

# Summary of Consolidated Financial Statements for the First Half of the Fiscal Year Ending February 28, 2017

[Prepared under Japanese GAAP, (UNAUDITED)]

October 5, 2016

Name of listed company: WARABEYA NICHIO HOLDINGS CO., LTD.  
Securities code: 2918  
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Listed on: Tokyo Stock Exchange, 1st Section  
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Scheduled date of filing the quarterly securities report:

October 6, 2016

Scheduled date of payment of dividends:

—

Supplementary documents for this summary of quarterly results:

Yes

Quarterly results briefing:

Yes (for institutional investors and analysts)

(Figures shown are rounded down to the nearest million yen.)

## 1. Consolidated financial results for the first half of the fiscal year ending February 28, 2017

(March 1, 2016 – August 31, 2016)

### (1) Consolidated operating results (Accumulated)

(Percentage figures show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
First half ended August 31, 2016	109,658	1.1	3,027	26.8	3,287	22.8	1,644	(13.0)
First half ended August 31, 2015	108,430	4.9	2,386	(13.0)	2,677	(11.3)	1,890	6.4

(Note) Comprehensive income: First half ended August 31, 2016: ¥1,414 million (down 27.9%)

First half ended August 31, 2015: ¥1,960 million (up 10.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
First half ended August 31, 2016	93.78	—
First half ended August 31, 2015	107.47	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of August 31, 2016	85,367	42,240	49.5
As of February 29, 2016	77,334	41,529	53.7

(Reference) Equity capital: As of August 31, 2016: ¥42,240 million

As of February 29, 2016: ¥41,529 million

## 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended February 29, 2016	—	0.00	—	40.00	40.00
Year ending February 28, 2017	—	0.00			
Year ending February 28, 2017 (forecast)			—	40.00	40.00

(Note) Revisions to the most recently announced dividends forecasts: None

## 3. Consolidated financial forecasts for the fiscal year ending February 28, 2017

(March 1, 2016 – February 28, 2017)

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	215,000	2.8	3,700	19.8	3,950	18.4	1,800	26.0	102.63

(Note) Revisions to the most recently announced financial forecasts: Yes

\* Notes

(1) Significant changes in subsidiaries during the term

(Transfers of specific subsidiaries with changes in the scope of consolidation): None

Newly consolidated: – Excluded: –

(2) Application of specified accounting methods for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement of revisions

1) Changes in accounting policies due to revisions of accounting standards, etc.: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(4) Number of outstanding shares (common stock):

1) Number of shares outstanding (including treasury shares)	As of August 31, 2016	17,625,660 shares	As of February 29, 2016	17,625,660 shares
2) Number of treasury shares	As of August 31, 2016	87,306 shares	As of February 29, 2016	87,946 shares
3) Average number of shares outstanding in each period	First half ended August 31, 2016	17,537,998 shares	First half ended August 31, 2015	17,594,565 shares

(Note) The Company has established a BIP Trust. Shares of the Company held by the trust are included in treasury shares.

\* Status of execution of the quarterly review of financial statements:

This quarterly financial summary is not subject to the quarterly review procedure based on the Financial Instruments and Exchange Act. As of the time of disclosure, this review procedure for quarterly financial statements had not been completed.

\* Explanation of appropriate use of forecasts of financial results, other important items:

Effective September 1, 2016, the Company changed its name from Warabeya Nichiyo Co., Ltd. to Warabeya Nichiyo Holdings Co., Ltd.

Financial forecasts and other forward-looking statements in this document are based on information available at the time of preparation and on certain assumptions that are deemed to be reasonable. These forward-looking statements are not guarantees of future performance and actual results may differ materially from these forecasts due to a variety of reasons.

# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	As of February 29, 2016	As of August 31, 2016
Assets		
Current assets		
Cash and deposits	6,493	9,229
Notes and accounts receivable - trade	17,357	21,221
Merchandise and finished goods	2,554	3,007
Raw materials and supplies	936	961
Other	2,915	2,928
Allowance for doubtful accounts	(22)	(22)
Total current assets	30,235	37,326
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,297	46,207
Accumulated depreciation	(27,923)	(28,562)
Buildings and structures, net	17,374	17,645
Machinery, equipment and vehicles	18,967	18,940
Accumulated depreciation	(13,636)	(13,862)
Machinery, equipment and vehicles, net	5,331	5,077
Land	12,332	12,332
Construction in progress	176	190
Other	10,702	11,915
Accumulated depreciation	(4,570)	(5,191)
Other, net	6,131	6,723
Total tangible fixed assets	41,345	41,969
Intangible assets		
Other	689	943
Total intangible assets	689	943
Investments and other assets		
Other	5,067	5,130
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	5,064	5,127
Total non-current assets	47,099	48,040
Total assets	77,334	85,367

	(Millions of Yen)	
	As of February 29, 2016	As of August 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable–trade	9,943	11,890
Short-term loans payable	100	—
Current portion of long-term loans payable	630	612
Accounts payable–other	8,630	9,388
Accrued income taxes	361	1,265
Provision for bonuses	909	1,356
Provision for directors’ bonuses	—	57
Other	2,848	4,614
Total current liabilities	23,423	29,187
Non-current liabilities		
Long-term loans payable	2,569	3,161
Net defined benefit liability	2,514	2,488
Provision for directors’ stock options	34	55
Provision for loss on business of subsidiaries and associates	105	555
Asset retirement obligations	1,184	1,178
Other	5,973	6,501
Total non-current liabilities	12,381	13,938
Total liabilities	35,805	43,126
Net assets		
Shareholders’ equity		
Capital stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	25,281	26,221
Treasury shares	(263)	(260)
Total shareholders’ equity	41,212	42,154
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163	148
Deferred gains or losses on hedges	(57)	(73)
Foreign currency translation adjustment	139	(53)
Remeasurements of defined benefit plans	71	65
Total accumulated other comprehensive income	317	86
Total net assets	41,529	42,240
Total liabilities and net assets	77,334	85,367

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income

(Millions of Yen)

	First half ended August 31, 2015	First half ended August 31, 2016
Net sales	108,430	109,658
Cost of sales	93,054	92,939
Gross profit	15,376	16,718
Selling, general and administrative expenses	12,989	13,691
Operating income	2,386	3,027
Non-operating income		
Interest income	6	5
Dividend income	293	319
Rent income	94	80
Other	49	78
Total non-operating income	443	483
Non-operating expenses		
Interest expenses	45	46
Loss on retirement of non-current assets	26	58
Cost of lease revenue	67	60
Other	14	57
Total non-operating expenses	153	223
Ordinary income	2,677	3,287
Extraordinary losses		
Impairment loss	132	—
Provision for loss on business of subsidiaries and associates	—	450
Total extraordinary losses	132	450
Profit before income taxes	2,545	2,837
Income taxes - current	942	1,327
Income taxes - deferred	(287)	(134)
Total income taxes	654	1,193
Profit	1,890	1,644
Profit attributable to owners of parent	1,890	1,644

Quarterly consolidated statements of comprehensive income

(Millions of Yen)

	First half ended August 31, 2015	First half ended August 31, 2016
Profit	1,890	1,644
Other comprehensive income		
Valuation difference on available-for-sale securities	47	(14)
Deferred gains or losses on hedges	0	(16)
Foreign currency translation adjustment	17	(193)
Remeasurements of defined benefit plans, net of tax	4	(6)
Total other comprehensive income	69	(230)
Comprehensive income	1,960	1,414
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	1,960	1,414

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	First half ended August 31, 2015	First half ended August 31, 2016
Cash flows from operating activities		
Profit before income taxes	2,545	2,837
Depreciation	2,269	2,320
Impairment loss	132	—
Increase (decrease) in provision for loss on business of subsidiaries and associates	—	450
Increase (decrease) in provision for bonuses	43	446
Interest and dividend income	(299)	(324)
Interest expenses	45	46
Loss on retirement of non-current assets	26	58
Decrease (increase) in notes and accounts receivable - trade	(5,438)	(3,894)
Decrease (increase) in inventories	723	(487)
Increase (decrease) in notes and accounts payable - trade	2,025	1,954
Increase (decrease) in accounts payable - other	525	567
Other	1,506	1,445
Subtotal	4,104	5,421
Interest and dividend income received	299	324
Interest expenses paid	(45)	(46)
Income taxes paid	(996)	(283)
Net cash provided by (used in) operating activities	3,361	5,415
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,722)	(843)
Purchase of intangible assets	(106)	(334)
Other	354	(232)
Net cash provided by (used in) investing activities	(1,474)	(1,411)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(100)	(100)
Proceeds from long-term loans payable	—	960
Repayments of long-term loans payable	(594)	(386)
Repayments of lease obligations	(734)	(947)
Purchase of treasury shares	(245)	(0)
Cash dividends paid	(614)	(703)
Other	—	2
Net cash provided by (used in) financing activities	(2,290)	(1,175)
Effect of exchange rate change on cash and cash equivalents	4	(93)
Net increase (decrease) in cash and cash equivalents	(398)	2,736
Cash and cash equivalents at beginning of period	8,846	6,493
Cash and cash equivalents at end of period	8,447	9,229

(4) Segment information, etc.

[Business segment information]

I. First half ended August 31, 2015 (March 1, 2015 – August 31, 2015)

1. Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments				Other (Note 1*)	Total	Adjustment (Note 2*)	Carried on quarterly consolidated financial statements (Note 3*)
	Food Products Business	Food Ingredients Business	Logistics Business	Total				
Net sales								
Sales to external customers	83,917	13,042	7,029	103,988	4,442	108,430	–	108,430
Intersegment sales and transfers	–	1,168	1,733	2,902	9,663	12,565	(12,565)	–
Total	83,917	14,211	8,762	106,891	14,105	120,996	(12,565)	108,430
Segment income (loss)	1,609	274	87	1,971	550	2,522	(135)	2,386

Notes: 1. The “Other” column indicates businesses not included in the reportable segments, such as the sales of food production facilities, temporary staffing, and outsourcing of operations.

2. The adjustment of (135) million yen under the item of “Segment income” is an elimination of intersegment transactions.

3. Segment income is adjusted to reflect operating income as recorded on the quarterly consolidated statements of income.

II. First half ended August 31, 2016 (March 1, 2016 – August 31, 2016)

1. Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments				Other (Note 1*)	Total	Adjustment (Note 2*)	Carried on quarterly consolidated financial statements (Note 3*)
	Food Products Business	Food Ingredients Business	Logistics Business	Total				
Net sales								
Sales to external customers	85,820	13,318	7,490	106,628	3,029	109,658	–	109,658
Intersegment sales and transfers	–	1,144	2,034	3,178	7,508	10,686	(10,686)	–
Total	85,820	14,462	9,524	109,807	10,537	120,345	(10,686)	109,658
Segment income (loss)	2,414	232	143	2,790	263	3,054	(27)	3,027

Notes: 1. The “Other” column indicates businesses not included in the reportable segments, such as the sales of food production facilities, temporary staffing, and outsourcing of operations.

2. The adjustment of (27) million yen under the item of “Segment income” is an elimination of intersegment transactions.

3. Segment income is adjusted to reflect operating income as recorded on the quarterly consolidated statements of income.