

# Summary of Consolidated Financial Statements for the First Half of the Fiscal Year Ending February 28, 2013

[Prepared under Japanese GAAP, UNAUDITED]

October 4, 2012

Name of listed company: WARABEYA NICHIO CO., LTD. Listed on: Tokyo Stock Exchange, 1st Section  
 Securities code: 2918 URL: <http://www.warabeya.co.jp/>  
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 Scheduled date of filing the quarterly securities report: October 9, 2012  
 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 year ending February 28, 2013

(March 1, 2012– August 31, 2012)

### (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	%
First half ended August 31, 2012	89,579	11.3	2,943	7.3	3,127	9.8	1,663	50.9
First half ended August 31, 2011	80,470	4.0	2,743	8.3	2,848	3.0	1,101	(31.9)

(Note) Comprehensive income: First half ended August 31, 2012: ¥1,653 million (up 53.5%)  
 First half ended August 31, 2011: ¥1,077 million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
First half ended August 31, 2012	100.10	—
First half ended August 31, 2011	66.32	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of August 31, 2012	66,277	34,842	52.6
As of February 29, 2012	62,036	33,521	54.0

(Reference) Equity capital: As of August 31, 2012: ¥34,842 million  
 As of February 29, 2012: ¥33,521 million

## 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended February 29, 2012	—	0.00	—	20.00	20.00
Year ending February 28, 2013	—	0.00	—	—	—
Year ending February 28, 2013 (forecast)	—	—	—	30.00	30.00

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

## 3. Consolidated financial forecasts for the fiscal year ending February 28, 2013

(March 1, 2012 – February 28, 2013)

(Percentage figures show changes from the previous year.)

	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
Full year	178,000	9.0	4,650	13.6	4,800	15.7	2,300	23.5	138.43

(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.: None

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 stock)	As of August 31, 2012	16,625,660 shares	As of February 29, 2012	16,625,660 shares
2) Number of treasury stock	As of August 31, 2012	10,866 shares	As of February 29, 2012	10,766 shares
3) Average number of shares outstanding in each period	First half ended August 31, 2012	16,614,868 shares	First half ended August 31, 2011	16,615,004 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.

## \* Explanations and other special notes concerning the appropriate use of financial forecasts:

The financial 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. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

	(Millions of Yen)	
	As of February 29, 2012	As of August 31, 2012
Assets		
Current assets		
Cash and deposits	1,619	3,748
Notes and accounts receivable—trade	14,243	17,568
Merchandise and finished goods	3,121	2,216
Raw materials and supplies	647	731
Other	2,539	2,297
Allowance for doubtful accounts	(20)	(24)
Total current assets	22,151	26,536
Fixed assets		
Tangible fixed assets		
Buildings and structures	38,891	38,842
Accumulated depreciation	(22,256)	(22,774)
Buildings and structures, net	16,634	16,067
Machinery, equipment and vehicles	15,228	15,477
Accumulated depreciation	(10,996)	(11,313)
Machinery, equipment and vehicles, net	4,231	4,163
Land	12,692	12,505
Construction in progress	205	303
Other	4,065	4,697
Accumulated depreciation	(1,759)	(2,053)
Other, net	2,306	2,643
Total tangible fixed assets	36,070	35,684
Intangible assets		
Other	696	598
Total intangible assets	696	598
Investments and other assets		
Other	3,204	3,545
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	3,118	3,458
Total fixed assets	39,885	39,741
Total assets	62,036	66,277

	(Millions of Yen)	
	As of February 29, 2012	As of August 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable—trade	7,929	9,781
Current portion of long-term debt	1,648	1,512
Accounts payable—other	5,840	7,062
Accrued income taxes	1,477	1,185
Provision for bonuses	701	803
Provision for directors' bonuses	—	71
Others	1,984	2,408
Total current liabilities	19,581	22,826
Long-term liabilities		
Long-term debt	4,205	3,535
Provision for retirement benefits	1,920	1,940
Asset retirement obligations	761	769
Others	2,046	2,363
Total long-term liabilities	8,934	8,609
Total liabilities	28,515	31,435
Net assets		
Shareholders' equity		
Common stock	7,285	7,285
Capital surplus	7,379	7,379
Retained earnings	18,971	20,302
Treasury stock	(16)	(16)
Total shareholders' equity	33,620	34,951
Accumulated other comprehensive income		
Unrealized gain on securities	15	20
Deferred gains or losses on hedges	32	4
Foreign currency exchange adjustment	(147)	(134)
Total accumulated other comprehensive income	(99)	(109)
Total net assets	33,521	34,842
Total liabilities and net assets	62,036	66,277

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income

	(Millions of Yen)	
	First half ended August 31, 2011	First half ended August 31, 2012
Net sales	80,470	89,579
Cost of sales	67,658	75,589
Gross profit	12,812	13,989
Selling, general and administrative expenses	10,068	11,046
Operating income	2,743	2,943
Non-operating income		
Interest income	6	7
Dividends income	192	215
Rent income	108	83
Others	121	86
Total non-operating income	429	392
Non-operating expenses		
Interest expenses	91	67
Loss on retirement of fixed assets	124	49
Cost of lease revenue	64	49
Others	43	42
Total non-operating expenses	324	208
Ordinary income	2,848	3,127
Extraordinary income		
Reversal of allowance for doubtful accounts	22	—
Total extraordinary income	22	—
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	132	—
Total extraordinary losses	801	351
Income before income taxes	2,069	2,775
Current income taxes	1,192	1,176
Deferred income taxes	(226)	(63)
Total income taxes	966	1,112
Income before minority interests	1,103	1,663
Minority interests in income	1	—
Net income	1,101	1,663

Quarterly consolidated statements of comprehensive income

	(Millions of Yen)	
	First half ended August 31, 2011	First half ended August 31, 2012
Income before minority interests	1,103	1,663
Other comprehensive income		
Unrealized gain on securities	(14)	5
Deferred gains or losses on hedges	(10)	(28)
Foreign currency exchange adjustment	(0)	12
Total other comprehensive income	(26)	(9)
Comprehensive income	1,077	1,653
(Breakdown of comprehensive income)		
Parent company portion of comprehensive income	1,075	1,653
Minority interest portion of comprehensive income	1	—

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	First half ended August 31, 2011	First half ended August 31, 2012
Cash flows from operating activities		
Net income before income taxes	2,069	2,775
Depreciation and amortization	1,829	1,799
Amortization of goodwill	85	—
Increase (decrease) in allowance for doubtful accounts	49	4
Increase (decrease) in provision for bonuses	22	102
Interest and dividends income	(199)	(222)
Interest expenses	91	67
Loss on retirement of fixed assets	124	49
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	3	97
Decrease (increase) in notes and accounts receivable-trade	(3,214)	(3,322)
Decrease (increase) in inventories	(502)	821
Increase (decrease) in notes and accounts payable-trade	1,626	1,851
Increase (decrease) in accounts payable-other	(18)	826
Others	132	597
Subtotal	2,769	5,703
Interest and dividends income received	199	222
Interest expenses paid	(91)	(68)
Payments for loss on disaster	(101)	—
Income taxes paid	(87)	(1,458)
Net cash provided by (used in) operating activities	2,688	4,398
Cash flows from investing activities		
Purchase of tangible fixed assets	(923)	(569)
Proceeds from sales of tangible fixed assets	71	14
Purchase of intangible assets	(31)	(22)
Purchase of stocks of subsidiaries and affiliates	(63)	—
Payments for investments in capital of subsidiaries and affiliates	(162)	(255)
Others	154	(14)
Net cash provided by (used in) investing activities	(954)	(848)
Cash flows by financing activities		
Net increase (decrease) in short-term debt	(1,900)	—
Repayment of long-term debt	(831)	(805)
Cash dividends paid	(331)	(331)
Others	(170)	(288)
Net cash provided by (used in) financing activities	(3,233)	(1,425)
Effect of exchange rate change on cash and cash equivalents	(3)	3
Net increase (decrease) in cash and cash equivalents	(1,503)	2,128
Cash and cash equivalents at the beginning of period	5,468	1,619
Cash and cash equivalents at the end of period	3,965	3,748

(4) Segment Information, etc.

[Business segment information, etc.]

I. First half ended August 31, 2011 (March 1, 2011– August 31, 2011)

1. Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments				Others (Note 1*)	Total	Adjustment (Note 2*)	Carried on quarterly consolidate d financial statements (Note 3*)
	Food Products Business	Foodstuffs Business	Logistics Business	Total				
Net sales								
Sales to external customers	61,425	10,928	5,425	77,779	2,691	80,470	—	80,470
Intersegment sales and transfers	0	666	1,049	1,715	5,823	7,539	(7,539)	—
Total	61,425	11,594	6,475	79,494	8,515	88,010	(7,539)	80,470
Segment income (loss)	2,377	123	46	2,547	228	2,776	(32)	2,743

Notes: 1. The “Others” 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 (32) 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, 2012 (March 1, 2012– August 31, 2012)

1. Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments				Others (Note 1*)	Total	Adjustment (Note 2*)	Carried on quarterly consolidated financial statements (Note 3*)
	Food Products Business	Foodstuffs Business	Logistics Business	Total				
Net sales								
Sales to external customers	68,806	11,699	5,907	86,414	3,165	89,579	—	89,579
Intersegment sales and transfers	0	716	1,263	1,980	5,829	7,809	(7,809)	—
Total	68,806	12,416	7,170	88,394	8,994	97,388	(7,809)	89,579
Segment income (loss)	2,377	177	144	2,699	236	2,935	7	2,943

Notes: 1. The “Others” 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 7 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.

2. Impairment losses on fixed assets and goodwill by reportable segment

[Significant impairment losses on fixed assets]:

The logistics business includes loss on closure of warehouse of 253 million yen (impairment loss of 203 million yen, warehouse removal costs of 50 million yen) related to the planned closure of a warehouse, booked as an extraordinary loss.