

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

October 29, 2015

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 Tetsuya Nagamitsu TEL 0561-51-0839
 Inquiries: Division
 Scheduled date to file Quarterly Securities Report: November 13, 2015
 Scheduled date to commence dividend payments: December 7, 2015
 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, 2015 (from April 1, 2015 to September 30, 2015)

(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, 2015	14,564	(7.9)	1,472	15.8	1,447	(4.0)	852	12.7
Six months ended September 30, 2014	15,821	3.1	1,271	(3.3)	1,508	8.1	756	(30.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2015	68.99		68.99	
Six months ended September 30, 2014	61.20		61.20	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	46,603	40,269	86.4
As of March 31, 2015	49,445	41,000	82.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2015	—	18.00	—	18.00	36.00
Year ending March 31, 2016	—	19.00			
Year ending March 31, 2016 (Forecast)			—	19.00	38.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

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	34,000	3.6	3,400	41.4	3,500	23.2	2,500	182.8	202.43

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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, 2015	12,372,000 shares	As of March 31, 2015	12,372,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	21,983 shares	As of March 31, 2015	21,983 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, 2015	12,350,017 shares	Six months ended September 30, 2014	12,350,070 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	14,224,593	14,222,887
Notes and accounts receivable - trade	8,491,300	7,318,917
Electronically recorded monetary claims - operating	439,199	434,571
Merchandise and finished goods	2,170,099	2,372,151
Work in process	1,864,301	1,698,904
Raw materials and supplies	3,097,696	3,009,551
Deferred tax assets	319,540	316,618
Other	811,100	673,612
Allowance for doubtful accounts	(11,420)	(11,480)
Total current assets	31,406,408	30,035,731
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,941,584	9,822,671
Accumulated depreciation	(5,306,942)	(5,297,182)
Buildings and structures, net	4,634,642	4,525,489
Machinery, equipment and vehicles	18,005,004	17,112,347
Accumulated depreciation	(13,486,127)	(12,968,571)
Machinery, equipment and vehicles, net	4,518,878	4,143,776
Land	3,518,446	3,520,222
Construction in progress	1,786,282	1,221,329
Other	3,514,181	3,321,464
Accumulated depreciation	(2,980,477)	(2,822,393)
Other, net	533,704	499,071
Total property, plant and equipment	14,991,951	13,909,887
Intangible assets		
Goodwill	426,091	280,998
Other	450,485	418,023
Total intangible assets	876,575	699,021
Investments and other assets	2,170,275	1,958,153
Total non-current assets	18,038,802	16,567,061
Total assets	49,445,209	46,602,792

(Thousands of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,989,435	2,636,068
Current portion of long-term loans payable	992,576	224,884
Income taxes payable	393,528	593,377
Provision for bonuses	458,819	440,697
Provision for directors' bonuses	4,750	4,750
Notes payable - facilities	184,241	240,894
Other	1,690,996	1,655,129
Total current liabilities	7,714,345	5,795,799
Non-current liabilities		
Long-term loans payable	253,393	184,451
Provision for environmental measures	26,256	26,256
Other	451,317	327,514
Total non-current liabilities	730,966	538,222
Total liabilities	8,445,311	6,334,021
Net assets		
Shareholders' equity		
Capital stock	8,646,720	8,646,720
Capital surplus	11,946,793	11,946,793
Retained earnings	19,824,325	20,454,091
Treasury shares	(46,922)	(46,922)
Total shareholders' equity	40,370,916	41,000,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130,601	72,999
Foreign currency translation adjustment	495,314	(806,684)
Total accumulated other comprehensive income	625,915	(733,685)
Subscription rights to shares	1,775	1,775
Non-controlling interests	1,293	–
Total net assets	40,999,898	40,268,771
Total liabilities and net assets	49,445,209	46,602,792

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, 2014	Six months ended September 30, 2015
Net sales	15,821,000	14,564,403
Cost of sales	10,728,722	9,468,304
Gross profit	5,092,278	5,096,099
Selling, general and administrative expenses	3,821,576	3,624,062
Operating income	1,270,702	1,472,037
Non-operating income		
Interest income	20,907	16,999
Rent income	50,911	46,564
Foreign exchange gains	172,439	-
Other	28,162	28,816
Total non-operating income	272,419	92,378
Non-operating expenses		
Interest expenses	7,479	3,498
Foreign exchange losses	-	87,517
Rent expenses on real estate for investments	18,647	19,279
Other	8,942	6,966
Total non-operating expenses	35,068	117,260
Ordinary income	1,508,053	1,447,156
Extraordinary income		
Gain on sales of non-current assets	1,406	3,617
Gain on sales of investment securities	21,498	-
Subsidy income	755,000	-
Total extraordinary income	777,905	3,617
Extraordinary losses		
Loss on sales and retirement of non-current assets	5,119	924
Loss on reduction of non-current assets	738,327	-
Impairment loss	192,134	-
Loss on sales of investment securities	-	6,816
Other	36,589	-
Total extraordinary losses	972,170	7,740
Income before income taxes and minority interests	1,313,788	1,443,033
Income taxes - current	559,741	566,589
Income taxes - deferred	(1,898)	24,378
Total income taxes	557,843	590,967
Profit	755,944	852,066
Profit attributable to non-controlling interests	98	(0)
Profit attributable to owners of parent	755,847	852,066

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	755,944	852,066
Other comprehensive income		
Valuation difference on available-for-sale securities	47,348	(57,602)
Foreign currency translation adjustment	548,848	(1,301,997)
Total other comprehensive income	596,196	(1,359,600)
Comprehensive income	1,352,141	(507,534)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,352,043	(507,534)
Comprehensive income attributable to non-controlling interests	98	(0)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	1,313,788	1,443,033
Depreciation	1,054,068	913,301
Impairment loss	192,134	–
Amortization of goodwill	145,093	145,093
Increase (decrease) in allowance for doubtful accounts	(815)	(1,080)
Loss (gain) on sales of investment securities	(21,498)	6,816
Loss (gain) on sales and retirement of non-current assets	3,713	(2,693)
Loss on reduction of non-current assets	738,327	–
Interest and dividend income	(23,062)	(27,371)
Foreign exchange losses (gains)	(153,272)	378,400
Decrease (increase) in notes and accounts receivable - trade	1,103,346	795,167
Decrease (increase) in inventories	(831,381)	(301,878)
Increase (decrease) in notes and accounts payable - trade	(404,829)	(1,322,409)
Other, net	250,245	130,053
Subtotal	3,365,856	2,156,432
Interest and dividend income received	23,152	27,910
Interest expenses paid	(8,057)	(2,763)
Income taxes paid	(956,776)	(436,776)
Net cash provided by (used in) operating activities	2,424,175	1,744,803
Cash flows from investing activities		
Payments into time deposits	(293,611)	–
Proceeds from withdrawal of time deposits	663,999	24,716
Purchase of property, plant and equipment	(1,263,952)	(630,939)
Proceeds from sales of property, plant and equipment	68,572	13,951
Purchase of investment securities	(2,026)	(1,882)
Proceeds from sales of investment securities	62,002	95,980
Purchase of intangible assets	(39,055)	(21,366)
Other, net	(48,492)	1,277
Net cash provided by (used in) investing activities	(852,563)	(518,262)
Cash flows from financing activities		
Repayments of long-term loans payable	(209,742)	(820,482)
Purchase of treasury shares	(210)	–
Cash dividends paid	(209,952)	(222,300)
Dividends paid to non-controlling interests	–	(1,233)
Net cash provided by (used in) financing activities	(419,904)	(1,044,016)
Effect of exchange rate change on cash and cash equivalents	129,265	(136,547)
Net increase (decrease) in cash and cash equivalents	1,280,973	45,979
Cash and cash equivalents at beginning of period	12,507,198	13,683,508
Increase in cash and cash equivalents from newly consolidated subsidiary	–	7,000
Cash and cash equivalents at end of period	13,788,171	13,736,486