

Summary of Consolidated Financial Statements for the First Half of the Fiscal Year Ending February 28, 2015

[Prepared under Japanese GAAP, (UNAUDITED)]

October 2, 2014

Name of listed company: WARABEYA NICHIO CO., LTD. Listed on: Tokyo Stock Exchange, 1st Section
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 Scheduled date of filing the quarterly securities report: October 6, 2014
 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, 2015

(March 1, 2014– August 31, 2014)

(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, 2014	103,407	9.7	2,744	(0.7)	3,019	3.5	1,776	2.1
First half ended August 31, 2013	94,250	5.2	2,763	(6.1)	2,916	(6.7)	1,741	4.7

(Note) Comprehensive income: First half ended August 31, 2014: ¥1,779 million (down 3.6%)
 First half ended August 31, 2013: ¥1,846 million (up 11.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
First half ended August 31, 2014	100.88	—
First half ended August 31, 2013	98.84	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of August 31, 2014	82,136	40,012	48.7
As of February 28, 2014	71,104	38,848	54.6

(Reference) Equity capital: As of August 31, 2014: ¥40,012 million
 As of February 28, 2014: ¥38,848 million

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2014	—	0.00	—	35.00	35.00
Year ending February 28, 2015	—	0.00			
Year ending February 28, 2015 (forecast)			—	35.00	35.00

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

3. Consolidated financial forecasts for the fiscal year ending February 28, 2015

(March 1, 2014 – February 28, 2015)

(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	204,000	9.4	4,200	12.9	4,500	13.7	2,450	7.8	139.09

(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, 2014	17,625,660 shares	As of February 28, 2014	17,625,660 shares
2) Number of treasury stock	As of August 31, 2014	11,266 shares	As of February 28, 2014	11,226 shares
3) Average number of shares outstanding in each period	First half ended August 31, 2014	17,614,420 shares	First half ended August 31, 2013	17,614,547 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, 2014	As of August 31, 2014
Assets		
Current assets		
Cash and deposits	6,711	10,610
Notes and accounts receivable—trade	15,712	20,918
Merchandise and finished goods	3,178	2,319
Raw materials and supplies	902	898
Other	2,600	2,325
Allowance for doubtful accounts	(60)	(60)
Total current assets	29,044	37,012
Fixed assets		
Tangible fixed assets		
Buildings and structures	41,362	43,500
Accumulated depreciation	(24,680)	(25,465)
Buildings and structures, net	16,682	18,034
Machinery, equipment and vehicles	17,238	18,845
Accumulated depreciation	(12,473)	(12,854)
Machinery, equipment and vehicles, net	4,765	5,990
Land	12,382	12,382
Construction in progress	545	—
Other	6,417	7,701
Accumulated depreciation	(3,025)	(3,428)
Other, net	3,392	4,273
Total tangible fixed assets	37,768	40,681
Intangible assets		
Other	348	389
Total intangible assets	348	389
Investments and other assets		
Other	3,945	4,056
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	3,942	4,053
Total fixed assets	42,059	45,124
Total assets	71,104	82,136

	(Millions of Yen)	
	As of February 28, 2014	As of August 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable—trade	9,005	12,748
Short-term loans payable	100	—
Current portion of long-term loans payable	1,244	1,214
Accounts payable—other	7,044	10,603
Accrued income taxes	962	1,271
Provision for bonuses	767	821
Provision for directors' bonuses	—	71
Other	2,906	4,939
Total current liabilities	22,031	31,672
Long-term liabilities		
Long-term loans payable	4,320	3,725
Provision for retirement benefits	2,023	2,073
Asset retirement obligations	965	1,002
Other	2,914	3,650
Total long-term liabilities	10,223	10,452
Total liabilities	32,255	42,124
Net assets		
Shareholders' equity		
Common stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	22,546	23,706
Treasury stock	(17)	(17)
Total shareholders' equity	38,722	39,883
Accumulated other comprehensive income		
Unrealized gain on securities	105	127
Deferred gains or losses on hedges	(9)	2
Foreign currency translation adjustment	30	(1)
Total accumulated other comprehensive income	126	129
Total net assets	38,848	40,012
Total liabilities and net assets	71,104	82,136

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income

	(Millions of Yen)	
	First half ended August 31, 2013	First half ended August 31, 2014
Net sales	94,250	103,407
Cost of sales	79,878	87,964
Gross profit	14,371	15,443
Selling, general and administrative expenses	11,608	12,698
Operating income	2,763	2,744
Non-operating income		
Interest income	6	5
Dividend income	231	192
Rent income	78	109
Other	91	136
Total non-operating income	407	444
Non-operating expenses		
Interest expenses	57	50
Loss on retirement of fixed assets	78	23
Cost of lease revenue	44	78
Other	73	17
Total non-operating expenses	254	169
Ordinary income	2,916	3,019
Income before income taxes	2,916	3,019
Current income taxes	1,338	1,340
Deferred income taxes	(162)	(98)
Total income taxes	1,175	1,242
Income before minority interests	1,741	1,776
Net income	1,741	1,776

Quarterly consolidated statements of comprehensive income

	(Millions of Yen)	
	First half ended August 31, 2013	First half ended August 31, 2014
Income before minority interests	1,741	1,776
Other comprehensive income		
Unrealized gain on securities	33	22
Deferred gains or losses on hedges	(9)	12
Foreign currency translation adjustment	81	(31)
Total other comprehensive income	105	3
Comprehensive income	1,846	1,779
(Breakdown of comprehensive income)		
Parent company portion of comprehensive income	1,846	1,779

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	First half ended August 31, 2013	First half ended August 31, 2014
Cash flows from operating activities		
Net income before income taxes	2,916	3,019
Depreciation and amortization	1,831	2,147
Increase (decrease) in allowance for doubtful accounts	24	—
Increase (decrease) in provision for bonuses	31	54
Interest and dividend income	(237)	(198)
Interest expenses	57	50
Loss on retirement of fixed assets	78	23
Decrease (increase) in notes and accounts receivable-trade	(4,609)	(5,212)
Decrease (increase) in inventories	289	860
Increase (decrease) in notes and accounts payable-trade	2,829	3,745
Increase (decrease) in accounts payable-other	2,000	2,675
Other	667	869
Subtotal	5,879	8,035
Interest and dividend income received	237	198
Interest expenses paid	(56)	(51)
Income taxes paid	(716)	(929)
Net cash provided by (used in) operating activities	5,344	7,252
Cash flows from investing activities		
Purchase of tangible fixed assets	(543)	(1,499)
Purchase of intangible assets	(20)	(57)
Payments for investments in capital of subsidiaries and affiliates	(147)	—
Other	(266)	139
Net cash provided by (used in) investing activities	(979)	(1,417)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(100)	(100)
Proceeds from long-term loans payable	840	—
Repayment of long-term loans payable	(685)	(625)
Cash dividends paid	(526)	(616)
Other	(359)	(581)
Net cash provided by (used in) financing activities	(832)	(1,922)
Effect of exchange rate change on cash and cash equivalents	23	(13)
Net increase (decrease) in cash and cash equivalents	3,555	3,898
Cash and cash equivalents at the beginning of period	5,999	6,711
Cash and cash equivalents at the end of period	9,554	10,610

(4) Segment information, etc.

[Business segment information]

I. First half ended August 31, 2013 (March 1, 2013– August 31, 2013)

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	73,072	11,879	6,273	91,224	3,025	94,250	—	94,250
Intersegment sales and transfers	0	776	1,389	2,166	7,348	9,514	(9,514)	—
Total	73,072	12,656	7,662	93,391	10,373	103,764	(9,514)	94,250
Segment income (loss)	2,321	154	114	2,590	205	2,795	(32)	2,763

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 (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, 2014 (March 1, 2014– August 31, 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	80,174	12,728	6,403	99,307	4,099	103,407	—	103,407
Intersegment sales and transfers	0	934	1,704	2,639	10,019	12,658	(12,658)	—
Total	80,174	13,663	8,108	101,946	14,119	116,065	(12,658)	103,407
Segment income (loss)	2,027	168	189	2,385	465	2,851	(106)	2,744

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 (106) 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.