Translation

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

July 28, 2017

Company name: Scroll Corporation
Stock exchange listing: Tokyo
Stock code: 8005 URL http://www.scroll.jp/
Representative: Chairman, CEO&COO Mamoru Horita
Inquiries: Corporate Officer, General Manager of Corporate Management Dept. Yasunori Sugimoto TEL 053-464-1114
Scheduled date to file Quarterly Securities Report: August 10, 2017
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2017 (from April 1, 2017 to June 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	%
Three months ended June 30, 2017	15,531	1.3	674	(22.4)	718	(19.7)	440	(37.9)
Three months ended June 30, 2016	15,330	(9.2)	869	(14.9)	895	(14.2)	709	(18.0)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	12.95	–
Three months ended June 30, 2016	21.07	21.01

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	39,070	22,849	58.3
As of March 31, 2017	37,962	22,495	59.1

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, 2017	–	5.00	–	5.00	10.00
Year ending March 31, 2018	–				
Year ending March 31, 2018 (Forecast)		5.00	–	5.00	10.00

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	30,000	3.7	850	(14.5)	900	(13.5)	600	(17.7)	17.63
Full year	60,000	1.9	1,700	36.8	1,800	33.3	1,200	78.5	35.27

4. Notes

(1) Changes in significant subsidiaries during the three months ended June 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: 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 June 30, 2017	34,320,650 shares	As of March 31, 2017	34,320,650 shares

Number of treasury shares at the end of the period

As of June 30, 2017	295,347 shares	As of March 31, 2017	295,293 shares

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

Three months ended June 30, 2017	34,025,307 shares	Three months ended June 30, 2016	33,673,854 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	4,833	3,834
Accounts receivable - trade	9,216	10,686
Inventories	6,472	6,632
Other	3,155	2,749
Allowance for doubtful accounts	(289)	(284)
Total current assets	23,388	23,618
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,638	4,576
Land	4,614	4,614
Other, net	1,117	1,100
Total property, plant and equipment	10,370	10,290
Intangible assets		
Goodwill	1,016	1,911
Other	916	880
Total intangible assets	1,932	2,791
Investments and other assets		
Other	2,476	2,591
Allowance for doubtful accounts	(206)	(221)
Total investments and other assets	2,270	2,369
Total non-current assets	14,574	15,451
Total assets	37,962	39,070
Liabilities		
Current liabilities		
Accounts payable - trade	2,052	2,208
Short-term loans payable	75	50
Accounts payable - other	8,847	9,556
Income taxes payable	190	199
Provision	216	107
Other	959	850
Total current liabilities	12,342	12,972
Non-current liabilities		
Long-term loans payable	2,000	2,000
Provision	114	100
Net defined benefit liability	933	957
Other	76	189
Total non-current liabilities	3,124	3,248
Total liabilities	15,467	16,220

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	5,812	5,812
Capital surplus	6,742	6,742
Retained earnings	9,396	9,666
Treasury shares	(166)	(166)
Total shareholders' equity	21,783	22,054
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	562	675
Deferred gains or losses on hedges	73	42
Foreign currency translation adjustment	14	13
Total accumulated other comprehensive income	650	732
Non-controlling interests	61	62
Total net assets	22,495	22,849
Total liabilities and net assets	37,962	39,070

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	15,330	15,531
Cost of sales	9,158	9,651
Gross profit	6,171	5,879
Selling, general and administrative expenses	5,302	5,205
Operating profit	869	674
Non-operating income		
Interest income	3	2
Dividend income	19	20
Reversal for loss on interest repayment	–	12
Other	9	15
Total non-operating income	32	51
Non-operating expenses		
Interest expenses	3	3
Other	2	4
Total non-operating expenses	6	7
Ordinary profit	895	718
Extraordinary losses		
Loss on retirement of non-current assets	4	5
Loss on valuation of investment securities	–	5
Total extraordinary losses	4	10
Profit before income taxes	891	708
Income taxes - current	142	201
Income taxes - deferred	33	56
Total income taxes	176	258
Profit	715	449
Profit attributable to non-controlling interests	6	9
Profit attributable to owners of parent	709	440

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	715	449
Other comprehensive income		
Valuation difference on available-for-sale securities	(82)	113
Deferred gains or losses on hedges	(91)	(30)
Foreign currency translation adjustment	(1)	(0)
Total other comprehensive income	(176)	82
Comprehensive income	539	531
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	533	522
Comprehensive income attributable to non-controlling interests	6	9