

Summary of Business Results for the Third Quarter Ended May 31, 2014

[Japan GAAP] (Consolidated)

July 11, 2014

Company **Watts Co., Ltd.** Listed on the TSE
 Stock Code 2735 URL: <http://www.watts-jp.com/>
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 Expected date of filing of quarterly report: July 11, 2014 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: None
 Quarterly results briefing: None

(Rounded down to million yen)

1. Consolidated business results for the nine months ended May 2014

(September 1, 2013 through May 31, 2014)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended May 2014	32,705	5.8	1,376	-19.6	1,387	-19.1	760	-24.3
Nine months ended May 2013	30,919	1.0	1,712	8.1	1,714	8.4	1,004	14.1

(Note) Comprehensive income

Nine months ended May 2014: 771 million yen (-27.6 %)

Nine months ended May 2013: 1,065 million yen (20.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 2014	56.14	-
Nine months ended May 2013	79.38	-

(Note) The company carried out a 2-for-1 stock split on common shares with the effective date of March 1, 2013. Consequently, the amount provided in net income per share has been retrospectively adjusted by calculating it on the assumption that the stock split was carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of May 2014	18,827	8,236	43.7
As of Aug. 2013	18,177	7,695	42.3

(Reference) Shareholders' equity

As of May 2014: 8,236 million yen

As of August 2013: 7,695 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Aug. 2013	-	0.00	-	17.00	17.00
Year ending Aug. 2014	-	0.00	-		
Year ending Aug. 2014 (forecast)				17.00	17.00

(Note) 1. Revisions to dividend forecast for the current quarter: Yes

2. Breakdown of year-end dividend for FY2013 Ordinary dividend ¥15.00; Dividend to commemorate the change in stock market listing to the TSE 2nd section ¥2.00

Breakdown of year-end dividend for FY2014 (forecast) Ordinary dividend ¥15.00; Dividend to commemorate the change in stock market listing to the TSE 1st section ¥2.00

Regarding the revisions to dividend forecast, please see today's (July 11, 2014) press release titled "Notice Concerning Revision to Dividend Forecast."

3. Forecast of consolidated business results for the fiscal year ending August 2014

(September 1, 2013 through August 31, 2014)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Aug. 2014	44,000	5.5	2,140	3.1	2,100	1.2	1,180	5.0	93.07

(Note) Revisions to business forecast for the current quarter: None

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

New 1 company (company name) 上海望趣商貿有限公司

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements:

None

(3) Changes in accounting policies, accounting estimates and restatement

- ① Changes in accounting policies associated with revision of accounting standards: : None
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of May 2014 13,958,800 shares

As of August 2013 13,958,800 shares

② Treasury stock at the end of period

As of May 2014 410,825 shares

As of August 2013 410,794 shares

③ Average number of stock during period (quarterly cumulative period)

Nine months ended May 2014 13,548,002 shares

Nine months ended May 2013 12,652,006 shares

(Note) The company carried out a 2-for-1 stock split on common shares with the effective date of March 1, 2013. Consequently, the numbers of shares provided have been retrospectively adjusted by calculating them on the assumption that the stock split was carried out at the beginning of the previous consolidated fiscal year.

*Implementation status of quarterly review procedures

At the time of disclosure of this report, the procedures for review of consolidated financial statements pursuant to the Financial Instruments and Exchange Act are in progress.

* Explanation regarding appropriate use of business forecasts and other special instructions

(Caution concerning forward-looking statements)

The forward-looking statements regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Therefore, the company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.