

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2018
(Based on Japanese GAAP)**

October 30, 2018

Company name: MARUWA CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 5344 URL <https://www.maruwa-g.com/>
 Representative: President and Representative Director Sei Kanbe
 Director, General Manager of Administrative Division Tamaki Nozoki TEL 0561-51-0839
 Inquiries: Division
 Scheduled date to file Quarterly Securities Report: November 9, 2018
 Scheduled date to commence dividend payments: December 10, 2018
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	19,454	11.5	4,419	13.4	4,750	19.4	3,233	22.4
Six months ended September 30, 2017	17,454	15.1	3,898	69.1	3,979	96.3	2,641	129.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	261.53		-	
Six months ended September 30, 2017	213.78		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	61,038	51,956	85.1
As of March 31, 2018	58,514	49,029	83.8

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, 2018	-	22.00	-	22.00	44.00
Year ending March 31, 2019	-	24.00	-	-	-
Year ending March 31, 2019 (Forecast)	-	-	-	24.00	48.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	40,300	4.6	9,800	6.8	9,850	11.1	6,550	18.1	529.83

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(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, 2018	12,372,000 shares	As of March 31, 2018	12,372,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	9,876 shares	As of March 31, 2018	9,702 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, 2018	12,362,177 shares	Six months ended September 30, 2017	12,358,376 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	21,994,568	24,143,638
Notes and accounts receivable - trade	9,790,135	9,062,608
Electronically recorded monetary claims - operating	1,047,980	1,199,056
Merchandise and finished goods	2,220,883	2,841,026
Work in process	1,817,145	1,859,155
Raw materials and supplies	3,630,476	3,781,437
Other	1,171,284	874,017
Allowance for doubtful accounts	(1,670)	(1,410)
Total current assets	41,670,803	43,759,529
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,159,776	11,549,622
Accumulated depreciation	(6,133,121)	(6,329,088)
Buildings and structures, net	5,026,654	5,220,534
Machinery, equipment and vehicles	19,595,623	20,345,720
Accumulated depreciation	(15,542,570)	(16,116,425)
Machinery, equipment and vehicles, net	4,053,052	4,229,295
Land	3,943,218	3,943,484
Construction in progress	389,265	695,301
Other	4,163,793	4,431,655
Accumulated depreciation	(3,483,672)	(3,668,691)
Other, net	680,121	762,964
Total property, plant and equipment	14,092,312	14,851,579
Intangible assets		
Other	274,885	281,315
Total intangible assets	274,885	281,315
Investments and other assets	2,476,673	2,146,192
Total non-current assets	16,843,870	17,279,086
Total assets	58,514,674	61,038,615

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,428,784	2,380,240
Electronically recorded obligations - operating	1,456,612	1,667,123
Income taxes payable	2,061,684	1,387,519
Provision for bonuses	542,637	614,364
Provision for directors' bonuses	63,000	7,000
Provision for environmental measures	3,436	–
Other	2,079,222	2,176,311
Total current liabilities	8,635,378	8,232,560
Non-current liabilities		
Deferred tax liabilities	449,309	480,740
Net defined benefit liability	82,126	41,983
Other	318,304	326,717
Total non-current liabilities	849,740	849,441
Total liabilities	9,485,118	9,082,002
Net assets		
Shareholders' equity		
Capital stock	8,646,720	8,646,720
Capital surplus	11,996,407	11,996,407
Retained earnings	29,048,238	32,009,397
Treasury shares	(77,131)	(78,637)
Total shareholders' equity	49,614,235	52,573,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166,404	150,100
Foreign currency translation adjustment	(751,083)	(767,374)
Total accumulated other comprehensive income	(584,678)	(617,273)
Total net assets	49,029,556	51,956,613
Total liabilities and net assets	58,514,674	61,038,615

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, 2017	Six months ended September 30, 2018
Net sales	17,454,887	19,454,451
Cost of sales	9,994,317	11,047,244
Gross profit	7,460,570	8,407,206
Selling, general and administrative expenses	3,562,454	3,987,551
Operating profit	3,898,116	4,419,655
Non-operating income		
Interest income	12,810	13,184
Rent income	38,832	38,518
Foreign exchange gains	39,693	257,184
Other	14,276	56,322
Total non-operating income	105,612	365,209
Non-operating expenses		
Interest expenses	7	-
Rent expenses on real estate for investments	20,089	27,451
Other	4,115	6,965
Total non-operating expenses	24,212	34,417
Ordinary profit	3,979,516	4,750,446
Extraordinary income		
Gain on sales of non-current assets	7,760	2,947
Gain on sales of investment securities	-	3,469
Total extraordinary income	7,760	6,416
Extraordinary losses		
Loss on sales and retirement of non-current assets	55,620	1,577
Loss on liquidation of business	73,106	-
Retirement benefit expenses	-	11,437
Total extraordinary losses	128,726	13,014
Profit before income taxes	3,858,550	4,743,848
Income taxes - current	1,163,720	1,437,390
Income taxes - deferred	52,839	73,329
Total income taxes	1,216,560	1,510,719
Profit	2,641,990	3,233,129
Profit attributable to owners of parent	2,641,990	3,233,129

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	2,641,990	3,233,129
Other comprehensive income		
Valuation difference on available-for-sale securities	43,658	(16,303)
Foreign currency translation adjustment	402,856	(16,291)
Total other comprehensive income	446,514	(32,595)
Comprehensive income	3,088,505	3,200,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,088,505	3,200,534

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,858,550	4,743,848
Depreciation	864,388	949,949
Loss on liquidation of business	73,106	–
Amortization of goodwill	13,827	–
Increase (decrease) in allowance for doubtful accounts	196	(624)
Increase (decrease) in provision for environmental measures	–	(3,436)
Loss (gain) on sales of investment securities	–	(3,469)
Loss (gain) on sales and retirement of non-current assets	47,859	(1,370)
Increase (decrease) in net defined benefit liability	–	(40,142)
Interest and dividend income	(15,439)	(46,660)
Foreign exchange losses (gains)	(1,986)	(84,723)
Decrease (increase) in notes and accounts receivable - trade	(482,552)	578,790
Decrease (increase) in inventories	(590,714)	(820,210)
Increase (decrease) in notes and accounts payable - trade	(160,228)	(158,961)
Other, net	272,781	395,665
Subtotal	3,879,788	5,508,654
Interest and dividend income received	15,439	46,654
Interest expenses paid	(7)	–
Income taxes paid	(908,579)	(2,063,456)
Net cash provided by (used in) operating activities	2,986,641	3,491,852
Cash flows from investing activities		
Net decrease (increase) in time deposits	(87,882)	13,832
Purchase of property, plant and equipment	(1,079,555)	(1,391,537)
Proceeds from sales of property, plant and equipment	14,054	6,007
Purchase of investment securities	(1,996)	(8,148)
Proceeds from sales of investment securities	–	9,469
Purchase of intangible assets	(12,545)	(30,390)
Purchase of shares of subsidiaries	(24,003)	–
Other, net	(2,188)	258,057
Net cash provided by (used in) investing activities	(1,194,118)	(1,142,709)
Cash flows from financing activities		
Repayments of long-term loans payable	(22,800)	–
Purchase of treasury shares	(51,066)	(1,506)
Cash dividends paid	(247,047)	(271,970)
Net cash provided by (used in) financing activities	(320,913)	(273,477)
Effect of exchange rate change on cash and cash equivalents	39,770	84,519
Net increase (decrease) in cash and cash equivalents	1,511,379	2,160,185
Cash and cash equivalents at beginning of period	17,834,008	21,799,447
Cash and cash equivalents at end of period	19,345,387	23,959,633