Translation

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

October 31, 2018

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 12, 2018
Scheduled date to commence dividend payments: December 7, 2018
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, 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	40,870	14.0	2,623	44.5	2,775	43.3	1,941	45.3
Six months ended September 30, 2017	35,844	9.9	1,816	(14.4)	1,937	(14.3)	1,336	(10.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	60.59	60.34
Six months ended September 30, 2017	41.76	41.55

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	43,648	22,185	50.8
As of March 31, 2018	39,454	20,617	52.3

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, 2018	–	31.75	–	15.88	–
Year ending March 31, 2019	–	18.20			
Year ending March 31, 2019 (Forecast)			–	18.20	36.40

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	84,790	14.0	5,630	24.9	5,800	22.0	3,870	27.1	120.84

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: 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, 2018	32,131,280 shares	As of March 31, 2018	32,113,080 shares

Number of treasury shares at the end of the period

As of September 30, 2018	90,568 shares	As of March 31, 2018	90,534 shares

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

Six months ended September 30, 2018	32,034,524 shares	Six months ended September 30, 2017	31,997,069 shares

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	4,582,429	8,890,215
Notes and accounts receivable - trade	9,343,803	9,545,692
Supplies	28,787	27,369
Other	2,818,026	675,689
Allowance for doubtful accounts	(3,388)	(3,199)
Total current assets	16,769,658	19,135,767
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,537,313	7,071,802
Machinery, equipment and vehicles, net	864,094	1,230,658
Land	6,917,694	6,917,694
Other, net	2,324,028	1,966,224
Total property, plant and equipment	16,643,130	17,186,379
Intangible assets	957,140	1,262,284
Investments and other assets		
Other	5,136,918	6,116,027
Allowance for doubtful accounts	(52,511)	(51,543)
Total investments and other assets	5,084,406	6,064,484
Total non-current assets	22,684,677	24,513,148
Total assets	39,454,336	43,648,915
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,380,350	5,510,591
Short-term loans payable	400,000	1,200,000
Current portion of long-term loans payable	1,687,736	2,015,664
Income taxes payable	914,422	912,558
Provision for bonuses	324,774	402,432
Provision for loss on litigation	1,752	–
Other	4,215,781	4,372,169
Total current liabilities	12,924,816	14,413,416
Non-current liabilities		
Long-term loans payable	3,012,388	4,208,414
Net defined benefit liability	609,775	634,421
Asset retirement obligations	403,095	454,143
Other	1,887,037	1,752,943
Total non-current liabilities	5,912,296	7,049,922
Total liabilities	18,837,113	21,463,339

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	2,653,980	2,656,446
Capital surplus	2,168,402	2,170,868
Retained earnings	14,991,531	16,422,677
Treasury shares	(103,478)	(103,616)
Total shareholders' equity	19,710,436	21,146,376
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,056,622	1,174,715
Remeasurements of defined benefit plans	(149,835)	(135,515)
Total accumulated other comprehensive income	906,787	1,039,199
Total net assets	20,617,223	22,185,576
Total liabilities and net assets	39,454,336	43,648,915

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	35,844,299	40,870,352
Cost of sales	32,414,021	36,347,766
Gross profit	3,430,277	4,522,586
Selling, general and administrative expenses	1,614,240	1,898,595
Operating profit	1,816,036	2,623,990
Non-operating income		
Interest income	1,044	1,514
Dividend income	22,263	25,363
Fiduciary obligation fee	39,375	39,375
Subsidy income	2,139	39,611
Other	84,409	62,411
Total non-operating income	149,231	168,275
Non-operating expenses		
Interest expenses	16,893	10,267
Loss on retirement of non-current assets	7,716	1,960
Litigation expenses	–	3,944
Other	3,090	175
Total non-operating expenses	27,700	16,347
Ordinary profit	1,937,567	2,775,918
Profit before income taxes	1,937,567	2,775,918
Income taxes	601,504	834,818
Profit	1,336,063	1,941,099
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,336,063	1,941,099

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	1,336,063	1,941,099
Other comprehensive income		
Valuation difference on available-for-sale securities	551,356	118,092
Remeasurements of defined benefit plans, net of tax	9,673	14,319
Total other comprehensive income	561,030	132,412
Comprehensive income	1,897,093	2,073,512
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,897,093	2,073,512
Comprehensive income attributable to non-controlling interests	–	–

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	1,937,567	2,775,918
Depreciation	659,795	513,579
Amortization of goodwill	–	14,636
Increase (decrease) in allowance for doubtful accounts	733	(1,157)
Increase (decrease) in provision for bonuses	(112,826)	77,658
Increase (decrease) in allowance for other	(9,922)	(1,752)
Increase (decrease) in net defined benefit liability	(22,506)	31,232
Interest and dividend income	(23,307)	(26,877)
Interest expenses	16,893	10,267
Loss (gain) on sales and retirement of property, plant and equipment	(11,883)	(22,072)
Decrease (increase) in notes and accounts receivable - trade	(1,112,683)	(211,039)
Increase (decrease) in notes and accounts payable - trade	648,419	130,241
Other, net	(51,238)	(226,512)
Subtotal	1,919,041	3,064,121
Interest and dividend income received	22,936	26,573
Interest expenses paid	(15,769)	(10,348)
Income taxes paid	(645,383)	(836,453)
Net cash provided by (used in) operating activities	1,280,824	2,243,893
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	4,856	–
Purchase of property, plant and equipment	(3,315,428)	(722,229)
Proceeds from sales of property, plant and equipment	23,515	2,040,655
Purchase of intangible assets	(92,789)	(90,438)
Purchase of investment securities	(11,441)	(511,469)
Proceeds from sales of investment securities	291	–
Payments of loans receivable	(108,020)	(106,900)
Collection of loans receivable	34,432	28,305
Other, net	(27,138)	(204,618)
Net cash provided by (used in) investing activities	(3,491,722)	433,305

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Increase in short-term loans payable	1,600,000	1,100,000
Decrease in short-term loans payable	(850,000)	(300,000)
Repayments of lease obligations	(239,348)	(162,800)
Payments for accounts payable-other	(21,488)	(25,259)
Proceeds from long-term loans payable	1,700,000	2,500,000
Repayments of long-term loans payable	(995,342)	(976,046)
Cash dividends paid	(508,901)	(510,101)
Purchase of treasury shares	(94)	(137)
Proceeds from exercise of share options	1,839	4,932
Net cash provided by (used in) financing activities	686,663	1,630,587
Net increase (decrease) in cash and cash equivalents	(1,524,234)	4,307,786
Cash and cash equivalents at beginning of period	7,692,099	4,577,417
Cash and cash equivalents at end of period	6,167,865	8,885,204