

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 8, 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
 Inquiries: General Manager of Administrative Division Tamaki Nozoki TEL 0561-51-0839
 Scheduled date of ordinary general meeting of shareholders: June 22, 2017
 Scheduled date to file Securities Report: June 23, 2017
 Scheduled date to commence dividend payments: June 23, 2017
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

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	%
Year ended March 31, 2017	32,187	5.3	4,953	29.9	4,978	34.5	2,850	24.6
Year ended March 31, 2016	30,578	(6.8)	3,812	58.6	3,702	30.3	2,287	158.7

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	230.76	230.76	6.7	10.0	15.4
Year ended March 31, 2016	185.18	185.17	5.5	7.6	12.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	50,594	43,317	85.6	3,506.80
As of March 31, 2016	48,550	41,700	85.9	3,376.42

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	5,349	(1,248)	(707)	17,834
Year ended March 31, 2016	4,154	(1,675)	(1,406)	14,541

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	19.00	–	19.00	38.00	469	20.5	1.1
Year ended March 31, 2017	–	20.00	–	20.00	40.00	494	17.3	1.2
Year ending March 31, 2018 (Forecast)	–	22.00	–	22.00	44.00		16.0	

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
Six months ending September 30, 2017	14,800	(2.4)	2,100	(8.9)	2,100	3.6	1,300	12.8	105.24
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 year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2017	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 March 31, 2017	19,629 shares	As of March 31, 2016	22,033 shares
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Average number of shares during the period

Year ended March 31, 2017	12,351,647 shares	Year ended March 31, 2016	12,350,001 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	15,379,533	18,027,047
Notes and accounts receivable - trade	8,042,230	8,736,607
Electronically recorded monetary claims - operating	572,146	503,711
Merchandise and finished goods	2,489,838	2,222,216
Work in process	1,702,316	1,400,373
Raw materials and supplies	3,095,281	3,249,130
Deferred tax assets	285,439	321,655
Other	833,428	755,238
Allowance for doubtful accounts	(1,990)	(2,850)
Total current assets	32,398,221	35,213,128
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,078,873	10,073,490
Accumulated depreciation	(5,519,695)	(5,731,786)
Buildings and structures, net	4,559,178	4,341,704
Machinery, equipment and vehicles	18,712,379	18,213,958
Accumulated depreciation	(13,799,300)	(14,338,010)
Machinery, equipment and vehicles, net	4,913,079	3,875,948
Land	3,503,763	3,668,726
Construction in progress	276,133	679,006
Other	3,553,267	3,590,736
Accumulated depreciation	(3,007,107)	(3,029,884)
Other, net	546,160	560,852
Total property, plant and equipment	13,798,312	13,126,236
Intangible assets		
Goodwill	135,905	20,741
Other	433,269	278,983
Total intangible assets	569,174	299,724
Investments and other assets		
Investment securities	233,596	309,384
Deferred tax assets	96,556	177,882
Real estate for investment	1,023,527	1,020,702
Buildings and structures	662,939	680,969
Accumulated depreciation	(342,336)	(361,238)
Buildings and structures, net	320,604	319,731
Land	688,833	688,833
Other	42,204	42,204
Accumulated depreciation	(28,114)	(30,066)
Other, net	14,090	12,138
Other	448,556	502,391
Allowance for doubtful accounts	(18,167)	(55,586)
Total investments and other assets	1,784,068	1,954,774
Total non-current assets	16,151,555	15,380,733
Total assets	48,549,776	50,593,861

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,068,282	3,202,069
Current portion of long-term loans payable	137,984	22,800
Income taxes payable	589,934	1,024,873
Provision for bonuses	503,850	458,386
Provision for directors' bonuses	23,750	27,500
Notes payable - facilities	169,681	301,784
Other	1,824,564	1,726,212
Total current liabilities	6,318,045	6,763,623
Non-current liabilities		
Long-term loans payable	115,409	–
Deferred tax liabilities	76,973	187,311
Provision for environmental measures	13,527	13,527
Other	325,379	312,136
Total non-current liabilities	531,288	512,974
Total liabilities	6,849,333	7,276,597
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	24,022,963
Treasury shares	(47,072)	(42,051)
Total shareholders' equity	42,200,781	44,576,578
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,057	121,179
Foreign currency translation adjustment	(555,170)	(1,380,493)
Total accumulated other comprehensive income	(502,113)	(1,259,314)
Subscription rights to shares	1,775	–
Total net assets	41,700,443	43,317,264
Total liabilities and net assets	48,549,776	50,593,861

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Thousands of yen)	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	30,578,092	32,187,205
Cost of sales	19,594,309	20,296,949
Gross profit	10,983,783	11,890,256
Selling, general and administrative expenses	7,171,349	6,937,026
Operating profit	3,812,434	4,953,230
Non-operating income		
Interest income	50,853	38,078
Rent income	105,614	85,349
Other	63,210	95,245
Total non-operating income	219,677	218,672
Non-operating expenses		
Interest expenses	5,267	1,312
Foreign exchange losses	245,869	95,102
Rent expenses on real estate for investments	38,954	51,679
Other	40,225	45,737
Total non-operating expenses	330,315	193,829
Ordinary profit	3,701,796	4,978,073
Extraordinary income		
Gain on sales of non-current assets	3,633	723
Gain on sales of investment securities	-	554
Subsidy income	-	6,032
Total extraordinary income	3,633	7,310
Extraordinary losses		
Loss on sales and retirement of non-current assets	28,357	100,947
Loss on sales of investment securities	6,816	-
Loss on valuation of investments in capital of subsidiaries and associates	18,940	-
Loss on liquidation of business	-	230,021
Impairment loss	-	341,766
Other	5,900	10,892
Total extraordinary losses	60,013	683,626
Profit before income taxes	3,645,416	4,301,756
Income taxes - current	1,068,997	1,452,514
Income taxes - deferred	289,454	(1,078)
Total income taxes	1,358,451	1,451,436
Profit	2,286,965	2,850,320
Profit (loss) attributable to non-controlling interests	(0)	-
Profit attributable to owners of parent	2,286,965	2,850,320

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	2,286,965	2,850,320
Other comprehensive income		
Valuation difference on available-for-sale securities	(77,544)	68,122
Foreign currency translation adjustment	(1,050,483)	(825,324)
Total other comprehensive income	(1,128,028)	(757,202)
Comprehensive income	1,158,937	2,093,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,158,938	2,093,119
Comprehensive income attributable to non-controlling interests	(0)	-

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,646,720	11,946,793	19,824,325	(46,922)	40,370,916
Changes of items during period					
Dividends of surplus			(456,951)		(456,951)
Profit attributable to owners of parent			2,286,965		2,286,965
Purchase of treasury shares				(149)	(149)
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,830,015	(149)	1,829,865
Balance at end of current period	8,646,720	11,946,793	21,654,339	(47,072)	42,200,781

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	130,601	495,314	625,915	1,775	1,293	40,999,898
Changes of items during period						
Dividends of surplus						(456,951)
Profit attributable to owners of parent						2,286,965
Purchase of treasury shares						(149)
Disposal of treasury shares						
Net changes of items other than shareholders' equity	(77,544)	(1,050,483)	(1,128,028)		(1,293)	(1,129,321)
Total changes of items during period	(77,544)	(1,050,483)	(1,128,028)	-	(1,293)	700,545
Balance at end of current period	53,057	(555,170)	(502,113)	1,775	-	41,700,443

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,646,720	11,946,793	21,654,339	(47,072)	42,200,781
Changes of items during period					
Dividends of surplus			(481,697)		(481,697)
Profit attributable to owners of parent			2,850,320		2,850,320
Purchase of treasury shares				(326)	(326)
Disposal of treasury shares		2,153		5,347	7,500
Net changes of items other than shareholders' equity					
Total changes of items during period	-	2,153	2,368,623	5,021	2,375,797
Balance at end of current period	8,646,720	11,948,947	24,022,963	(42,051)	44,576,578

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	53,057	(555,170)	(502,113)	1,775	41,700,443
Changes of items during period					
Dividends of surplus					(481,697)
Profit attributable to owners of parent					2,850,320
Purchase of treasury shares					(326)
Disposal of treasury shares					7,500
Net changes of items other than shareholders' equity	68,122	(825,324)	(757,202)	(1,775)	(758,977)
Total changes of items during period	68,122	(825,324)	(757,202)	(1,775)	1,616,821
Balance at end of current period	121,179	(1,380,493)	(1,259,314)	-	43,317,264

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	3,645,416	4,301,756
Loss on liquidation of business	–	230,021
Impairment loss	–	341,766
Depreciation	1,903,292	1,822,468
Amortization of goodwill	290,185	115,165
Increase (decrease) in allowance for doubtful accounts	(6,244)	53,448
Loss on valuation of investments in capital of subsidiaries and affiliates	18,940	–
Increase (decrease) in provision for environmental measures	(12,730)	–
Loss (gain) on sales of investment securities	6,816	(554)
Loss (gain) on sales and retirement of non-current assets	24,724	100,224
Interest and dividend income	(63,300)	(42,173)
Foreign exchange losses (gains)	264,023	189,229
Decrease (increase) in notes and accounts receivable - trade	95,205	(804,838)
Decrease (increase) in inventories	(418,729)	(58,933)
Increase (decrease) in notes and accounts payable - trade	(873,176)	145,566
Other, net	97,409	(62,636)
Subtotal	4,971,833	6,330,509
Interest and dividend income received	63,124	44,079
Interest expenses paid	(4,786)	(863)
Income taxes paid	(876,570)	(1,024,751)
Net cash provided by (used in) operating activities	4,153,600	5,348,974
Cash flows from investing activities		
Net decrease (increase) in time deposits	(373,723)	635,350
Purchase of property, plant and equipment	(1,342,585)	(1,969,003)
Proceeds from sales of property, plant and equipment	7,485	12,400
Purchase of investment securities	(3,745)	(3,791)
Proceeds from sales of investment securities	95,980	1,210
Purchase of intangible assets	(50,147)	(39,469)
Proceeds from sales of intangible assets	–	120,000
Purchase of long-term prepaid expenses	(1,500)	–
Purchase of shares of subsidiaries	–	(2,536)
Other, net	(6,835)	(1,858)
Net cash provided by (used in) investing activities	(1,675,070)	(1,247,697)
Cash flows from financing activities		
Repayments of long-term loans payable	(947,648)	(230,593)
Purchase of treasury shares	(149)	(326)
Proceeds from sales of treasury shares	–	5,725
Cash dividends paid	(456,951)	(481,697)
Dividends paid to non-controlling interests	(1,233)	–
Net cash provided by (used in) financing activities	(1,405,982)	(706,891)
Effect of exchange rate change on cash and cash equivalents	(222,485)	(100,948)
Net increase (decrease) in cash and cash equivalents	850,063	3,293,438
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	14,540,571	17,834,008