

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

October 31, 2017

Company name: MARUWA UNYU KIKAN CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 9090 URL <http://www.momotaro.co.jp/>
 Representative: President Masaru Wasami
 Inquiries: Director and Managing Executive Officer Kazumi Kawada TEL 048-991-1000
 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: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(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	35,844	9.9	1,816	(14.4)	1,937	(14.3)	1,336	(10.5)
Six months ended September 30, 2016	32,613	12.2	2,120	18.2	2,259	25.3	1,493	18.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	41.76		41.55	
Six months ended September 30, 2016	46.56		46.33	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	38,828	19,325	49.8
As of March 31, 2017	36,697	17,935	48.9

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, 2017	–	31.75	–	31.75	63.50
Year ending March 31, 2018	–	31.75			
Year ending March 31, 2018 (Forecast)			–	15.88	–

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	72,000	7.2	4,950	12.5	5,000	8.4	3,210	4.2	100.31

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: Yes
- (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	32,092,680 shares	As of March 31, 2017	32,085,880 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2017	90,534 shares	As of March 31, 2017	90,492 shares
--------------------------	---------------	----------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	31,997,069 shares	Six months ended September 30, 2016	32,070,218 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

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	7,701,966	6,172,876
Notes and accounts receivable - trade	7,265,807	8,378,626
Supplies	32,058	35,014
Other	831,854	868,840
Allowance for doubtful accounts	(1,310)	(1,861)
Total current assets	15,830,375	15,453,496
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,838,096	6,675,613
Machinery, equipment and vehicles, net	944,093	2,850,043
Land	5,509,227	5,611,227
Other, net	2,662,503	2,260,796
Total property, plant and equipment	15,953,922	17,397,680
Intangible assets	653,087	841,434
Investments and other assets		
Other	4,317,817	5,193,615
Allowance for doubtful accounts	(57,868)	(58,051)
Total investments and other assets	4,259,949	5,135,564
Total non-current assets	20,866,958	23,374,678
Total assets	36,697,334	38,828,175
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,672,603	5,321,022
Short-term loans payable	–	750,000
Current portion of long-term loans payable	1,942,683	2,173,035
Income taxes payable	674,648	630,512
Provision for bonuses	360,732	247,905
Provision for loss on litigation	12,362	2,440
Other	4,828,964	3,621,931
Total current liabilities	12,491,994	12,746,847
Non-current liabilities		
Long-term loans payable	3,120,600	3,594,906
Net defined benefit liability	595,958	573,451
Asset retirement obligations	397,362	400,228
Other	2,155,627	2,187,473
Total non-current liabilities	6,269,547	6,756,060
Total liabilities	18,761,542	19,502,907

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	2,650,296	2,651,216
Capital surplus	2,164,718	2,165,638
Retained earnings	12,965,368	13,792,070
Treasury shares	(103,383)	(103,478)
Total shareholders' equity	17,677,000	18,505,446
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	331,662	883,019
Remeasurements of defined benefit plans	(72,871)	(63,198)
Total accumulated other comprehensive income	258,791	819,821
Total net assets	17,935,792	19,325,267
Total liabilities and net assets	36,697,334	38,828,175

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	32,613,548	35,844,299
Cost of sales	28,873,570	32,414,021
Gross profit	3,739,978	3,430,277
Selling, general and administrative expenses	1,619,033	1,614,240
Operating profit	2,120,944	1,816,036
Non-operating income		
Interest income	880	1,044
Dividend income	52,950	22,263
Fiduciary obligation fee	–	39,375
Other	126,588	86,549
Total non-operating income	180,419	149,231
Non-operating expenses		
Interest expenses	31,752	16,893
Loss on retirement of non-current assets	6,163	7,716
Other	3,757	3,090
Total non-operating expenses	41,673	27,700
Ordinary profit	2,259,689	1,937,567
Profit before income taxes	2,259,689	1,937,567
Income taxes	766,636	601,504
Profit	1,493,052	1,336,063
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,493,052	1,336,063

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	1,493,052	1,336,063
Other comprehensive income		
Valuation difference on available-for-sale securities	(67,022)	551,356
Remeasurements of defined benefit plans, net of tax	12,967	9,673
Total other comprehensive income	(54,055)	561,030
Comprehensive income	1,438,997	1,897,093
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,438,997	1,897,093
Comprehensive income attributable to non-controlling interests	—	—

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	2,259,689	1,937,567
Depreciation	552,696	659,795
Increase (decrease) in allowance for doubtful accounts	(10,739)	733
Increase (decrease) in provision for bonuses	(287,168)	(112,826)
Increase (decrease) in provision for directors' bonuses	(2,100)	–
Increase (decrease) in allowance for other	–	(9,922)
Increase (decrease) in net defined benefit liability	1,443	(22,506)
Interest and dividend income	(53,830)	(23,307)
Interest expenses	31,752	16,893
Loss (gain) on sales and retirement of property, plant and equipment	(18,914)	(11,883)
Decrease (increase) in notes and accounts receivable - trade	(106,710)	(1,112,683)
Increase (decrease) in notes and accounts payable - trade	63,610	648,419
Other, net	(326,519)	(51,238)
Subtotal	2,103,208	1,919,041
Interest and dividend income received	53,245	22,936
Interest expenses paid	(29,636)	(15,769)
Income taxes paid	(704,545)	(645,383)
Net cash provided by (used in) operating activities	1,422,272	1,280,824
Cash flows from investing activities		
Payments into time deposits	(12,000)	–
Proceeds from withdrawal of time deposits	12,011	4,856
Purchase of property, plant and equipment	(121,267)	(3,315,428)
Proceeds from sales of property, plant and equipment	27,444	23,515
Purchase of intangible assets	(33,239)	(92,789)
Purchase of investment securities	(10,898)	(11,441)
Proceeds from sales of investment securities	50,596	291
Payments of loans receivable	(33,628)	(108,020)
Collection of loans receivable	29,188	34,432
Other, net	(169,552)	(27,138)
Net cash provided by (used in) investing activities	(261,347)	(3,491,722)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Increase in short-term loans payable	–	1,600,000
Decrease in short-term loans payable	–	(850,000)
Repayments of lease obligations	(313,258)	(239,348)
Payments for accounts payable-other	(22,555)	(21,488)
Proceeds from long-term loans payable	2,400,000	1,700,000
Repayments of long-term loans payable	(2,868,388)	(995,342)
Cash dividends paid	(508,924)	(508,901)
Purchase of treasury shares	(102,797)	(94)
Proceeds from exercise of share options	1,298	1,839
Net cash provided by (used in) financing activities	(1,414,624)	686,663
Net increase (decrease) in cash and cash equivalents	(253,700)	(1,524,234)
Cash and cash equivalents at beginning of period	7,031,400	7,692,099
Cash and cash equivalents at end of period	6,777,700	6,167,865