

Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending February 29, 2016

[Prepared under Japanese GAAP, (UNAUDITED)]

January 6, 2016

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: January 7, 2016
Scheduled date of payment of dividends: –
Supplementary documents for this summary of quarterly results: None
Quarterly results briefing: None

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

1. Consolidated financial results for the first three quarters of the year ending February 29, 2016

(March 1, 2015– November 30, 2015)

(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	%
Three quarters ended November 30, 2015	159,330	4.0	2,917	(21.3)	3,202	(20.3)	2,191	(10.0)
Three quarters ended November 30, 2014	153,184	8.3	3,706	(0.5)	4,020	1.7	2,435	2.4

(Note) Comprehensive income: Three quarters ended November 30, 2015: ¥2,253 million (down 11.9%)
Three quarters ended November 30, 2014: ¥2,558 million (up 2.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three quarters ended November 30, 2015	124.71	–
Three quarters ended November 30, 2014	138.29	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of November 30, 2015	81,790	42,366	51.8
As of February 28, 2015	77,117	41,210	53.4

(Reference) Equity capital: As of November 30, 2015: ¥42,366 million
As of February 28, 2015: ¥41,210 million

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2015	–	0.00	–	35.00	35.00
Year ending February 29, 2016	–	0.00	–		
Year ending February 29, 2016 (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 29, 2016

(March 1, 2015 – February 29, 2016)

(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	211,500	4.9	2,900	(29.9)	3,200	(28.9)	2,050	(26.1)	116.70

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

* 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 stock)	As of November 30, 2015	17,625,660 shares	As of February 28, 2015	17,625,660 shares
2) Number of treasury stock	As of November 30, 2015	87,926 shares	As of February 28, 2015	11,326 shares
3) Average number of shares outstanding in each period	Three quarters ended November 30, 2015	17,575,760 shares	Three quarters ended November 30, 2014	17,614,406 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:

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 28, 2015	As of November 30, 2015
Assets		
Current assets		
Cash and deposits	8,846	9,136
Notes and accounts receivable - trade	17,403	18,225
Merchandise and finished goods	2,985	2,383
Raw materials and supplies	867	1,037
Other	2,634	2,373
Allowance for doubtful accounts	(129)	(128)
Total current assets	32,607	33,026
Fixed assets		
Tangible fixed assets		
Buildings and structures	43,718	45,216
Accumulated depreciation	(26,350)	(27,472)
Buildings and structures, net	17,367	17,744
Machinery, equipment and vehicles	18,550	19,660
Accumulated depreciation	(13,371)	(13,494)
Machinery, equipment and vehicles, net	5,179	6,166
Land	12,382	12,380
Construction in progress	514	224
Other	7,978	11,166
Accumulated depreciation	(3,885)	(4,291)
Other, net	4,093	6,874
Total tangible fixed assets	39,537	43,389
Intangible assets		
Other	580	665
Total intangible assets	580	665
Investments and other assets		
Other	4,393	4,710
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	4,391	4,708
Total fixed assets	44,509	48,763
Total assets	77,117	81,790

	(Millions of Yen)	
	As of February 28, 2015	As of November 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,978	11,393
Short-term loans payable	100	—
Current portion of long-term loans payable	1,120	750
Accounts payable - other	9,174	9,437
Accrued income taxes	968	487
Provision for bonuses	860	1,364
Provision for directors' bonuses	—	77
Other	2,851	3,318
Total current liabilities	26,053	26,829
Long-term liabilities		
Long-term loans payable	3,200	2,659
Net defined benefit liability	2,167	2,591
Provision for director stock options	—	36
Asset retirement obligations	1,011	1,178
Other	3,474	6,128
Total long-term liabilities	9,853	12,594
Total liabilities	35,906	39,424
Net assets		
Shareholders' equity		
Common stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	24,704	26,044
Treasury stock	(17)	(263)
Total shareholders' equity	40,881	41,975
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166	228
Deferred gains or losses on hedges	18	16
Foreign currency translation adjustment	138	133
Remeasurements of defined benefit plans	5	12
Total accumulated other comprehensive income	329	391
Total net assets	41,210	42,366
Total liabilities and net assets	77,117	81,790

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income

(Millions of Yen)

	Three quarters ended November 30, 2014	Three quarters ended November 30, 2015
Net sales	153,184	159,330
Cost of sales	130,632	137,101
Gross profit	22,552	22,229
Selling, general and administrative expenses	18,845	19,311
Operating income	3,706	2,917
Non-operating income		
Interest income	8	8
Dividends income	194	295
Rent income	162	139
Other	198	74
Total non-operating income	564	516
Non-operating expenses		
Interest expenses	73	69
Loss on retirement of fixed assets	33	33
Cost of lease revenue	116	108
Other	25	20
Total non-operating expenses	249	232
Ordinary income	4,020	3,202
Extraordinary income		
Subsidy income	84	—
Total extraordinary income	84	—
Extraordinary losses		
Provision of allowance for doubtful accounts for subsidiaries and associates	68	—
Impairment loss	—	132
Total extraordinary losses	68	132
Income before income taxes	4,036	3,070
Current income taxes	1,841	1,239
Deferred income taxes	(240)	(361)
Total income taxes	1,600	878
Income before minority interests	2,435	2,191
Net income	2,435	2,191

Quarterly consolidated statements of comprehensive income

(Millions of Yen)

	Three quarters ended November 30, 2014	Three quarters ended November 30, 2015
Income before minority interests	2,435	2,191
Other comprehensive income		
Valuation difference on available-for-sale securities	40	61
Deferred gains or losses on hedges	56	(1)
Foreign currency translation adjustment	25	(5)
Remeasurements of defined benefit plans, net of tax	—	7
Total other comprehensive income	122	61
Comprehensive income	2,558	2,253
(Breakdown of comprehensive income)		
Parent company portion of comprehensive income	2,558	2,253

(3) Segment information, etc.

[Business segment information]

I. Three quarters ended November 30, 2014 (March 1, 2014– November 30, 2014)

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	118,790	18,824	9,566	147,181	6,003	153,184	—	153,184
Intersegment sales and transfers	0	1,384	2,593	3,977	12,146	16,124	(16,124)	—
Total	118,790	20,209	12,159	151,158	18,149	169,308	(16,124)	153,184
Segment income (loss)	2,795	211	245	3,252	482	3,734	(28)	3,706

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 (28) 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. Three quarters ended November 30, 2015 (March 1, 2015– November 30, 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	124,544	18,315	10,557	153,417	5,913	159,330	—	159,330
Intersegment sales and transfers	—	1,721	2,661	4,382	13,152	17,535	(17,535)	—
Total	124,544	20,036	13,219	157,800	19,066	176,866	(17,535)	159,330
Segment income (loss)	1,977	358	89	2,425	546	2,972	(54)	2,917

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 (54) 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.