

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

October 31, 2016

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  
 Inquiries: General Manager of Administrative Division Tamaki Nozoki TEL 0561-51-0839  
 Scheduled date to file Quarterly Securities Report: November 10, 2016  
 Scheduled date to commence dividend payments: December 9, 2016  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2016	15,160	4.1	2,305	56.6	2,027	40.1	1,152	35.2
Six months ended September 30, 2015	14,564	(7.9)	1,472	15.8	1,447	(4.0)	852	12.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	93.27	93.27
Six months ended September 30, 2015	68.99	68.99

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	47,756	41,421	86.7
As of March 31, 2016	48,550	41,700	85.9

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, 2016	–	19.00	–	19.00	38.00
Year ending March 31, 2017	–	20.00			
Year ending March 31, 2017 (Forecast)			–	20.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	31,200	2.0	4,350	14.1	4,450	20.2	2,850	24.6	230.77

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2016  
(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: Yes
- 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, 2016	12,372,000 shares	As of March 31, 2016	12,372,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2016	19,629 shares	As of March 31, 2016	22,033 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, 2016	12,350,930 shares	Six months ended September 30, 2015	12,350,017 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	15,379,533	16,023,622
Notes and accounts receivable - trade	8,042,230	7,949,862
Electronically recorded monetary claims - operating	572,146	407,631
Merchandise and finished goods	2,489,838	2,319,053
Work in process	1,702,316	1,640,971
Raw materials and supplies	3,095,281	3,153,067
Deferred tax assets	285,439	325,884
Other	833,428	567,722
Allowance for doubtful accounts	(1,990)	(40,620)
Total current assets	32,398,221	32,347,191
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,078,873	9,790,713
Accumulated depreciation	(5,519,695)	(5,527,890)
Buildings and structures, net	4,559,178	4,262,822
Machinery, equipment and vehicles	18,712,379	17,762,751
Accumulated depreciation	(13,799,300)	(13,475,002)
Machinery, equipment and vehicles, net	4,913,079	4,287,749
Land	3,503,763	3,660,780
Construction in progress	276,133	558,953
Other	3,553,267	3,394,691
Accumulated depreciation	(3,007,107)	(2,878,849)
Other, net	546,160	515,842
Total property, plant and equipment	13,798,312	13,286,146
Intangible assets		
Goodwill	135,905	34,568
Other	433,269	279,226
Total intangible assets	569,174	313,793
Investments and other assets	1,784,068	1,809,217
Total non-current assets	16,151,555	15,409,156
Total assets	48,549,776	47,756,347

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,068,282	2,839,348
Current portion of long-term loans payable	137,984	89,500
Income taxes payable	589,934	693,837
Provision for bonuses	503,850	476,119
Provision for directors' bonuses	23,750	5,500
Notes payable - facilities	169,681	208,832
Other	1,824,564	1,561,415
Total current liabilities	6,318,045	5,874,551
Non-current liabilities		
Long-term loans payable	115,409	–
Deferred tax liabilities	76,973	126,325
Provision for environmental measures	13,527	13,527
Other	325,379	320,722
Total non-current liabilities	531,288	460,573
Total liabilities	6,849,333	6,335,124
Net assets		
Shareholders' equity		
Capital stock	8,646,720	8,646,720
Capital surplus	11,946,793	11,948,947
Retained earnings	21,654,339	22,571,677
Treasury shares	(47,072)	(42,051)
Total shareholders' equity	42,200,781	43,125,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,057	62,363
Foreign currency translation adjustment	(555,170)	(1,766,432)
Total accumulated other comprehensive income	(502,113)	(1,704,069)
Subscription rights to shares	1,775	–
Total net assets	41,700,443	41,421,223
Total liabilities and net assets	48,549,776	47,756,347

**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, 2015	Six months ended September 30, 2016
Net sales	14,564,403	15,159,537
Cost of sales	9,468,304	9,443,729
Gross profit	5,096,099	5,715,808
Selling, general and administrative expenses	3,624,062	3,411,175
Operating income	1,472,037	2,304,633
Non-operating income		
Interest income	16,999	14,463
Rent income	46,564	35,769
Other	28,816	31,842
Total non-operating income	92,378	82,073
Non-operating expenses		
Interest expenses	3,498	1,158
Foreign exchange losses	87,517	314,067
Rent expenses on real estate for investments	19,279	21,995
Other	6,966	22,607
Total non-operating expenses	117,260	359,826
Ordinary income	1,447,156	2,026,880
Extraordinary income		
Gain on sales of non-current assets	3,617	15
Total extraordinary income	3,617	15
Extraordinary losses		
Loss on sales and retirement of non-current assets	924	7,697
Loss on liquidation of business	–	234,083
Loss on sales of investment securities	6,816	–
Other	–	2,600
Total extraordinary losses	7,740	244,379
Profit before income taxes	1,443,033	1,782,516
Income taxes - current	566,589	614,075
Income taxes - deferred	24,378	16,454
Total income taxes	590,967	630,529
Profit	852,066	1,151,987
Profit (loss) attributable to non-controlling interests	(0)	–
Profit attributable to owners of parent	852,066	1,151,987

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	852,066	1,151,987
Other comprehensive income		
Valuation difference on available-for-sale securities	(57,602)	9,307
Foreign currency translation adjustment	(1,301,997)	(1,211,263)
Total other comprehensive income	(1,359,600)	(1,201,956)
Comprehensive income	(507,534)	(49,969)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(507,534)	(49,969)
Comprehensive income attributable to non-controlling interests	(0)	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	1,443,033	1,782,516
Depreciation	913,301	884,636
Loss on liquidation of business	–	234,083
Amortization of goodwill	145,093	101,337
Increase (decrease) in allowance for doubtful accounts	(1,080)	54,750
Loss (gain) on sales of investment securities	6,816	–
Loss (gain) on sales and retirement of non-current assets	(2,693)	7,682
Interest and dividend income	(27,371)	(16,695)
Foreign exchange losses (gains)	378,400	333,564
Decrease (increase) in notes and accounts receivable - trade	795,167	(24,323)
Decrease (increase) in inventories	(301,878)	(386,376)
Increase (decrease) in notes and accounts payable - trade	(1,322,409)	(181,560)
Other, net	130,053	51,356
Subtotal	2,156,432	2,840,972
Interest and dividend income received	27,910	18,543
Interest expenses paid	(2,763)	(629)
Income taxes paid	(436,776)	(535,654)
Net cash provided by (used in) operating activities	1,744,803	2,323,231
Cash flows from investing activities		
Net decrease (increase) in time deposits	24,716	522,397
Purchase of property, plant and equipment	(630,939)	(1,055,212)
Proceeds from sales of property, plant and equipment	13,951	15
Purchase of investment securities	(1,882)	(1,909)
Proceeds from sales of investment securities	95,980	–
Purchase of intangible assets	(21,366)	(23,433)
Proceeds from sales of intangible assets	–	120,000
Other, net	1,277	(1,983)
Net cash provided by (used in) investing activities	(518,262)	(440,125)
Cash flows from financing activities		
Repayments of long-term loans payable	(820,482)	(163,893)
Purchase of treasury shares	–	(326)
Proceeds from sales of treasury shares	–	5,725
Cash dividends paid	(222,300)	(234,649)
Dividends paid to non-controlling interests	(1,233)	–
Net cash provided by (used in) financing activities	(1,044,016)	(393,143)
Effect of exchange rate change on cash and cash equivalents	(136,547)	(269,945)
Net increase (decrease) in cash and cash equivalents	45,979	1,220,018
Cash and cash equivalents at beginning of period	13,683,508	14,540,571
Increase in cash and cash equivalents from newly consolidated subsidiary	7,000	–
Cash and cash equivalents at end of period	13,736,486	15,760,589