

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 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 of ordinary general meeting of shareholders: June 29, 2017
 Scheduled date to file Securities Report: June 29, 2017
 Scheduled date to commence dividend payments: June 30, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

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	67,179	11.3	4,401	13.4	4,610	18.6	3,080	19.5
Year ended March 31, 2016	60,364	11.7	3,879	32.6	3,888	26.9	2,578	44.9

	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	192.33	191.39	18.2	13.1	6.6
Year ended March 31, 2016	160.95	160.06	17.3	11.4	6.4

(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	36,697	17,935	48.9	1,121.15
As of March 31, 2016	33,793	15,862	46.9	989.01

(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	4,507	(1,370)	(2,476)	7,692
Year ended March 31, 2016	3,301	(1,488)	(4,068)	7,031

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	—	63.50	—	31.75	—	1,018	39.5	6.8
Year ended March 31, 2017	—	31.75	—	31.75	63.50	1,018	33.0	6.0
Year ending March 31, 2018 (Forecast)	—	31.75	—	31.75	63.50		31.6	

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	34,870	6.9	2,320	9.4	2,350	4.0	1,670	11.9	104.39
Full year	72,000	7.2	4,950	12.5	5,000	8.4	3,210	4.2	200.65

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: Yes

Changes in accounting estimates: Yes

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	16,042,940 shares	As of March 31, 2016	16,038,640 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	45,246 shares	As of March 31, 2016	– shares
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Average number of shares during the period

Year ended March 31, 2017	16,015,797 shares	Year ended March 31, 2016	16,019,910 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	7,465,433	7,701,966
Notes and accounts receivable - trade	6,695,734	7,265,807
Supplies	26,533	32,058
Deferred tax assets	357,350	245,660
Other	530,035	586,193
Allowance for doubtful accounts	(4,457)	(1,310)
Total current assets	15,070,629	15,830,375
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,779,692	15,517,988
Accumulated depreciation	(8,241,677)	(8,679,891)
Buildings and structures, net	6,538,014	6,838,096
Machinery, equipment and vehicles	3,607,865	4,037,114
Accumulated depreciation	(3,535,379)	(3,093,020)
Machinery, equipment and vehicles, net	72,485	944,093
Land	5,511,956	5,509,227
Leased assets	2,618,815	2,294,557
Accumulated depreciation	(1,340,489)	(1,412,203)
Leased assets, net	1,278,326	882,353
Construction in progress	1,529,156	1,474,916
Other	658,480	828,250
Accumulated depreciation	(509,855)	(523,016)
Other, net	148,624	305,233
Total property, plant and equipment	15,078,565	15,953,922
Intangible assets		
Leased assets	259,961	136,059
Other	435,345	517,028
Total intangible assets	695,306	653,087
Investments and other assets		
Investment securities	1,254,473	2,342,187
Long-term loans receivable	142,650	165,548
Net defined benefit asset	90,811	91,881
Deferred tax assets	157,606	121,517
Other	1,372,685	1,596,682
Allowance for doubtful accounts	(69,248)	(57,868)
Total investments and other assets	2,948,979	4,259,949
Total non-current assets	18,722,851	20,866,958
Total assets	33,793,480	36,697,334

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,440,309	4,672,603
Current portion of long-term loans payable	2,158,544	1,942,683
Lease obligations	593,170	427,540
Accounts payable - other	1,162,853	3,598,105
Income taxes payable	767,972	674,648
Provision for bonuses	643,131	360,732
Provision for directors' bonuses	2,100	–
Provision for loss on litigation	13,662	12,362
Other	1,220,978	803,319
Total current liabilities	11,002,720	12,491,994
Non-current liabilities		
Long-term loans payable	3,627,948	3,120,600
Lease obligations	1,090,473	686,030
Deferred tax liabilities	421,501	439,769
Net defined benefit liability	680,014	595,958
Asset retirement obligations	232,786	397,362
Other	875,727	1,029,827
Total non-current liabilities	6,928,451	6,269,547
Total liabilities	17,931,172	18,761,542
Net assets		
Shareholders' equity		
Capital stock	2,649,133	2,650,296
Capital surplus	2,163,555	2,164,718
Retained earnings	10,903,619	12,965,368
Treasury shares	–	(103,383)
Total shareholders' equity	15,716,308	17,677,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	274,038	331,662
Remeasurements of defined benefit plans	(128,038)	(72,871)
Total accumulated other comprehensive income	146,000	258,791
Total net assets	15,862,308	17,935,792
Total liabilities and net assets	33,793,480	36,697,334

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	60,364,466	67,179,242
Cost of sales	53,247,943	59,632,656
Gross profit	7,116,522	7,546,585
Selling, general and administrative expenses		
Directors' compensations	339,840	335,241
A salary allowance	1,093,928	1,103,063
Provision for bonuses	82,542	43,031
Provision for directors' bonuses	2,100	—
Retirement benefit expenses	22,912	25,675
Provision of allowance for doubtful accounts	30,013	2,164
Other	1,665,699	1,636,320
Total selling, general and administrative expenses	3,237,038	3,145,498
Operating profit	3,879,484	4,401,087
Non-operating income		
Interest income	3,369	1,713
Dividend income	20,293	63,517
Gain on sales of non-current assets	19,640	61,931
Other	104,157	173,996
Total non-operating income	147,460	301,158
Non-operating expenses		
Interest expenses	92,971	51,408
Litigation expenses	200	14,850
Provision for loss on litigation	13,662	350
Loss on cancellation of leases	10,516	13,865
Other	21,203	11,122
Total non-operating expenses	138,553	91,596
Ordinary profit	3,888,391	4,610,648
Extraordinary income		
Gain on sales of non-current assets	19,213	23,504
Gain on sales of investment securities	—	26,956
Total extraordinary income	19,213	50,460
Extraordinary losses		
Loss on valuation of investment securities	15,200	—
Loss on valuation of right of using facilities	—	2,380
Total extraordinary losses	15,200	2,380
Profit before income taxes	3,892,404	4,658,728
Income taxes - current	1,421,491	1,462,161
Income taxes - deferred	(107,478)	116,289
Total income taxes	1,314,013	1,578,450
Profit	2,578,391	3,080,277
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,578,391	3,080,277

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	2,578,391	3,080,277
Other comprehensive income		
Valuation difference on available-for-sale securities	57,380	57,624
Remeasurements of defined benefit plans, net of tax	10,417	55,166
Total other comprehensive income	67,798	112,791
Comprehensive income	2,646,189	3,193,069
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,646,189	3,193,069
Comprehensive income attributable to non-controlling interests	—	—

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	2,633,715	2,148,137	9,093,972	—	13,875,824
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	15,418	15,418			30,837
Dividends of surplus			(768,744)		(768,744)
Profit attributable to owners of parent			2,578,391		2,578,391
Purchase of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	15,418	15,418	1,809,647	—	1,840,484
Balance at end of current period	2,649,133	2,163,555	10,903,619	—	15,716,308

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	216,657	(138,456)	78,201	13,954,025
Changes of items during period				
Issuance of new shares - exercise of subscription rights to shares				30,837
Dividends of surplus				(768,744)
Profit attributable to owners of parent				2,578,391
Purchase of treasury shares				—
Net changes of items other than shareholders' equity	57,380	10,417	67,798	67,798
Total changes of items during period	57,380	10,417	67,798	1,908,282
Balance at end of current period	274,038	(128,038)	146,000	15,862,308

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	2,649,133	2,163,555	10,903,619	—	15,716,308
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	1,163	1,163			2,326
Dividends of surplus			(1,018,528)		(1,018,528)
Profit attributable to owners of parent			3,080,277		3,080,277
Purchase of treasury shares				(103,383)	(103,383)
Net changes of items other than shareholders' equity					
Total changes of items during period	1,163	1,163	2,061,749	(103,383)	1,960,692
Balance at end of current period	2,650,296	2,164,718	12,965,368	(103,383)	17,677,000

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	274,038	(128,038)	146,000	15,862,308
Changes of items during period				
Issuance of new shares - exercise of subscription rights to shares				2,326
Dividends of surplus				(1,018,528)
Profit attributable to owners of parent				3,080,277
Purchase of treasury shares				(103,383)
Net changes of items other than shareholders' equity	57,624	55,166	112,791	112,791
Total changes of items during period	57,624	55,166	112,791	2,073,483
Balance at end of current period	331,662	(72,871)	258,791	17,935,792

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	3,892,404	4,658,728
Depreciation	1,169,687	1,107,306
Increase (decrease) in allowance for doubtful accounts	38,910	(14,526)
Increase (decrease) in provision for bonuses	131,843	(282,398)
Increase (decrease) in provision for directors' bonuses	2,100	(2,100)
Increase (decrease) in allowance for other	8,062	(1,300)
Increase (decrease) in net defined benefit liability	(8,702)	(4,022)
Interest and dividend income	(23,662)	(65,230)
Interest expenses	92,971	51,408
Loss (gain) on sales and retirement of property, plant and equipment	(35,478)	(77,583)
Loss (gain) on sales of investment securities	—	(26,956)
Loss on valuation of right of using facilities	—	2,380
Loss (gain) on valuation of securities	15,200	—
Decrease (increase) in notes and accounts receivable - trade	(806,397)	(565,890)
Increase (decrease) in notes and accounts payable - trade	397,361	232,293
Increase (decrease) in accounts payable - other	62,883	1,253,395
Increase (decrease) in accrued consumption taxes	(514,855)	8,939
Other, net	196,773	(244,844)
Subtotal	4,619,102	6,029,600
Interest and dividend income received	22,294	64,131
Interest expenses paid	(90,847)	(50,221)
Income taxes paid	(1,248,892)	(1,536,443)
Net cash provided by (used in) operating activities	3,301,657	4,507,067
Cash flows from investing activities		
Payments into time deposits	(24,000)	(12,000)
Proceeds from withdrawal of time deposits	27,607	436,246
Purchase of property, plant and equipment	(1,408,498)	(590,294)
Proceeds from sales of property, plant and equipment	111,239	89,283
Purchase of intangible assets	(93,856)	(39,166)
Purchase of investment securities	(65,010)	(1,028,689)
Proceeds from sales of investment securities	—	50,744
Payments of loans receivable	(36,384)	(89,418)
Collection of loans receivable	57,436	58,680
Payments for lease and guarantee deposits	(117,852)	(229,337)
Other, net	60,939	(16,166)
Net cash provided by (used in) investing activities	(1,488,379)	(1,370,117)

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Increase in short-term loans payable	1,900,000	—
Decrease in short-term loans payable	(2,900,000)	—
Repayments of lease obligations	(690,887)	(588,948)
Payments for accounts payable-other	(68,484)	(44,679)
Proceeds from long-term loans payable	1,100,000	3,200,000
Repayments of long-term loans payable	(2,671,350)	(3,923,209)
Cash dividends paid	(768,127)	(1,018,357)
Purchase of treasury shares	—	(103,383)
Proceeds from exercise of share options	30,837	2,326
Net cash provided by (used in) financing activities	(4,068,013)	(2,476,251)
Net increase (decrease) in cash and cash equivalents	(2,254,735)	660,698
Cash and cash equivalents at beginning of period	9,286,136	7,031,400
Cash and cash equivalents at end of period	7,031,400	7,692,099