

Financial Statements for the Fiscal Year Ended February 29, 2012

April 13, 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/
Representative:	Hidetoshi Imokawa, President		
Contact:	Masana Moriura, Managing Director,		
	Administrative Management Headquarters	TEL:	+81-42-345-3131
Scheduled date of holding the annual general meeting of shareholders			May 24, 2012
Scheduled date of filing the Annual Securities Report:			May 25, 2012
Scheduled date of payment of dividends:			May 25, 2012
Supplementary documents for this summary of financial statements:			Yes
Explanation meeting for financial results			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 29, 2012 (March 1, 2011– February 29, 2012)

(1) Consolidated operating results

(Percentage figures show changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended February 29, 2012	163,372	6.6	4,092	18.8	4,147	13.3	1,862	8.2
Year ended February 28, 2011	153,232	4.7	3,445	(7.0)	3,662	(2.3)	1,722	(19.1)

(Note) Comprehensive income: Year ended February 29, 2012: ¥1,879 million (12.8%) Year ended February 28, 2011: ¥1,666 million (–%)

	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 29, 2012	112.12	—	5.7	6.6	2.5
Year ended February 28, 2011	103.64	—	5.5	5.7	2.2

(Reference) Equity in earnings of affiliates: Year ended February 29, 2012: ¥ – million, Year ended February 28, 2011: ¥ – 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 29, 2012	62,036	33,521	54.0	2,017.53
As of February 28, 2011	63,804	31,988	50.1	1,924.50

(Reference) Equity capital: As of February 29, 2012: ¥33,521 million, As of February 28, 2011: ¥31,975 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 29, 2012	4,504	(2,435)	(5,907)	1,619
Year ended February 28, 2011	6,216	(3,850)	(2,391)	5,468

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 28, 2011	—	0.00	—	20.00	20.00	332	19.3	1.1
Year ended February 29, 2012	—	0.00	—	20.00	20.00	332	17.8	1.0
Year ended February 28, 2013 (forecast)	—	0.00	—	30.00	30.00		21.7	

3. Consolidated financial forecast for the fiscal year ending February 28, 2013 (March 1, 2012 – February 28, 2013)

(Percentage figures show changes from the same period in 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
First six months	84,800	5.4	2,570	(6.3)	2,700	(5.2)	1,500	36.1	90.28
Full year	171,000	4.7	4,500	10.0	4,600	10.9	2,300	23.5	138.43

* Notes

(1) Significant changes to subsidiaries during the term (Transfers of specific subsidiaries with changes in the scope of consolidation): No

(2) 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 |
- There is no applicable item relating to “3) Changes in accounting estimates” and “4) Restatements” in accordance with the “Accounting Standard for Accounting Changes and Error Corrections.”

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

1) Number of shares outstanding (including treasury stock)	As of February 29, 2012	16,625,660 shares	As of February 28, 2011	16,625,660 shares
2) Number of treasury stock:	As of February 29, 2012	10,766 shares	As of February 28, 2011	10,646 shares
3) Average number of shares outstanding in each period	Year ended February 29, 2012	16,614,973 shares	Year ended February 28, 2011	16,615,080 shares

(References) Overview of non-consolidated business results

Non-consolidated financial results for the year ended February 29, 2012 (March 1, 2011 – February 29, 2012)

(1) Non-consolidated operating results

(Percentage figures show changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended February 29, 2012	121,809	8.0	2,157	10.8	2,497	4.0	1,395	918.8
Year ended February 28, 2011	112,735	9.5	1,947	(4.5)	2,401	1.2	136	(89.0)

	Net income per share (Yen)	Diluted net income per share (Yen)
Year ended February 29, 2012	83.98	—
Year ended February 28, 2011	8.24	—

(2) Non-consolidated financial position

(Millions of Yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
As of February 29, 2012	49,868	29,137	58.4	1,753.67
As of February 28, 2011	48,650	28,074	57.7	1,689.72

(Reference) Equity capital: As of February 29, 2012: ¥ 29,137 million, As of February 28, 2011: ¥ 28,074 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 28, 2011	As of February 29, 2012
Assets		
Current assets		
Cash and deposits	5,484	1,619
Notes and accounts receivable-trade	13,079	14,243
Merchandise and finished goods	2,043	3,121
Raw materials and supplies	650	647
Deferred tax assets	491	508
Other	1,817	2,030
Allowance for doubtful accounts	(98)	(20)
Total current assets	23,468	22,151
Fixed assets		
Tangible fixed assets		
Buildings and structures	37,534	38,891
Accumulated depreciation	(20,297)	(22,256)
Buildings and structures, net	17,236	16,634
Machinery, equipment and vehicles	15,258	15,228
Accumulated depreciation	(10,537)	(10,996)
Machinery, equipment and vehicles, net	4,720	4,231
Land	12,750	12,692
Lease assets	1,412	2,763
Accumulated depreciation	(284)	(648)
Lease assets, net	1,127	2,114
Construction in progress	2	205
Other	1,293	1,302
Accumulated depreciation	(1,041)	(1,110)
Other, net	252	191
Total tangible fixed assets	36,091	36,070
Intangible assets		
Goodwill	135	—
Lease assets	9	7
Other	858	689
Total intangible assets	1,003	696
Investments and other assets		
Investment securities	311	469
Long-term loans receivable	308	128
Guarantee deposits	1,196	1,118
Deferred tax assets	1,084	1,150
Other	343	338
Allowance for doubtful accounts	(2)	(86)
Total investments and other assets	3,240	3,118
Total fixed assets	40,335	39,885
Total assets	63,804	62,036

(Millions of Yen)

	As of February 28, 2011	As of February 29, 2012
Liabilities		
Current liabilities		
Notes and accounts payable—trade	7,848	7,929
Short-term debt	5,175	—
Current portion of long-term debt	—	1,648
Lease obligations	272	511
Accounts payable—other	7,209	5,840
Accrued income taxes	316	1,477
Provision for bonuses	663	701
Others	1,343	1,472
Total current liabilities	22,829	19,581
Long-term liabilities		
Long-term debt	5,854	4,205
Lease obligations	1,037	1,936
Provision for retirement benefits	1,837	1,920
Asset retirement obligations	—	761
Others	257	110
Total long-term liabilities	8,986	8,934
Total liabilities	31,816	28,515
Net assets		
Shareholders' equity		
Common stock	7,285	7,285
Capital surplus	7,379	7,379
Retained earnings	17,441	18,971
Treasury stock	(16)	(16)
Total shareholders' equity	32,090	33,620
Accumulated other comprehensive income		
Unrealized gain on securities	15	15
Deferred gains or losses on hedges	(5)	32
Foreign currency translation adjustment	(125)	(147)
Total accumulated other comprehensive income	(115)	(99)
Minority interests	12	—
Total net assets	31,988	33,521
Total liabilities and net assets	63,804	62,036

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated statements of income

	(Millions of Yen)	
	Year ended February 28, 2011	Year ended February 29, 2012
Net sales	153,232	163,372
Cost of sales	130,168	139,193
Gross profit	23,063	24,178
Selling, general and administrative expenses		
Haulage expenses	8,135	8,446
Salaries, allowances and bonuses	3,873	3,877
Provision for bonuses	245	262
Depreciation	294	278
Rent expenses	760	743
Others	6,308	6,479
Total selling, general and administrative expenses	19,618	20,086
Operating income	3,445	4,092
Non-operating income		
Interest income	12	12
Dividends income	169	195
Rent income	298	191
Others	298	207
Total non-operating income	779	607
Non-operating expenses		
Interest expenses	208	163
Loss on retirement of fixed assets	86	170
Cost of lease revenue	210	115
Others	57	102
Total non-operating expenses	563	552
Ordinary income	3,662	4,147
Extraordinary income		
Gain on sales of fixed assets	60	—
Reversal of allowance for doubtful accounts	15	—
Subsidy income	—	76
Total extraordinary income	76	76
Extraordinary losses		
Impairment loss	79	—
Prior period salary	847	—
Loss on disaster	—	238
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	430
Others	—	60
Total extraordinary losses	926	729
Income before income taxes	2,811	3,494
Current income taxes	638	1,742
Deferred income taxes	443	(112)
Total income taxes	1,081	1,629
Income before minority interests	—	1,864
Minority interests in income	8	1
Net income	1,722	1,862

Consolidated statements of comprehensive income

(Millions of Yen)

	Year ended February 28, 2011	Year ended February 29, 2012
Income before minority interests	—	1,864
Other comprehensive income		
Unrealized gain on securities	—	(0)
Deferred gains or losses on hedges	—	37
Foreign currency translation adjustment	—	(22)
Total other comprehensive income	—	15
Comprehensive income	—	1,879
(Breakdown of Comprehensive income)		
Parent company portion of comprehensive income	—	1,877
Minority interest portion of comprehensive income	—	1

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of Yen)

	Year ended February 28, 2011	Year ended February 29, 2012
Shareholders' equity		
Common stock		
Balance at the end of previous period	7,285	7,285
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,285	7,285
Capital surplus		
Balance at the end of previous period	7,379	7,379
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,379	7,379
Retained earnings		
Balance at the end of previous period	16,051	17,441
Changes of items during the period		
Dividends from surplus	(332)	(332)
Net income	1,722	1,862
Total changes of items during the period	1,389	1,530
Balance at the end of current period	17,441	18,971
Treasury stock		
Balance at the end of previous 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 end of previous period	30,700	32,090
Changes of items during the period		
Dividends from surplus	(332)	(332)
Net income	1,722	1,862
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	1,389	1,530
Balance at the end of current period	32,090	33,620

(Millions of Yen)

	Year ended February 28, 2011	Year ended February 29, 2012
Accumulated other comprehensive income		
Unrealized gain on securities		
Balance at the end of previous period	7	15
Changes of items during the period		
Net changes of items other than shareholders' equity	8	(0)
Total changes of items during the period	8	(0)
Balance at the end of current period	15	15
Deferred gains or losses on hedges		
Balance at the end of previous period	2	(5)
Changes of items during the period		
Net changes of items other than shareholders' equity	(7)	37
Total changes of items during the period	(7)	37
Balance at the end of current period	(5)	32
Foreign currency translation adjustment		
Balance at the end of previous period	(62)	(125)
Changes of items during the period		
Net changes of items other than shareholders' equity	(63)	(21)
Total changes of items during the period	(63)	(21)
Balance at the end of current period	(125)	(147)
Total accumulated other comprehensive income		
Balance at the end of previous period	(52)	(115)
Changes of items during the period		
Net changes of items other than shareholders' equity	(62)	15
Total changes of items during the period	(62)	15
Balance at the end of current period	(115)	(99)
Minority interests		
Balance at the end of previous period	11	12
Changes of items during the period		
Net changes of items other than shareholders' equity	0	(12)
Total changes of items during the period	0	(12)
Balance at the end of current period	12	—
Total net assets		
Balance at the end of previous period	30,659	31,988
Changes of items during the period		
Dividends from surplus	(332)	(332)
Net income	1,722	1,862
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	(61)	2
Total changes of items during the period	1,328	1,533
Balance at the end of current period	31,988	33,521

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended February 28, 2011	Year ended February 29, 2012
Cash flows from operating activities		
Net income before income taxes	2,811	3,494
Depreciation and amortization	3,763	3,774
Impairment loss	79	34
Amortization of goodwill	180	140
Increase (decrease) in allowance for doubtful accounts	(331)	5
Increase (decrease) in provision for bonuses	(10)	38
Increase (decrease) in provision for retirement benefits	126	83
Interest and dividends income	(182)	(208)
Interest expenses	208	163
Subsidy income	—	(76)
Loss on retirement of fixed assets	86	170
Loss on disaster	—	238
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	430
Loss (gain) on sales of fixed assets	(59)	—
Decrease (increase) in notes and accounts receivable-trade	(884)	(1,169)
Decrease (increase) in inventories	266	(1,133)
Increase (decrease) in notes and accounts payable-trade	(186)	83
Increase (decrease) in accounts payable-other	817	(987)
Other	626	(105)
Subtotal	7,310	4,976
Interest and dividends income received	182	208
Interest expenses paid	(210)	(164)
Payments for loss on disaster	—	(146)
Income taxes paid	(1,066)	(369)
Net cash provided by (used in) operating activities	6,216	4,504
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,336)	(2,230)
Proceeds from sales of tangible fixed assets	291	95
Purchase of intangible assets	(29)	(66)
Purchase of investment securities	(22)	(9)
Proceeds from sales of investment securities	5	—
Payments of loans receivable	(278)	(555)
Collection of loans receivable	209	394
Proceeds from subsidy	399	76
Purchase of stocks of subsidiaries and affiliates	—	(225)
Other	(89)	86
Net cash provided by (used in) investing activities	(3,850)	(2,435)

(Millions of Yen)

	Year ended February 28, 2011	Year ended February 29, 2012
Cash flows by financing activities		
Net increase (decrease) in short-term debt	(500)	(3,550)
Proceeds from long-term debt	900	—
Repayment of long-term debt	(2,233)	(1,624)
Cash dividends paid	(332)	(332)
Other	(226)	(399)
Net cash provided by (used in) financing activities	(2,391)	(5,907)
Effect of exchange rate change on cash and cash equivalents	(37)	(11)
Net increase (decrease) in cash and cash equivalents	(63)	(3,849)
Cash and cash equivalents at the beginning of period	5,532	5,468
Cash and cash equivalents at the end of period	5,468	1,619

(Segment Information, Etc.)

[Business segment information, etc.]

(Millions of Yen)

	Year ended February 28, 2011						
	Food Products Business	Foodstuffs Business	Logistics Business	Other Business	Total	Eliminations/corporate	Consolidated
I. Net sales and operating profit or loss							
Net sales							
(1) Sales to external customers	117,834	19,366	10,784	5,248	153,232	–	153,232
(2) Intersegment sales and transfers	0	1,381	2,093	10,740	14,216	(14,216)	–
Total	117,834	20,747	12,877	15,988	167,448	(14,216)	153,232
Operating expenses	114,961	20,449	12,655	16,043	164,110	(14,323)	149,786
Operating profit (loss)	2,873	297	222	(55)	3,338	107	3,445
II. Assets, depreciation and amortization, impairment losses and capital expenditure							
Segment assets	53,568	6,151	3,322	3,688	66,730	(2,926)	63,804
Depreciation and amortization	3,833	101	59	13	4,007	(194)	3,813
Impairment losses	52	12	–	13	79	–	79
Capital expenditure	3,701	77	47	11	3,837	(211)	3,626

Notes: 1. Business segments are classified based on the type and nature of each business.

2. Major operations of each segment

Segment	Major operations
Food Products Business	Manufacturing and sales of cooked food including boxed meals, onigiri (rice balls), sushi, prepared breads, and prepared dishes
Foodstuffs Business	Procurement, processing and sales of foodstuffs
Logistics Business	Food delivery
Other Business	Sales of food production facilities, temporary staffing, and outsourcing of operations

3. Of operating costs, there is no unclassifiable expense included in the item of “Eliminations/corporate”.

4. Of assets, there is no corporate asset included in the item of “Eliminations/corporate”.

[Segment information by location]

Year ended February 28, 2011

Since the net sales and assets of the Company in Japan exceed 90% of aggregate net sales and assets of all segments respectively, segment information by location is omitted.

[Overseas sales]

Year ended February 28, 2011

Since overseas sales account for less than 10% of consolidated net sales, overseas net sales information is omitted.

[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”, “Foodstuffs 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
Foodstuffs 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 28, 2011

Since the Company discloses information equivalent to the segment information in the consolidated financial statements based on the conventional treatment of segment information in accordance with the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No.17 of March 27, 2009) and other standards, information on the amounts of sales, income/loss, assets/liabilities, and other items by reporting segment is omitted.

Year ended February 29, 2012

(Millions of Yen)

	Reportable segments				Other (Note*1)	Total	Adjustment (Note*2)	Carried on consolidate d financial statements (Note*3)
	Food Products Business	Foodstuffs 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. The adjustment of 24 million Yen under the item of “Segment income” is an elimination of intersegment transactions. The adjustment of (7,322) million Yen under the item of “Segment assets” is an elimination of intersegment transactions.

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

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

(Additional Information)

Effective from March 1, 2011, the company applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, released on March 27, 2009) and the “Implementation Guidance on Accounting Standard for Disclosures about Segment of an Enterprise and Related Information” (ASBJ Guidance No. 20, released on March 21, 2008)