



## Financial Results (Consolidated) for Third Quarter of Fiscal Year Ending March 2013 (Japanese Accounting Standards)

February 1, 2013

Name of listed firm: **Zensho Holdings Co., Ltd.** Exchange: TSE  
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 and CEO  
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 Date of submission of quarterly report (planned): February 1, 2013 Starting date of  
 dividend payment  
 Supplemental explanatory materials on quarterly financial results prepared? N (planned): –  
 Investors meeting held on settlement of accounts? N

(Figures rounded down to the nearest million yen)

### 1. Consolidated financial performance in the third quarter of the fiscal year ending March 2013 (April 1 – December 31, 2012)

(1) Consolidated business performance (cumulative) (Percentages [%] indicate year-on-year changes)

	Sales		Operating profit		Ordinary profit		Quarterly net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q3, FY 2013	308,269	3.8	11,976	(30.1)	11,068	(29.5)	5,721	11.7
Q3, FY 2012	297,116	6.4	17,140	39.6	15,706	46.8	5,122	45.1

Note: Comprehensive income: Q3, FY 2013: 6,913 million yen (23.0%); Q3, FY 2012: 5,620 million yen (188.9%)

	Quarterly net profit per share	Quarterly net profit per share – assuming dilution
	yen	yen
Q3, FY 2013	47.25	–
Q3, FY 2012	42.31	–

### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Q3, FY 2013	258,692	54,926	16.5	351.61
FY 2012	235,981	49,066	16.2	316.59

Reference: Equity capital: Q3, FY 2013: 42,572 million yen; FY 2012: 38,331 million yen

### 2. Dividend position

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2012	–	8.00	–	8.00	16.00
FY2013	–	8.00	–		
FY 2013 (forecast)				8.00	16.00

Note: Change in most recently announced dividend forecasts? N

### 3. Consolidated business performance forecasts for FY 2013 (April 1, 2012 – March 31, 2013)

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

	Sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	410,440	1.9	18,412	(12.3)	16,560	(14.2)	6,695	118.2	55.29

Note: Change in most recently announced business performance forecasts? N



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## 1. Qualitative information on quarterly consolidated business performance, etc.

### (1) Qualitative information on quarterly consolidated business performance

Although Japan's economy showed signs of gentle recovery during the cumulative period through the third quarter of this consolidated fiscal year (April 1 – December 31, 2012), future prospects remain unclear, due in part to the continuing high uncertainty surrounding overseas economic conditions. Various factors led to sluggish personal consumption in the food-service industry, including uncertain jobs and income prospects. The continuing high cost of raw materials and other harsh business conditions persisted.

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 the third quarter at existing restaurants were up 116.4% relative to the 2003 figure and 113.3% relative to the 2009 figure. However, year-on-year figures showed a decline in net sales (to 93.1%) at existing restaurants in the third quarter, a reaction to the increase in sales one year ago in the early stages of recovery from the Great East Japan Earthquake.

Sukiya's profits declined year-on-year mainly due to the rising costs of ingredients (rice and meat included) and to higher labor costs resulting from the new system of assigning multiple employees to late-night shifts at Sukiya restaurants to strengthen security. 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 the third quarter of this consolidated fiscal year, the Group's number of stores stood at 4,601 locations. Events contributing to this figure included the opening of 192 restaurants and the closing of 26 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 the cumulative period through the third quarter of this consolidated fiscal year showed sales of 308,269 million yen (up 3.8% year-on-year), operating profit of 11,976 million yen (down 30.1% year-on-year), ordinary profit of 11,068 million yen (down 29.5% year-on-year), and quarterly net profit of 5,721 million yen (up 11.7% 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 136 restaurants and the closing of 12 restaurants, the number of restaurants in the Gyudon category at the end of the third quarter of this consolidated fiscal year totaled at 2,440. This figure includes 1,888 outlets in the Sukiya chain operated by Zensho Co., Ltd. and 486 outlets (including 28 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 the third quarter included variations on Sukiya's traditional gyudon dishes, including Sanshu no Kinoko Gyudon (gyudon with three varieties of mushrooms; regular size: 400 yen), a dish introduced in October 2012, as well as Takana Mentai Mayo Gyudon (gyudon with mustard leaf, seasoned cod roe, and mayonnaise), Kimu Mayo Gyudon (gyudon with kimchee and mayonnaise), and Negi Mayo Gyudon (gyudon with green onions and mayonnaise), all introduced in December (regular size: 390 yen). The chain also introduced Tonkabayakidon (special rice bowl with grilled pork; regular size: 630 yen), introduced in October 2012. Other additions included the introduction of Tamagokake Gohan Choshoku (a rice and egg breakfast) 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 (breakfast with fried eggs; regular size: 200 yen), introduced in September.

Due to these efforts, sales in the Gyudon category in the cumulative period through the third quarter of this consolidated fiscal year totaled 135,880 million yen (up 1.3% year-on-year).

### **Family Dining category**

With the opening of one restaurant, the closing of nine, and some conversions to other business types within the Group, the number of restaurant locations in the Family Dining category stood at 1,559 outlets at the end of the third quarter 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 and steak restaurants and other restaurants operated by Big Boy Japan Inc. sought to improve business performance in various ways, including improvements in its salad bar and 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 the third quarter of this consolidated fiscal year totaled 110,377 million yen. (up 0.8% year-on-year)

### **Fast Food Service category**

With the opening of 55 restaurants, the closing of five restaurants, and some conversions from other business types within the Group, the number of restaurant locations in the Fast Food Service category at the end of the third quarter of this consolidated fiscal year stood at 502.

Due to these efforts, sales in the Fast Food Service category in the cumulative period through the third quarter of this consolidated fiscal year totaled 44,655 million yen (up 32.4% year-on-year).

### **Other category**

Net sales in the Other category in the cumulative period through the third quarter of this consolidated fiscal year totaled 17,356 million yen (down 12.0% year-on-year).

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.

## **(2) Qualitative information on consolidated financial position**

As of the end of the third quarter of this consolidated fiscal year, the Group's assets increased by 22,711 million yen. Contributing factors included capital investment due to the opening of 192 new restaurants and expanding inventory due to efforts to promote direct trade.

Various factors increased liabilities by 16,851 million yen, including expanded debt assumed to open new restaurants.

Various factors, including higher retained earnings resulting from net profits, increased net assets by 5,860 million yen.

## **(3) Qualitative information on forecasts of consolidated business performance**

Forecasts of full-year business performance for the fiscal year ended March 2013 (April 1, 2012 – March 31, 2013) remain unchanged from the revisions announced November 1, 2012.

## 2. Notes on summary information (notes)

- (1) Important changes in subsidiaries during the cumulative period through the third quarter of this consolidated fiscal year

The acquisition of Maruya stock added Maruya Co.,Ltd. as a consolidated subsidiary effective the third quarter of this consolidated fiscal year.

- (2) Special accounting policies applied in preparation of the quarterly consolidated financial statements  
None

- (3) Changes in accounting policies, changes in accounting estimates, corrections  
None

### 3. Quarterly consolidated financial statements

#### (1) Quarterly consolidated balance sheet

(Units: Millions of yen)

	Previous consolidated fiscal year (March 31, 2012)	Third quarter of this consolidated fiscal year (December 31, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	18,580	18,050
Notes and accounts receivable – trade	4,774	5,179
Merchandise and products	7,179	9,915
In-process inventories	358	535
Raw materials and supplies	2,488	3,251
Other receivables	10,935	12,551
Allowance for doubtful accounts	(0)	(7)
Total current assets	44,317	49,476
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	141,312	158,382
Accumulated depreciation	(67,329)	(80,418)
Buildings and structures (net)	73,982	77,963
Machinery and vehicles	11,644	11,865
Accumulated depreciation	(6,049)	(5,682)
Machinery and vehicles (net)	5,594	6,182
Other	58,185	71,988
Accumulated depreciation	(26,102)	(32,243)
Other (net)	32,083	39,745
Total property, plant, and equipment	111,660	123,891
Intangible assets		
Goodwill	13,052	12,546
Other	5,260	5,358
Total intangible assets	18,312	17,904
Investments and other assets		
Investment securities	4,069	4,881
Guarantee deposits	30,560	32,781
Other	26,907	29,595
Allowance for doubtful accounts	(4)	(25)
Total investments and other assets	61,532	67,233
Total noncurrent assets	191,506	209,029
Deferred assets	157	186
Total assets	235,981	258,692

(Units: Millions of yen)

	Previous consolidated fiscal year (March 31, 2012)	Third quarter of this consolidated fiscal year (December 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	11,067	13,307
Short-term loans payable	5,397	7,645
Current portion of bonds	3,190	5,390
Current portion of long-term loans payable	44,321	39,564
Accrued income taxes	6,366	1,271
Reserves	1,463	717
Other	22,458	33,623
Total current liabilities	94,264	101,521
Noncurrent liabilities		
Corporate bonds	11,375	18,780
Long-term loans payable	69,131	69,528
Reserves	358	570
Asset retirement obligations	1,267	1,588
Other	10,517	11,776
Total noncurrent liabilities	92,649	102,244
Total liabilities	186,914	203,765
Net assets		
Shareholders' equity		
Capital stock	10,089	10,089
Capital surplus	10,642	10,642
Retained earnings	22,691	26,475
Treasury stock	(20)	(20)
Total shareholders' equity	43,403	47,188
Accumulated other comprehensive profit		
Net unrealized holding gains on securities	(1,144)	(1,263)
Deferred hedging gains/losses	(579)	(86)
Foreign currency translation adjustments	(3,348)	(3,264)
Total accumulated other comprehensive profit	(5,071)	(4,615)
Non-controlling interests	10,734	12,354
Total net assets	49,066	54,926
Total liabilities and net assets	235,981	258,692



(2) Quarterly consolidated statement of profit and loss and consolidated statement of comprehensive income  
(Quarterly consolidated statement of profit and loss)  
(Cumulative period through the third quarter of this consolidated fiscal year)

(Units: Millions of yen)

	Cumulative period through the third quarter of the previous consolidated fiscal year (April 1 – December 31, 2011)	Cumulative period through the third quarter of this consolidated fiscal year (April 1 – December 31, 2012)
Sales	297,116	308,269
Cost of sales	104,203	112,164
Gross profit	192,912	196,104
Sales and general administrative expenses	175,771	184,128
Operating profit	17,140	11,976
Non-operating income		
Interest income	213	268
Dividend income	205	89
Lease income	478	262
Other	224	614
Total non-operating income	1,121	1,234
Non-operating expenses		
Interest expenses	1,816	1,543
Lease expenses	426	249
Other	312	349
Total non-operating expenses	2,556	2,141
Ordinary profit	15,706	11,068
Extraordinary income		
Gains on sale of noncurrent assets	2	0
Gain on negative goodwill	—	1,220
Gains on sales of stock in affiliates	1,196	—
Other	31	23
Total extraordinary income	1,230	1,245
Extraordinary losses		
Loss on sales of noncurrent assets	485	387
Impairment losses	94	179
Other	531	232
Total extraordinary losses	1,111	799
Net profit before income taxes	15,825	11,514
Corporate, residence, and enterprise taxes	7,691	4,487
Income taxes – past year	1,974	—
Income taxes – deferred	257	571
Total corporate taxes	9,924	5,058
Net profit before non-controlling interests	5,901	6,455
Non-controlling interests in income	778	734
Net profit	5,122	5,721

(Quarterly consolidated statement of comprehensive income)  
(Cumulative period through the third quarter of this consolidated fiscal year)

(Units: Millions of yen)

	Cumulative period through the third quarter of the previous consolidated fiscal year (April 1 – December 31, 2011)	Cumulative period through the third quarter of this consolidated fiscal year (April 1 – December 31, 2012)
Net profit before non-controlling interests	5,901	6,455
Other comprehensive profit		
Valuation difference on available-for-sale securities	4	(117)
Deferred hedging gains/losses	381	492
Foreign currency translation adjustments	(666)	83
Total other comprehensive profit	(280)	457
Comprehensive profit	5,620	6,913
(Breakdown)		
Comprehensive profit attributable to parent company owners	4,837	6,179
Comprehensive profit attributable to non-controlling interests	783	734

(3) Notes on going concern assumption

Not applicable

(4) Segment information

[Segment information]

Cumulative period through the third quarter of the previous consolidated fiscal year (April 1 – December 31, 2011)

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

Cumulative period through the third quarter of this consolidated fiscal year (April 1 – December 31, 2012)

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

(5) Notes on significant changes in amount of shareholders' equity (if any)

Not applicable