

# Summary of Consolidated Financial Statements for the Fiscal Year Ended February 28, 2015

[Prepared under Japanese GAAP, (UNAUDITED)]

April 8, 2015

Name of listed company:	WARABEYA NICHIO CO., LTD.	Listed on:	Tokyo Stock Exchange, 1st Section
Securities code:	2918	URL:	<a href="http://www.warabeya.co.jp/">http://www.warabeya.co.jp/</a>
Representative:	Hidetoshi Imokawa, President		
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Scheduled date of the annual general meeting of shareholders:	May 28, 2015		
Scheduled date of payment of dividends:	May 29, 2015		
Scheduled date of filing the annual securities report:	May 29, 2015		
Supplementary documents for this summary of financial statements results:	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, 2015 (March 1, 2014– February 28, 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	%
Year ended February 28, 2015	201,680	8.1	4,137	11.3	4,502	13.8	2,775	22.1
Year ended February 28, 2014	186,531	6.6	3,718	(5.1)	3,957	(3.8)	2,272	5.1

(Note) Comprehensive income: Year ended February 28, 2015: ¥2,973 million (up 22.2%)

Year ended February 28, 2014: ¥2,433 million (up 9.3%)

	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, 2015	157.55	—	6.9	6.1	2.1
Year ended February 28, 2014	129.01	—	6.0	5.8	2.0

(Reference) Equity in earnings of affiliates: Year ended February 28, 2015: ¥ – million, Year ended February 28, 2014: ¥ – 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, 2015	77,117	41,210	53.4	2,339.60
As of February 28, 2014	71,104	38,848	54.6	2,205.51

(Reference) Equity capital: As of February 28, 2015: ¥41,210 million, As of February 28, 2014: ¥38,848 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, 2015	11,238	(6,061)	(3,064)	8,846
Year ended February 28, 2014	5,749	(3,280)	(1,788)	6,711

## 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, 2014	—	0.00	—	35.00	35.00	616	27.1	1.6
Year ended February 28, 2015	—	0.00	—	35.00	35.00	616	22.2	1.5
Year ending February 28, 2016 (forecast)	—	0.00	—	40.00	40.00		24.3	

3. Consolidated financial forecasts for the fiscal year ending February 28, 2016  
(March 1, 2015 – February 28, 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
First six months	110,000	6.4	3,000	9.3	3,150	4.3	2,100	18.2	119.22
Full year	215,000	6.6	4,500	8.8	4,600	2.2	2,900	4.5	164.64

\* 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) 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

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

1) Number of shares outstanding (including treasury stock)

As of February 28, 2015	17,625,660 shares	As of February 28, 2014	17,625,660 shares
As of February 28, 2015	11,326 shares	As of February 28, 2014	11,226 shares
Year ended February 28, 2015	17,614,396 shares	Year ended February 28, 2014	17,614,495 shares

2) Number of treasury stock

3) Average number of shares outstanding in each period

(References) Overview of non-consolidated business results

1. Non-consolidated financial results for the year ended February 28, 2015 (March 1, 2014– February 28, 2015)

(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, 2015	152,360	8.0	1,876	43.3	2,457	37.8	1,644	49.9
Year ended February 28, 2014	141,082	7.4	1,309	(3.6)	1,783	(4.6)	1,097	(0.3)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended February 28, 2015	93.36	–
Year ended February 28, 2014	62.28	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of February 28, 2015	60,753	33,177	54.6	1,883.57
As of February 28, 2014	56,339	32,089	57.0	1,821.80

(Reference) Equity capital: As of February 28, 2015: ¥33,177 million, As of February 28, 2014: ¥32,089 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, 2014	As of February 28, 2015
Assets		
Current assets		
Cash and deposits	6,711	8,846
Notes and accounts receivable - trade	15,712	17,403
Merchandise and finished goods	3,178	2,985
Raw materials and supplies	902	867
Deferred tax assets	504	449
Other	2,095	2,184
Allowance for doubtful accounts	(60)	(129)
Total current assets	29,044	32,607
Fixed assets		
Tangible fixed assets		
Buildings and structures	41,362	43,718
Accumulated depreciation	(24,680)	(26,350)
Buildings and structures, net	16,682	17,367
Machinery, equipment and vehicles	17,238	18,550
Accumulated depreciation	(12,473)	(13,371)
Machinery, equipment and vehicles, net	4,765	5,179
Land	12,382	12,382
Lease assets	5,040	6,574
Accumulated depreciation	(1,855)	(2,674)
Lease assets, net	3,184	3,899
Construction in progress	545	514
Other	1,377	1,403
Accumulated depreciation	(1,170)	(1,210)
Other, net	207	193
Total tangible fixed assets	37,768	39,537
Intangible assets		
Lease assets	17	13
Other	331	567
Total intangible assets	348	580
Investments and other assets		
Investment securities	435	540
Long-term loans receivable	93	248
Net defined benefit asset	—	206
Guarantee deposits	1,165	1,173
Deferred tax assets	1,282	1,415
Other	969	809
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	3,942	4,391
Total fixed assets	42,059	44,509
Total assets	71,104	77,117

(Millions of Yen)

	As of February 28, 2014	As of February 28, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,005	10,978
Short-term loans payable	100	100
Current portion of long-term loans payable	1,244	1,120
Lease obligations	944	1,168
Accounts payable - other	7,044	9,174
Accrued income taxes	962	968
Provision for bonuses	767	860
Other	1,962	1,682
Total current liabilities	22,031	26,053
Long-term liabilities		
Long-term loans payable	4,320	3,200
Lease obligations	2,815	3,381
Provision for retirement benefits	2,023	—
Net defined benefit liability	—	2,167
Asset retirement obligations	965	1,011
Other	99	92
Total long-term liabilities	10,223	9,853
Total liabilities	32,255	35,906
Net assets		
Shareholders' equity		
Common stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	22,546	24,704
Treasury stock	(17)	(17)
Total shareholders' equity	38,722	40,881
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	105	166
Deferred gains or losses on hedges	(9)	18
Foreign currency translation adjustment	30	138
Remeasurements of defined benefit plans	—	5
Total accumulated other comprehensive income	126	329
Total net assets	38,848	41,210
Total liabilities and net assets	71,104	77,117

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated statements of income

(Millions of Yen)

	Year ended February 28, 2014	Year ended February 28, 2015
Net sales	186,531	201,680
Cost of sales	159,928	172,686
Gross profit	26,603	28,994
Selling, general and administrative expenses		
Haulage expenses	10,087	11,197
Salaries, allowances and bonuses	4,634	4,987
Provision for bonuses	306	345
Depreciation	287	249
Rent expenses	817	852
Other	6,750	7,224
Total selling, general and administrative expenses	22,884	24,856
Operating income	3,718	4,137
Non-operating income		
Interest income	13	11
Dividend income	234	196
Rent income	174	216
Other	264	266
Total non-operating income	686	689
Non-operating expenses		
Interest expenses	108	96
Loss on retirement of fixed assets	165	50
Cost of lease revenue	108	147
Other	64	30
Total non-operating expenses	447	324
Ordinary income	3,957	4,502
Extraordinary income		
Subsidy income	–	84
Total extraordinary income	–	84
Extraordinary losses		
Provision of allowance for doubtful accounts for subsidiaries and associates	–	68
Impairment loss	89	131
Total extraordinary losses	89	200
Income before income taxes	3,867	4,386
Current income taxes	1,733	1,755
Deferred income taxes	(138)	(143)
Total income taxes	1,595	1,611
Income before minority interests	2,272	2,775
Net income	2,272	2,775

Consolidated statements of comprehensive income

	(Millions of Yen)	
	Year ended February 28, 2014	Year ended February 28, 2015
Income before minority interests	2,272	2,775
Other comprehensive income		
Valuation difference on available-for-sale securities	58	61
Deferred gains or losses on hedges	(22)	28
Foreign currency translation adjustment	125	108
Total other comprehensive income	161	197
Comprehensive income	2,433	2,973
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	2,433	2,973

(3) Consolidated Statements of Changes in Shareholders' Equity

Year ended February 28, 2014

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	8,049	8,143	20,802	(16)	36,979
Changes of items during the period					
Dividends from surplus	—	—	(528)	—	(528)
Net income	—	—	2,272	—	2,272
Purchase of treasury stock	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	1,744	(0)	1,743
Balance at the end of current period	8,049	8,143	22,546	(17)	38,722

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	46	13	(94)	—	(35)	36,943
Changes of items during the period						
Dividends from surplus	—	—	—	—	—	(528)
Net income	—	—	—	—	—	2,272
Purchase of treasury stock	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	58	(22)	125	—	161	161
Total changes of items during the period	58	(22)	125	—	161	1,905
Balance at the end of current period	105	(9)	30	—	126	38,848

Year ended February 28, 2015

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	8,049	8,143	22,546	(17)	38,722
Changes of items during the period					
Dividends from surplus	—	—	(616)	—	(616)
Net income	—	—	2,775	—	2,775
Purchase of treasury stock	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	2,158	(0)	2,158
Balance at the end of current period	8,049	8,143	24,704	(17)	40,881

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	105	(9)	30	—	126	38,848
Changes of items during the period						
Dividends from surplus	—	—	—	—	—	(616)
Net income	—	—	—	—	—	2,775
Purchase of treasury stock	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	61	28	108	5	203	203
Total changes of items during the period	61	28	108	5	203	2,361
Balance at the end of current period	166	18	138	5	329	41,210

(4) Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Year ended February 28, 2014	Year ended February 28, 2015
Cash flows from operating activities		
Income before income taxes	3,867	4,386
Depreciation and amortization	3,854	4,382
Impairment loss	89	131
Increase (decrease) in allowance for doubtful accounts	(23)	68
Increase (decrease) in provision for bonuses	29	92
Increase (decrease) in provision for retirement benefits	46	–
Increase (decrease) in net defined benefit liability	–	152
Interest and dividend income	(247)	(207)
Interest expenses	108	96
Loss on retirement of fixed assets	165	50
Decrease (increase) in notes and accounts receivable - trade	(1,347)	(1,668)
Decrease (increase) in inventories	(514)	236
Increase (decrease) in notes and accounts payable - trade	551	1,964
Increase (decrease) in accounts payable - other	477	2,674
Other	119	419
Subtotal	7,178	12,780
Interest and dividend income received	247	207
Interest expenses paid	(110)	(97)
Income taxes paid	(1,566)	(1,651)
Net cash provided by (used in) operating activities	5,749	11,238
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,957)	(5,752)
Proceeds from sales of tangible fixed assets	111	0
Purchase of intangible assets	(73)	(391)
Purchase of investment securities	(10)	(10)
Payments of loans receivable	(1,053)	(1,032)
Collection of loans receivable	851	732
Payments for investments in capital of subsidiaries and affiliates	(147)	–
Other	(0)	394
Net cash provided by (used in) investing activities	(3,280)	(6,061)
Cash flows from financing activities		
Proceeds from long-term loans payable	840	–
Repayment of long-term loans payable	(1,316)	(1,244)
Repayments of lease obligations	(783)	(1,202)
Cash dividends paid	(527)	(616)
Other	(0)	(0)
Net cash provided by (used in) financing activities	(1,788)	(3,064)

	(Millions of Yen)	
	Year ended February 28, 2014	Year ended February 28, 2015
Effect of exchange rate change on cash and cash equivalents	32	21
Net increase (decrease) in cash and cash equivalents	712	2,134
Cash and cash equivalents at the beginning of period	5,999	6,711
Cash and cash equivalents at the end of period	6,711	8,846

(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 28, 2014

(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	144,282	23,548	12,607	180,439	6,092	186,531	–	186,531
Intersegment sales and transfers	0	1,546	2,848	4,395	14,563	18,958	(18,958)	–
Total	144,282	25,095	15,456	184,834	20,656	205,490	(18,958)	186,531
Segment income (loss)	2,970	237	127	3,335	508	3,844	(125)	3,718
Segment assets	63,905	7,621	3,315	74,842	5,551	80,394	(9,290)	71,104
Other								
Depreciation and amortization	3,891	95	78	4,065	24	4,089	(235)	3,854
Increase in tangible fixed assets and intangible fixed assets	6,299	77	137	6,514	60	6,575	(486)	6,088

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 (125) million yen under the item of “Segment income” is an elimination of intersegment transactions.

The adjustment of (9,290) million yen under the item of “Segment assets” is an elimination of intersegment transactions.

The adjustment of (486) million yen under the item of “Increase in tangible fixed assets and intangible fixed assets” 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, 2015

(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	156,409	25,227	12,817	194,454	7,226	201,680	–	201,680
Intersegment sales and transfers	–	1,841	3,497	5,339	14,477	19,816	(19,816)	–
Total	156,410	27,068	16,315	199,794	21,703	221,497	(19,816)	201,680
Segment income (loss)	2,974	320	298	3,593	513	4,106	30	4,137
Segment assets	68,794	8,290	4,487	81,572	4,858	86,430	(9,313)	77,117
Other								
Depreciation and amortization	4,475	77	93	4,646	24	4,671	(288)	4,382
Increase in tangible fixed assets and intangible fixed assets	7,036	136	156	7,329	7	7,336	(395)	6,941

- 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 30 million yen under the item of “Segment income” is an elimination of intersegment transactions. The adjustment of (9,313) million yen under the item of “Segment assets” is an elimination of intersegment transactions. The adjustment of (395) million yen under the item of “Increase in tangible fixed assets and intangible fixed assets” is an elimination of intersegment transactions.
3. Segment income is adjusted to reflect operating income as recorded on the consolidated statements of income.