March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	11,067	13,281
Short-term loans payable	5,397	1,876
Current portion of bonds	3,190	5,990
Current portion of long-term loans payable	44,321	38,270
Lease obligations	2,639	2,658
Accrued income taxes	6,366	3,280
Allowance for bonuses	1,463	1,466
Derivatives obligations	640	—
Other	19,178	30,347
Total current liabilities	94,264	97,170
Noncurrent liabilities		
Corporate bonds	11,375	19,583
Long-term loans payable	69,131	72,522
Lease obligations	7,051	7,340
Allowance for retirement benefits	358	582
Asset retirement obligations	1,267	1,609
Other	3,466	4,482
Total noncurrent liabilities	92,649	106,120
Total liabilities	186,914	203,291
Net assets		
Shareholders' equity		
Capital stock	10,089	10,089
Capital surplus	10,642	10,642
Retained earnings	22,691	25,812
Treasury stock	(20)	(20)
Total shareholders' equity	43,403	46,524
Accumulated other comprehensive profit		
Net unrealized holding gains on securities	(1,144)	(698)
Deferred hedging gains/losses	(579)	(149)
Foreign currency translation adjustments	(3,348)	(3,076)
Total accumulated other comprehensive profit	(5,071)	(3,924)
Non-controlling interests	10,734	12,619
Total net assets	49,066	55,218
Total liabilities and net assets	235,981	258,509

(2) Consolidated statement of profit and loss and consolidated statement of comprehensive income

(Consolidated statement of profit and loss)

(Units: Millions of yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	This consolidated fiscal year (April 1, 2012 – March 31, 2013)
Sales	402,962	417,577
Cost of sales	141,341	154,942
Gross profit	261,621	262,634
Sales and general administrative expenses	240,615	247,897
Operating profit	21,005	14,736
Non-operating income		
Interest income	359	381
Dividend income	213	89
Lease income	569	345
Amortization of negative goodwill	3	3
Foreign exchange gains	48	562
Other	390	597
Total non-operating income	1,584	1,978
Non-operating expenses		
Interest expenses	2,413	2,022
Lease expenses	519	331
Other	356	488
Total non-operating expenses	3,289	2,842
Ordinary profit	19,300	13,873
Extraordinary income		
Gains on sale of noncurrent assets	3	1
Gains on sales of stock in affiliates	1,196	—
Gains on negative goodwill	—	1,220
Other	75	173
Total extraordinary income	1,275	1,395
Extraordinary losses		
Loss on sales of noncurrent assets	39	47
Loss on retirement of noncurrent assets	530	648
Loss on cancellation of lease contracts	204	108
Impairment losses	2,990	1,194
Loss on sales of investment securities	—	351
Other	767	369
Total extraordinary losses	4,532	2,719
Net profit before income taxes	16,043	12,549
Corporate, residence, and enterprise taxes	9,904	6,682
Income taxes – past year	2,731	—
Income taxes – deferred	(666)	(176)
Total corporate taxes	11,968	6,506
Net profit before non-controlling	4,074	6,042
Non-controlling interests in income (loss)	1,005	984
Net profit	3,068	5,058

(Consolidated statement of comprehensive income)

(Units: Millions of yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	This consolidated fiscal year (April 1, 2012 – March 31, 2013)
Net profit before non-controlling interests	4,074	6,042
Other comprehensive profit		
Valuation difference on available-for-sale securities	206	459
Deferred hedging gains/losses	948	429
Foreign currency translation adjustments	(33)	271
Total other comprehensive profit	1,121	1,161
Comprehensive profit	5,195	7,204
(Breakdown)		
Comprehensive profit attributable to parent company owners	4,175	6,205
Comprehensive profit attributable to non-controlling interests	1,020	999

(3) Consolidated statement of changes in shareholders' equity

(Units: Millions of yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	This consolidated fiscal year (April 1, 2012 – March 31, 2013)
Shareholders' equity		
Capital stock		
Beginning balance	10,089	10,089
Ending balance	10,089	10,089
Capital surplus		
Beginning balance	10,642	10,642
Ending balance	10,642	10,642
Retained earnings		
Beginning balance	21,440	22,691
Change during this fiscal year		
Dividends declared	(1,816)	(1,937)
Net profit	3,068	5,058
Decrease in retained earnings from change in equity	(1)	—
Total change during this fiscal year	1,250	3,120
Ending balance	22,691	25,812
Treasury stock		
Beginning balance	(20)	(20)
Change during this fiscal year		
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	—	0
Total change during this fiscal year	(0)	(0)
Ending balance	(20)	(20)
Total shareholders' equity		
Beginning balance	42,152	43,403
Change during this fiscal year		
Dividends declared	(1,816)	(1,937)
Net profit	3,068	5,058
Decrease in retained earnings from change in equity	(1)	—
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	—	0
Total change during this fiscal year	1,250	3,120
Ending balance	43,403	46,524
Accumulated other comprehensive profit		
Valuation difference on available-for-sale securities		
Beginning balance	(1,335)	(1,144)
Change during this fiscal year		
Change during this fiscal year (net) in accounts other than shareholders' equity	191	445
Total change during this fiscal year	191	445
Ending balance	(1,144)	(698)
Deferred hedging gains/losses		
Beginning balance	(1,528)	(579)
Change during this fiscal year		
Change during this fiscal year (net) in accounts other than shareholders' equity	948	429
Total change during this fiscal year	948	429
Ending balance	(579)	(149)

(Units: Millions of yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	This consolidated fiscal year (April 1, 2012 – March 31, 2013)
Foreign currency translation adjustments		
Beginning balance	(3,314)	(3,348)
Change during this fiscal year		
Change during this fiscal year (net) in accounts other than shareholders' equity	(33)	271
Total change during this fiscal year	(33)	271
Ending balance	(3,348)	(3,076)
Total accumulated other comprehensive income		
Beginning balance	(6,178)	(5,071)
Change during this fiscal year		
Change during this fiscal year (net) in accounts other than shareholders' equity	1,106	1,147
Total change during this fiscal year	1,106	1,147
Ending balance	(5,071)	(3,924)
Non-controlling interests		
Beginning balance	9,913	10,734
Change during this fiscal year		
Change during this fiscal year (net) in accounts other than shareholders' equity	821	1,884
Total change during this fiscal year	821	1,884
Ending balance	10,734	12,619
Total net assets		
Beginning balance	45,887	49,066
Change during this fiscal year		
Dividends declared	(1,816)	(1,937)
Net profit	3,068	5,058
Decrease in retained earnings from change in equity	(1)	—
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	—	0
Change during this fiscal year (net) in accounts other than shareholders' equity	1,928	3,031
Total change during this fiscal year	3,178	6,152
Ending balance	49,066	55,218

(4) Consolidated statement of cash flows

(Units: Millions of yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	This consolidated fiscal year (April 1, 2012 – March 31, 2013)
Cash flows from operating activities		
Net profit before taxes and other adjustments	16,043	12,549
Depreciation	16,006	17,212
Amortization of goodwill	1,069	932
Amortization of negative goodwill	(3)	(3)
Gains on negative goodwill	—	(1,220)
Increase (decrease) in allowance for doubtful accounts	(18)	4
Increase (decrease) in allowance for bonuses	(104)	(51)
Increase (decrease) in allowance for retirement	(1)	(17)
Increase (decrease) in allowance for directors' retirement benefits	(1)	—
Interest and dividends received	(573)	(470)
Interest expense	2,413	2,022
Foreign exchange losses (gains)	(65)	(526)
Loss (gain) on valuation of investment securities	—	44
Loss (gain) on sale of stock in affiliates	(1,196)	—
Loss (gain) on sale of investment securities	(2)	351
Loss (gain) on sale of property, plant, and equipment	36	45
Loss on retirement of property, plant, and equipment	523	637
Impairment losses	2,990	1,194
Other extraordinary losses (gains)	326	109
Other non-operating losses (gains)	(7)	(164)
Decrease (increase) in accounts receivable – trade	(1,058)	75
Decrease (increase) in inventories	(2,254)	(2,171)
Increase (decrease) in accounts payable – trade	1,038	1,279
Increase (decrease) in accrued consumption taxes	(320)	508
Decrease (increase) in other current assets	1,019	(229)
Decrease (increase) in other noncurrent assets	147	860
Increase (decrease) in other current liabilities	1,668	472
Increase (decrease) in other noncurrent liabilities	(75)	169
Subtotal	37,601	33,613
Interest and dividends received	255	85
Interest paid	(2,333)	(2,094)
Income taxes paid	(11,424)	(10,031)
Cash flows from operating activities	24,099	21,572

(Units: Millions of yen)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	This consolidated fiscal year (April 1, 2012 – March 31, 2013)
Cash flows from investing activities		
Purchase of property, plant, and equipment	(16,021)	(18,209)
Proceeds from sale of property, plant, and equipment	43	121
Purchase of intangible assets	(391)	(484)
Proceeds from sale of intangible assets	—	2
Purchase of long-term prepaid expenses	(195)	(275)
Purchase of investment securities	(75)	(36)
Proceeds from sale of investment securities	3	1,349
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(2,927)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	1,263	—
Payments of loans receivable	65	(5)
Collection of loans receivable	8	154
Security deposits and guarantees pledged	(1,765)	(1,735)
Security deposits and guarantees returned	571	1,030
Revenue and expenditures on insurance funds	(5)	83
Expenditures on lease premiums	(171)	(133)
Expenditures on long-term prepaid rents	(2,581)	(3,169)
Other	(147)	(139)
Cash flows from investing activities	(19,398)	(24,373)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	3,687	(6,022)
Net increase (decrease) in short-term bonds payable	—	7,000
Proceeds from long-term loans payable	34,782	42,462
Repayment of long-term loans payable	(51,754)	(46,365)
Repayment of lease obligations	(2,377)	(3,010)
Purchase of treasury stock	(0)	(0)
Purchase of treasury stock in consolidated subsidiaries	(0)	(0)
Proceeds from issuance of bonds	13,000	15,000
Redemption of bonds	(1,778)	(3,990)
Repayment of installment payables	(141)	(60)
Payment of dividends	(1,813)	(1,935)
Dividends paid to minority shareholders	(198)	(198)
Other	—	0
Cash flows from financing activities	(6,593)	2,878
Effect of exchange rate changes on cash and cash equivalents	(44)	(1)
Increase (decrease) in cash and cash equivalents	(1,937)	77
Beginning balance of cash and cash equivalents	20,518	18,580
Ending balance of cash and cash equivalents	18,580	18,657

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Important bases for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Thirty-five subsidiaries are subject to consolidation.

Names of main consolidated subsidiaries:

Zensho Co., Ltd., Coco's Japan Co., Ltd., Techno Support Co., Ltd., Global Foods Co., Ltd., Yamato Foods Co., Ltd., Global Table Supply Co., Ltd., Hamazushi Co., Ltd., Big Boy Japan Inc., Nakau Co., Ltd., Takarajima Co., Ltd., Sanbishi Co., Ltd., Sunday's Sun Inc., Catalina Restaurant Group Inc., Tolona Japan Co., Ltd., Hanaya Yohei Co., Ltd., Maruya Co.,Ltd., and 19 other companies

ZENSHO FOOD SINGAPORE PTE LTD. and 2 other companies were newly established during this consolidated fiscal year. In addition, majority stakes were acquired for Tamon Foods Co., Ltd. and Maruya Co., Ltd, making them new subsidiaries. These companies are therefore included within the consolidations of this fiscal year.

During this consolidated fiscal year, consolidated subsidiary Global Foods Co., Ltd. merged with the consolidated subsidiary Global Seafood Co., Ltd.

During this consolidated fiscal year, consolidated subsidiary ZENSHO Co., Ltd. merged with the consolidated subsidiary Ei Dining Co., Ltd.

(2) Names of important non-consolidated subsidiaries and other information

・Names of important non-consolidated subsidiaries

ZENSHO FOOD MALAYSIA SDN. BHD. and other companies

・Reasons why they were not consolidated

Non-consolidated subsidiaries are always small-scale, and the total assets of each company, their sales, net profit or loss (amount corresponding to equity), retained earnings (amount corresponding to equity), etc. therefore do not have any significant effect on the consolidated financial statement.

2. Application of equity method

(1) Number of equity-method affiliates:

No applicable companies

(2) Non-consolidated subsidiaries to which the equity method was not applied

・Names of important non-consolidated subsidiaries

ZENSHO FOOD MALAYSIA SDN. BHD. and other companies

・Reasons why they were not consolidated

The effects that their net profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity), etc. would have on the consolidated financial statements would be insignificant even if the equity-method were not applied. In addition, as a whole they are unimportant.

3. Fiscal years of consolidated subsidiaries and other topics

The account closing date for Maruya Co., Ltd., which was made a new subsidiary during this consolidated fiscal year, used to be February 20th. However, this has been moved to the last day of March since this consolidated fiscal year. For this reason, a financial statement for the 4 months and 11 days between November 21, 2012 and March 31, 2013 was used when creating the consolidated financial statement.

4. Accounting standards

(1) Standards and methods for evaluating important assets

(i) Securities

Available-for-sale securities:

Available-for-sale securities with fair market values:

Mark-to-market based on market values and other information as of the date of settlement of accounts (The entire amount of revaluation gains/losses is booked directly to net assets. Costs of sold securities are calculated by the moving average method.)

Available-for-sale securities without fair market values:

Cost method, using the moving average method

For investments in limited partnerships for investment, the amount equivalent to equity is booked based on the most recent available financial statements issued on the settlement reporting dates specified in the partnership agreement.

(ii) Derivatives

Mark-to-market

(iii) Inventories

Merchandise: Mainly the last purchase price method

(The Balance Sheet figure is calculated by writing down book values based on decreased profitability.)

Products, raw materials, in-process products: Mainly the cost method, using FIFO

(The Balance Sheet figure is calculated by writing down book values based on decreased profitability.)

Stored goods: Mainly the last purchase price method

(The Balance Sheet figure is calculated by writing down book values based on decreased profitability.)

(2) Depreciation methods for important depreciable assets

(i) Property, plant, and equipment (not including leased assets)

Mainly the straight-line method

The standards employed for useful lives and residual values are generally identical to the methods specified in the Corporation Tax Act.

(ii) Intangible assets

Straight-line method

Software (used by the Company) is depreciated based on the number of years usable in the Company (five years).

(iii) Leased assets

The straight-line method is employed for leased assets related to finance lease transactions not involving transfer of ownership, using the lease term as the useful life of the asset and zero or the guaranteed residual value as the residual value.

Finance lease transactions not involving transfer of ownership for which the starting date of the lease transaction was March 31, 2008, or earlier are booked according to the method used for ordinary lease transactions.

(3) Methods of accounting for deferred assets

(i) Stock issuance expenses

Amortized over three years by the straight-line method

(ii) Bond issuance expenses

Amortized over the redemption period of the bond by the straight-line method

(4) Accounting standards for important reserves

(i) Allowance for doubtful accounts

To prepare for losses from unrecoverable claims, the anticipated amount of unrecoverable claims is booked as follows: The actual rate of unrecoverability is applied to ordinary claims; for extraordinary claims, such as those involving the possibility of default, the possibility of recovery is considered for each claim on a case-by-case basis.

(ii) Allowance for bonus reserves

Bonus reserves are booked based on the anticipated amount payable to prepare for bonus payments to employees.

(iii) Allowance for retirement and severance benefits

To prepare for payments of retirement and severance benefits to employees, retirement and severance benefit reserves are booked based on the anticipated amount of retirement and severance benefit obligations payable at the end of the consolidated fiscal year.

Zensho Holdings and some of the Zensho Group use the simplified method to make our calculations, while other consolidated subsidiaries use the principle method.

Actuarial differences that arise with the consolidated subsidiaries that employ the principle method are recorded in the consolidated fiscal year following the year in which they arise. The amount recorded is proportional according to the straight-line method applied over a prescribed number of years (5 years) from the average remaining years of service of employees in each consolidated fiscal year when the actuarial difference arises.

(5) Method of converting important foreign currency assets or liabilities into Japanese currency

Foreign currency claims and obligations are converted into yen using the spot exchange rate as of the date of consolidated settlement of accounts. Assets and liabilities of subsidiaries and other operations located overseas are converted to yen using the spot exchange rate on the date of the consolidated settlement of accounts. Revenues and expenses of subsidiaries and other operations located overseas are converted to yen using the average exchange rates during the period. Conversion differences are included in the foreign currency translation adjustments in the section on net assets.

(6) Important hedge accounting methods

(i) Hedge accounting methods

Deferral hedge accounting is applied.

Appropriation processing is applied to foreign exchange contracts meeting the requirements for that method. Special processing is applied to interest rate swaps meeting the requirements for that method.

(ii) Hedging vehicles and subjects

Vehicle	Subject
Currency options	Foreign currency accounts payable – trade
Foreign exchange contracts	Foreign currency accounts payable – trade
Currency swaps	Foreign currency accounts payable – trade Foreign currency debts
Interest rate swaps	Interest on debts

(iii) Hedging policy

Hedging is deployed against the risks of interest rate and exchange rate fluctuations on debt obligations, foreign currency monetary obligations, etc.

(iv) Method of assessing hedging efficacy

Hedge transactions undertaken by the company are deployed in accordance with risk management policies. Complete correlation is confirmed between hedging vehicles and subjects resulting from exchange rates and interest rate fluctuations.

(7) Amortization method and amortization period for goodwill

Goodwill and negative goodwill of Zensho Holdings and Zensho Group occurring before April 1, 2010 are amortized over 20 years using the straight-line method.

(8) Scope of funds on the Consolidated Statement of Cash Flows

These consist of cash on hand, deposits available for withdrawal on demand, and short-term investments easily liquidated subject to minor risk of fluctuations in value and redeemable within three months from the date of acquisition.

(9) Other important bases for preparation of consolidated financial statements

Accounting for consumption tax and other tax

The tax-excluded method is used to account for national and local consumption tax.

(Significant changes to bases for preparation of consolidated financial statements)

Not applicable

(Changes in methods of representation)

Not applicable

(Segment information)

1. Segment information

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012):
This information is omitted because the Group's only reporting segment is the food business.

This consolidated fiscal year (April 1, 2012 – March 31, 2013):
This information is omitted because the Group's only reporting segment is the food business.

2. Related information

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012):

(1) Product- and service-specific information
This information is omitted because the Group's only reporting segment is the food business.

(2) Region-specific information

(i) Sales
This information is omitted because more than 90% of sales on the consolidated statement of profit and loss are sales to external customers in Japan.

(ii) Property, plant, and equipment
This information is omitted because more than 90% of the value of tangible fixed assets on the consolidated balance sheet consist of the value of tangible fixed assets located in Japan.

(3) Information on specific main customers
This information is omitted because sales to no specific external customer account for 10% or more of the sales on the consolidated statement of profit and loss.

This consolidated fiscal year (April 1, 2012 – March 31, 2013):

(1) Product- and service-specific information
This information is omitted because the Group's only reporting segment is the food business.

(2) Region-specific information

(i) Net sales
This information is omitted because more than 90% of net sales on the consolidated statement of profit and loss consist of sales to external customers in Japan.

(ii) Property, plant, and equipment
This information is omitted because more than 90% of the value of tangible fixed assets on the consolidated balance sheet consist of the value of tangible fixed assets located in Japan.

(3) Information on specific main customers
This information is omitted because sales to no specific external customer account for 10% or more of the net sales on the consolidated statement of profit and loss.

3. Information on impairment loss of fixed assets per reporting segment

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012):
This information is omitted because the Group's only reporting segment is the food business.

This consolidated fiscal year (April 1, 2012 – March 31, 2013):
This information is omitted because the Group's only reporting segment is the food business.

4. Information on amortization amount and unamortized balance of goodwill by reporting segment

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012):
This information is omitted because the Group's only reporting segment is the food business.

This consolidated fiscal year (April 1, 2012 – March 31, 2013):

This information is omitted because the Group's only reporting segment is the food business.

5. Information on gain on negative goodwill by reporting segment

Previous consolidated fiscal year (April 1, 2011 – March 31, 2012):

Not applicable

This consolidated fiscal year (April 1, 2012 – March 31, 2013):

Not applicable

(Per-share information)

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	This consolidated fiscal year (April 1, 2012 – March 31, 2013)
Net assets per share	316.59 yen	351.83 yen
Net income per share	25.34 yen	41.77 yen

Note: 1. Diluted net income per share is not shown because there is no dilutive stock.

2. Net income per share is calculated on the following bases:

	Previous consolidated fiscal year (April 1, 2011 – March 31, 2012)	This consolidated fiscal year (April 1, 2012 – March 31, 2013)
Net income (million yen)	3,068	5,058
Amount not attributable to common shareholders (million yen)	–	–
Net income on common stock (million yen)	3,068	5,058
Average shares of stock during the fiscal year	121,076,685	121,076,640

(Important events after the reporting period)

Not applicable

5. Changes in directors

(1) Changes in representative directors

Not applicable

(2) Changes in other directors

- Candidates for new directors
  - Director Koichi Takei (currently general manager of planning for the group)
  - Director Yoshiro Kunii (currently general manager of HR for the group)
  - Director Yasuo Nishiguchi (currently president and CEO of SOLE Co., Ltd., formerly chairman and CEO of Kyocera Co., Ltd.)

- Directors scheduled to retire
  - Director Yutaka Honda (scheduled to be appointed auditor)

- New statutory auditor candidates
  - Full-time auditor Yutaka Honda (currently director)

- Auditors scheduled to retire
  - Full-time auditor Koichi Shioda

(3) Scheduled date for assuming office

June 20, 2013