

# Summary of Consolidated Financial Statements for the Fiscal Year Ended February 28, 2013

[Prepared under Japanese GAAP, (UNAUDITED)]

April 12, 2013

Name of listed company: WARABEYA NICHIO CO., LTD. Listed on: Tokyo Stock Exchange, 1st Section  
 Securities code: 2918 URL: <http://www.warabeya.co.jp/>  
 Representative: Hidetoshi Imokawa, President  
 Contact: Masana Moriura, Managing Director, Administrative Management Headquarters  
 TEL: +81-42-345-3131  
 Scheduled date of the annual general meeting of shareholders: May 23, 2013  
 Scheduled date of filing the annual securities report: May 24, 2013  
 Scheduled date of payment of dividends: May 24, 2013  
 Supplementary documents for this summary of financial statements: Yes  
 Financial results briefing: Yes (for institutional investors and analysts)

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

## 1. Consolidated financial results for the year ended February 28, 2013 (March 1, 2012– February 28, 2013)

### (1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended February 28, 2013	175,048	7.1	3,918	(4.3)	4,114	(0.8)	2,162	16.1
Year ended February 29, 2012	163,372	6.6	4,092	18.8	4,147	13.3	1,862	8.2

(Note) Comprehensive income: Year ended February 28, 2013: ¥2,227 million (up 18.5%)  
 Year ended February 29, 2012: ¥1,879 million (up 12.8%)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended February 28, 2013	130.11	—	6.1	6.4	2.2
Year ended February 29, 2012	112.12	—	5.7	6.6	2.5

(Reference) Equity in earnings of affiliates: Year ended February 28, 2013: ¥ – million, Year ended February 29, 2012: ¥ – million

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of February 28, 2013	65,941	36,943	56.0	2,097.33
As of February 29, 2012	62,036	33,521	54.0	2,017.53

(Reference) Equity capital: As of February 28, 2013: ¥36,943 million, As of February 29, 2012: ¥33,521 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended February 28, 2013	6,572	(3,065)	860	5,999
Year ended February 29, 2012	4,504	(2,435)	(5,907)	1,619

## 2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended February 29, 2012	—	0.00	—	20.00	20.00	332	17.8	1.0
Year ended February 28, 2013	—	0.00	—	30.00	30.00	528	23.1	1.5
Year ended February 28, 2014 (forecast)	—	0.00	—	30.00	30.00		24.0	

3. Consolidated financial forecast for the fiscal year ending February 28, 2014 (March 1, 2013 – February 28, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First six months	95,500	6.6	2,650	(10.0)	2,800	(10.5)	1,650	(0.8)	93.67
Full year	188,000	7.4	4,000	2.1	4,200	2.1	2,200	1.7	124.90

\* Notes

(1) Significant changes to subsidiaries during the term

(Transfers of specific subsidiaries with changes in the scope of consolidation):

None

Newly consolidated: – Excluded: –

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

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

None

2) Changes in accounting policies other than 1:

None

3) Changes in accounting estimates:

None

4) Restatement of revisions

None

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

1) Number of shares outstanding (including treasury stock)

As of February 28, 2013	17,625,660 shares	As of February 29, 2012	16,625,660 shares
-------------------------	-------------------	-------------------------	-------------------

2) Number of treasury stock:

As of February 28, 2013	11,026 shares	As of February 29, 2012	10,766 shares
-------------------------	---------------	-------------------------	---------------

3) Average number of shares outstanding in each period

Year ended February 28, 2013	16,623,008 shares	Year ended February 29, 2012	16,614,973 shares
------------------------------	-------------------	------------------------------	-------------------

(References) Overview of non-consolidated business results

Non-consolidated financial results for the year ended February 28, 2013 (March 1, 2012– February 28, 2013)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended February 28, 2013	131,368	7.8	1,359	(37.0)	1,869	(25.1)	1,100	(21.1)
Year ended February 29, 2012	121,809	8.0	2,157	10.8	2,497	4.0	1,395	918.8

	Net income per share (Yen)	Diluted net income per share (Yen)
Year ended February 28, 2013	66.20	–
Year ended February 29, 2012	83.98	–

(2) Non-consolidated financial position

(Millions of Yen)

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of February 28, 2013	53,353	31,463	59.0	1,786.22
As of February 29, 2012	49,868	29,137	58.4	1,753.67

(Reference) Equity capital: As of February 28, 2013: ¥ 31,463 million, As of February 29, 2012: ¥ 29,137 million

\* Statement relating to the execution status of audit procedures:

This financial summary falls outside the scope of audit procedures based on the stipulations of the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of the said Act were not completed at the time this financial summary was disclosed.

\* Explanations and other special notes concerning the appropriate use of business performance forecasts:

The business performance forecasts presented in this document are based on information currently available and certain assumptions considered reasonable by the Company and actual results may differ materially from these forecasts due to a variety of reasons.

## 1. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of Yen)

	As of February 29, 2012	As of February 28, 2013
Assets		
Current assets		
Cash and deposits	1,619	5,999
Notes and accounts receivable—trade	14,243	14,339
Merchandise and finished goods	3,121	2,807
Raw materials and supplies	647	749
Deferred tax assets	508	429
Other	2,030	1,796
Allowance for doubtful accounts	(20)	(83)
Total current assets	22,151	26,037
Fixed assets		
Tangible fixed assets		
Buildings and structures	38,891	39,202
Accumulated depreciation	(22,256)	(23,561)
Buildings and structures, net	16,634	15,641
Machinery, equipment and vehicles	15,228	15,887
Accumulated depreciation	(10,996)	(11,808)
Machinery, equipment and vehicles, net	4,231	4,079
Land	12,692	12,505
Lease assets	2,763	3,509
Accumulated depreciation	(648)	(1,176)
Lease assets, net	2,114	2,333
Construction in progress	205	987
Other	1,302	1,330
Accumulated depreciation	(1,110)	(1,171)
Other, net	191	159
Total tangible fixed assets	36,070	35,706
Intangible assets		
Lease assets	7	4
Other	689	498
Total intangible assets	696	503
Investments and other assets		
Investment securities	306	346
Long-term loans receivable	128	129
Guarantee deposits	1,118	1,158
Deferred tax assets	1,150	1,249
Other	500	813
Allowance for doubtful accounts	(86)	(2)
Total investments and other assets	3,118	3,693
Total fixed assets	39,885	39,904
Total assets	62,036	65,941

(Millions of Yen)

	As of February 29, 2012	As of February 28, 2013
Liabilities		
Current liabilities		
Notes and accounts payable—trade	7,929	8,435
Short-term debt	—	100
Current portion of long-term debt	1,648	1,294
Lease obligations	511	651
Accounts payable—other	5,840	5,761
Accrued income taxes	1,477	747
Provision for bonuses	701	738
Others	1,472	1,548
Total current liabilities	19,581	19,276
Long-term liabilities		
Long-term debt	4,205	4,745
Lease obligations	1,936	2,049
Provision for retirement benefits	1,920	1,976
Asset retirement obligations	761	784
Others	110	164
Total long-term liabilities	8,934	9,720
Total liabilities	28,515	28,997
Net assets		
Shareholders' equity		
Common stock	7,285	8,049
Capital surplus	7,379	8,143
Retained earnings	18,971	20,802
Treasury stock	(16)	(16)
Total shareholders' equity	33,620	36,979
Accumulated other comprehensive income		
Unrealized gain on securities	15	46
Deferred gains or losses on hedges	32	13
Foreign currency translation adjustment	(147)	(94)
Total accumulated other comprehensive income	(99)	(35)
Total net assets	33,521	36,943
Total liabilities and net assets	62,036	65,941

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated statements of income

	(Millions of Yen)	
	Year ended February 29, 2012	Year ended February 28, 2013
Net sales	163,372	175,048
Cost of sales	139,193	149,558
Gross profit	24,178	25,490
Selling, general and administrative expenses		
Haulage expenses	8,446	9,303
Salaries, allowances and bonuses	3,877	4,340
Provision for bonuses	262	289
Depreciation	278	289
Rent expenses	743	773
Others	6,479	6,575
Total selling, general and administrative expenses	20,086	21,572
Operating income	4,092	3,918
Non-operating income		
Interest income	12	12
Dividends income	195	218
Rent income	191	163
Others	207	197
Total non-operating income	607	591
Non-operating expenses		
Interest expenses	163	129
Loss on retirement of fixed assets	170	71
Cost of lease revenue	115	96
Others	102	98
Total non-operating expenses	552	394
Ordinary income	4,147	4,114
Extraordinary income		
Subsidy income	76	—
Total extraordinary income	76	—
Extraordinary losses		
Loss on sales of fixed assets	—	97
loss on warehouse closure	—	253
Loss on disaster	238	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	430	—
Others	60	—
Total extraordinary losses	729	351
Income before income taxes	3,494	3,763
Current income taxes	1,742	1,611
Deferred income taxes	(112)	(10)
Total income taxes	1,629	1,600
Income before minority interests	1,864	2,162
Minority interests in income	1	—
Net income	1,862	2,162

Consolidated statements of comprehensive income

	(Millions of Yen)	
	Year ended February 29, 2012	Year ended February 28, 2013
Income before minority interests	1,864	2,162
Other comprehensive income		
Unrealized gain on securities	(0)	31
Deferred gains or losses on hedges	37	(19)
Foreign currency translation adjustment	(22)	52
Total other comprehensive income	15	64
Comprehensive income	1,879	2,227
(Breakdown of Comprehensive income)		
Parent company portion of comprehensive income	1,877	2,227
Minority interest portion of comprehensive income	1	—

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of Yen)

	Year ended February 29, 2012	Year ended February 28, 2013
Shareholders' equity		
Common stock		
Balance at the beginning of current period	7,285	7,285
Changes of items during the period		
Issuance of new shares	—	764
Total changes of items during the period	—	764
Balance at the end of current period	7,285	8,049
Capital surplus		
Balance at the beginning of current period	7,379	7,379
Changes of items during the period		
Issuance of new shares	—	764
Total changes of items during the period	—	764
Balance at the end of current period	7,379	8,143
Retained earnings		
Balance at the beginning of current period	17,441	18,971
Changes of items during the period		
Dividends from surplus	(332)	(332)
Net income	1,862	2,162
Total changes of items during the period	1,530	1,830
Balance at the end of current period	18,971	20,802
Treasury stock		
Balance at the beginning of current period	(16)	(16)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(16)	(16)
Total shareholders' equity		
Balance at the beginning of current period	32,090	33,620
Changes of items during the period		
Issuance of new shares	—	1,528
Dividends from surplus	(332)	(332)
Net income	1,862	2,162
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	1,530	3,358
Balance at the end of current period	33,620	36,979

(Millions of Yen)

	Year ended February 29, 2012	Year ended February 28, 2013
Accumulated other comprehensive income		
Unrealized gain on securities		
Balance at the beginning of current period	15	15
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	31
Total changes of items during the period	(0)	31
Balance at the end of current period	15	46
Deferred gains or losses on hedges		
Balance at the beginning of current period	(5)	32
Changes of items during the period		
Net changes of items other than shareholders' equity	37	(19)
Total changes of items during the period	37	(19)
Balance at the end of current period	32	13
Foreign currency translation adjustment		
Balance at the beginning of current period	(125)	(147)
Changes of items during the period		
Net changes of items other than shareholders' equity	(21)	52
Total changes of items during the period	(21)	52
Balance at the end of current period	(147)	(94)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(115)	(99)
Changes of items during the period		
Net changes of items other than shareholders' equity	15	64
Total changes of items during the period	15	64
Balance at the end of current period	(99)	(35)
Minority interests		
Balance at the beginning of current period	12	—
Changes of items during the period		
Net changes of items other than shareholders' equity	(12)	—
Total changes of items during the period	(12)	—
Balance at the end of current period	—	—
Total net assets		
Balance at the beginning of current period	31,988	33,521
Changes of items during the period		
Issuance of new shares	—	1,528
Dividends from surplus	(332)	(332)
Net income	1,862	2,162
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	2	64
Total changes of items during the period	1,533	3,422
Balance at the end of current period	33,521	36,943



(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended February 29, 2012	Year ended February 28, 2013
Cash flows from operating activities		
Income before income taxes	3,494	3,763
Depreciation and amortization	3,774	3,678
Impairment loss	34	—
Amortization of goodwill	140	—
Increase (decrease) in allowance for doubtful accounts	5	(20)
Increase (decrease) in provision for bonuses	38	36
Increase (decrease) in provision for retirement benefits	83	56
Interest and dividends income	(208)	(230)
Interest expenses	163	129
Subsidy income	(76)	—
Loss on retirement of fixed assets	170	71
loss on warehouse closure	—	253
Loss on disaster	238	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	430	—
Loss (gain) on sales of fixed assets	0	97
Decrease (increase) in notes and accounts receivable—trade	(1,169)	(84)
Decrease (increase) in inventories	(1,133)	215
Increase (decrease) in notes and accounts payable—trade	83	502
Increase (decrease) in accounts payable—other	(987)	(36)
Other	(105)	428
Subtotal	4,976	8,860
Interest and dividends income received	208	230
Interest expenses paid	(164)	(130)
Payments for loss on disaster	(146)	—
Income taxes paid	(369)	(2,388)
Net cash provided by (used in) operating activities	4,504	6,572
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,230)	(2,744)
Proceeds from sales of tangible fixed assets	95	15
Purchase of intangible assets	(66)	(49)
Purchase of investment securities	(9)	(10)
Payments of loans receivable	(555)	(751)
Collection of loans receivable	394	860
Proceeds from subsidy	76	—
Purchase of stocks of subsidiaries and affiliates	(63)	(12)
Payments for investments in capital of subsidiaries and affiliates	(162)	(337)
Other	86	(37)
Net cash provided by (used in) investing activities	(2,435)	(3,065)

(4) Consolidated Statements of Cash Flows (continued)

	(Millions of Yen)	
	Year ended February 29, 2012	Year ended February 28, 2013
Cash flows by financing activities		
Net increase (decrease) in short-term debt	(3,550)	100
Proceeds from long-term debt	—	1,840
Repayment of long-term debt	(1,624)	(1,658)
Proceeds from issuance of common stock	—	1,528
Repayments of lease obligations	(399)	(617)
Cash dividends paid	(332)	(332)
Other	(0)	(0)
Net cash provided by (used in) financing activities	(5,907)	860
Effect of exchange rate change on cash and cash equivalents	(11)	12
Net increase (decrease) in cash and cash equivalents	(3,849)	4,379
Cash and cash equivalents at the beginning of period	5,468	1,619
Cash and cash equivalents at the end of period	1,619	5,999

(Segment Information, etc.)

[Segment information]

1. Overview of the reportable segments

The reporting segments of the Company and its consolidated subsidiaries are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to determine the allocation of business resources to them as well as to evaluate their business performance. These segments are classified into “Food Products Business”, “Food Ingredients Business” and “Logistics Business” according to their products and services, and their main business operations are as follows:

Food Products Business	Manufacturing and sales of cooked food including boxed meals, onigiri (rice balls), sushi, prepared breads, and prepared dishes
Food Ingredients Business	Procurement, processing and sales of foodstuffs
Logistics Business	Food delivery

2. Calculation method for the amounts of sales, income/loss, assets/liabilities, and other items by reporting segment

The figures of income of reporting segments are recorded on an operating income basis.

Internal sales and transfers between segments are recorded based on actual market prices.

3. Information on the amounts of sales, income/loss, assets/liabilities, and other items by reporting segment

Year ended February 29, 2012

(Millions of Yen)

	Reportable segments				Other (Note*1)	Total	Adjustment (Note*2)	Carried on consolidated financial statements (Note*3)
	Food Products Business	Food Ingredients Business	Logistics Business	Total				
Net sales								
Sales to external customers	123,807	22,562	11,183	157,553	5,818	163,372	–	163,372
Intersegment sales and transfers	0	1,387	2,224	3,611	10,777	14,389	(14,389)	–
Total	123,807	23,949	13,408	161,165	16,595	177,761	(14,389)	163,372
Segment income (loss)	3,242	298	226	3,768	299	4,067	24	4,092
Segment assets	55,165	7,195	3,194	65,555	3,803	69,359	(7,322)	62,036
Other								
Amortization of goodwill	140	–	–	140	–	140	–	140
Depreciation and amortization	3,807	90	69	3,967	16	3,983	(208)	3,774
Increase in tangible fixed assets and intangible fixed assets	3,602	133	108	3,845	25	3,871	(287)	3,583

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

2. Segment income: The adjustment of 24 million Yen is an elimination of intersegment transactions.

Segment assets: The adjustment of (7,322) million Yen is an elimination of intersegment transactions.

Increases in property, plant and equipment and other intangible assets: The adjustment of (287) million Yen is an elimination of intersegment transactions.

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

Year ended February 28, 2013

(Millions of Yen)

	Reportable segments				Other (Note*1)	Total	Adjustment (Note*2)	Carried on consolidated financial statements (Note*3)
	Food Products Business	Food Ingredients Business	Logistics Business	Total				
Net sales								
Sales to external customers	133,661	23,340	11,742	168,744	6,304	175,048	—	175,048
Intersegment sales and transfers	0	1,410	2,469	3,880	10,847	14,728	(14,728)	—
Total	133,661	24,751	14,212	172,624	17,152	189,776	(14,728)	175,048
Segment income (loss)	2,932	387	209	3,529	296	3,826	91	3,918
Segment assets	59,416	6,971	3,127	69,516	4,912	74,428	(8,487)	65,941
Other								
Depreciation and amortization	3,711	100	70	3,883	15	3,898	(220)	3,678
Increase in tangible fixed assets and intangible fixed assets	3,552	51	102	3,706	27	3,733	(232)	3,501

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

2. Segment income: The adjustment of 91 million Yen is an elimination of intersegment transactions.

Segment assets: The adjustment of (8,487) million Yen is an elimination of intersegment transactions.

Increases in property, plant and equipment and other intangible assets: The adjustment of (232) million Yen is an elimination of intersegment transactions.

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