

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2017
(Based on Japanese GAAP)**

October 31, 2017

Company name: MARUWA CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 5344 URL: <http://www.maruwa-g.com/>
 Representative: President and Representative Director Sei Kanbe
 Director, General Manager of Administrative Division Tamaki Nozoki
 Inquiries: TEL 0561-51-0839
 Scheduled date to file Quarterly Securities Report: November 10, 2017
 Scheduled date to commence dividend payments: December 8, 2017
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	17,454	15.1	3,898	69.1	3,979	96.3	2,641	129.3
Six months ended September 30, 2016	15,159	4.1	2,304	56.6	2,026	40.1	1,151	35.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	213.78	-
Six months ended September 30, 2016	93.27	93.26

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	54,204	46,246	85.3
As of March 31, 2017	50,593	43,317	85.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	-	20.00	-	20.00	40.00
Year ending March 31, 2018	-	22.00	-	-	-
Year ending March 31, 2018 (Forecast)	-	-	-	22.00	44.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	33,350	3.6	5,400	9.0	5,450	9.5	3,400	19.3	275.25

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2017	12,372,000 shares	As of March 31, 2017	12,372,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	702 shares	As of March 31, 2017	19,629 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	12,358,376 shares	Six months ended September 30, 2016	12,350,930 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	18,027,046	19,626,530
Notes and accounts receivable - trade	8,736,607	9,193,871
Electronically recorded monetary claims - operating	503,710	637,554
Merchandise and finished goods	2,222,216	2,362,829
Work in process	1,400,373	1,645,636
Raw materials and supplies	3,249,129	3,506,801
Deferred tax assets	321,655	355,623
Other	755,238	731,646
Allowance for doubtful accounts	(2,850)	(2,713)
Total current assets	35,213,127	38,057,780
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,073,489	10,782,828
Accumulated depreciation	(5,731,785)	(5,956,172)
Buildings and structures, net	4,341,703	4,826,655
Machinery, equipment and vehicles	18,213,958	19,017,403
Accumulated depreciation	(14,338,009)	(14,912,757)
Machinery, equipment and vehicles, net	3,875,948	4,104,645
Land	3,668,726	3,684,420
Construction in progress	679,005	501,444
Other	3,590,735	3,909,048
Accumulated depreciation	(3,029,884)	(3,259,449)
Other, net	560,851	649,598
Total property, plant and equipment	13,126,235	13,766,765
Intangible assets		
Goodwill	20,740	6,913
Other	278,983	276,651
Total intangible assets	299,723	283,564
Investments and other assets	1,954,773	2,096,380
Total non-current assets	15,380,733	16,146,709
Total assets	50,593,860	54,204,490

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,503,852	2,280,814
Electronically recorded obligations - operating	–	1,352,046
Current portion of long-term loans payable	22,800	–
Income taxes payable	1,024,872	1,284,413
Provision for bonuses	458,385	521,026
Provision for directors' bonuses	27,500	7,000
Other	1,726,211	1,897,124
Total current liabilities	6,763,623	7,342,424
Non-current liabilities		
Deferred tax liabilities	187,311	290,990
Provision for environmental measures	13,526	13,526
Other	312,136	311,443
Total non-current liabilities	512,973	615,960
Total liabilities	7,276,596	7,958,385
Net assets		
Shareholders' equity		
Capital stock	8,646,720	8,646,720
Capital surplus	11,948,946	11,996,407
Retained earnings	24,022,962	26,417,905
Treasury shares	(42,051)	(2,129)
Total shareholders' equity	44,576,578	47,058,904
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	121,179	164,837
Foreign currency translation adjustment	(1,380,493)	(977,637)
Total accumulated other comprehensive income	(1,259,314)	(812,799)
Total net assets	43,317,263	46,246,104
Total liabilities and net assets	50,593,860	54,204,490

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	15,159,536	17,454,887
Cost of sales	9,443,728	9,994,317
Gross profit	5,715,808	7,460,570
Selling, general and administrative expenses	3,411,175	3,562,454
Operating profit	2,304,633	3,898,116
Non-operating income		
Interest income	14,462	12,810
Rent income	35,769	38,832
Foreign exchange gains	–	39,693
Other	31,841	14,276
Total non-operating income	82,073	105,612
Non-operating expenses		
Interest expenses	1,158	7
Foreign exchange losses	314,066	–
Rent expenses on real estate for investments	21,994	20,089
Other	22,606	4,115
Total non-operating expenses	359,826	24,212
Ordinary profit	2,026,880	3,979,516
Extraordinary income		
Gain on sales of non-current assets	14	7,760
Total extraordinary income	14	7,760
Extraordinary losses		
Loss on sales and retirement of non-current assets	7,696	55,620
Loss on liquidation of business	234,082	73,106
Other	2,600	–
Total extraordinary losses	244,379	128,726
Profit before income taxes	1,782,515	3,858,550
Income taxes - current	614,075	1,163,720
Income taxes - deferred	16,453	52,839
Total income taxes	630,528	1,216,560
Profit	1,151,986	2,641,990
Profit attributable to owners of parent	1,151,986	2,641,990

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	1,151,986	2,641,990
Other comprehensive income		
Valuation difference on available-for-sale securities	9,306	43,658
Foreign currency translation adjustment	(1,211,262)	402,856
Total other comprehensive income	(1,201,956)	446,514
Comprehensive income	(49,969)	3,088,505
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(49,969)	3,088,505

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	1,782,515	3,858,550
Depreciation	884,636	864,388
Loss on liquidation of business	234,082	73,106
Amortization of goodwill	101,337	13,827
Increase (decrease) in allowance for doubtful accounts	54,750	196
Loss (gain) on sales and retirement of non-current assets	7,681	47,859
Interest and dividend income	(16,694)	(15,439)
Foreign exchange losses (gains)	333,564	(1,986)
Decrease (increase) in notes and accounts receivable - trade	(24,322)	(482,552)
Decrease (increase) in inventories	(386,375)	(590,714)
Increase (decrease) in notes and accounts payable - trade	(181,560)	(160,228)
Other, net	51,356	272,781
Subtotal	2,840,971	3,879,788
Interest and dividend income received	18,542	15,439
Interest expenses paid	(628)	(7)
Income taxes paid	(535,654)	(908,579)
Net cash provided by (used in) operating activities	2,323,231	2,986,641
Cash flows from investing activities		
Net decrease (increase) in time deposits	522,397	(87,882)
Purchase of property, plant and equipment	(1,055,212)	(1,079,555)
Proceeds from sales of property, plant and equipment	15	14,054
Purchase of investment securities	(1,909)	(1,996)
Purchase of intangible assets	(23,432)	(12,545)
Proceeds from sales of intangible assets	120,000	-
Purchase of shares of subsidiaries	-	(24,003)
Other, net	(1,982)	(2,188)
Net cash provided by (used in) investing activities	(440,125)	(1,194,118)
Cash flows from financing activities		
Repayments of long-term loans payable	(163,893)	(22,800)
Purchase of treasury shares	(326)	(51,066)
Proceeds from sales of treasury shares	5,725	-
Cash dividends paid	(234,649)	(247,047)
Net cash provided by (used in) financing activities	(393,143)	(320,913)
Effect of exchange rate change on cash and cash equivalents	(269,944)	39,770
Net increase (decrease) in cash and cash equivalents	1,220,018	1,511,379
Cash and cash equivalents at beginning of period	14,540,570	17,834,008
Cash and cash equivalents at end of period	15,760,588	19,345,387