

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 [Japanese GAAP]

May 27, 2016

MARUHAN Corporation

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016(April 1, 2015 to March 31, 2016)

(1) Consolidated Operating Results

(% indicates changes from the previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2016	1,898,870	-4.0	39,748	-35.4	40,528	-36.5	17,398	-42.0
Fiscal year ended March 31, 2015	1,978,222	-6.3	61,504	6.2	63,798	5.3	30,015	-7.3

(Note) Comprehensive income: Fiscal year ended March 31, 2016: 15,700 million yen (-51.6%)

Fiscal year ended March 31, 2015: 32,440 million yen (-15.1%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2016	1,136.59	—	7.3	8.7	2.1
Fiscal year ended March 31, 2015	1,960.70	—	13.5	14.4	3.1

(Reference) Equity in net income of affiliates: Fiscal year ended March 31, 2016: 900 million yen

Fiscal year ended March 31, 2015: 383 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
Fiscal year ended March 31, 2016	466,578	244,177	52.3	15,947.56
Fiscal year ended March 31, 2015	467,361	236,207	49.9	15,232.24

(Reference) Shareholders' equity: Fiscal year ended March 31, 2016: 244,109 million yen

Fiscal year ended March 31, 2015: 233,182 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2016	14,954	-14,342	-14,800	120,219
Fiscal year ended March 31, 2015	57,826	-20,974	-9,545	133,753

2. Dividends

	Annual dividends per share					Total dividends (year)	Payout ratio (consolidated)	Net asset dividend ratio (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
Fiscal year ended March 31, 2015	—	—	—	400.0	400.0	6,123	20.4	2.8
Fiscal year ended March 31, 2016	—	—	—	120.0	120.0	1,836	10.6	0.8
Fiscal year ending March 31, 2017 (Forecast)	—	—	—	—	—		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017) (% indicates changes from the previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	%	million yen	%	million yen	%	%	million yen	%	Yen
Full year	1,666,500	-12.2	26,700	-32.7	30,300	-25.0	14,400	-17.2	940.75

* Notes

- (1) Changes to principal subsidiaries during the period (Status changes of specified subsidiaries due to changes in the scope of consolidation): No

New: - (Company name: -) Excluded: - (Company name: -)

- (2) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc. : Yes

2) Changes in accounting policies other than 1) : No

3) Changes in accounting estimates : No

4) Corrections of errors : No

- (3) Total number of shares issued (common stock)

1) Number of shares issued at the end of the period
(Including treasury stock, nonvoting stock and super voting stock)

Fiscal year ended March 31, 2016	15,464,400 shares	Fiscal year ended March 31, 2015	15,464,400 shares
Fiscal year ended March 31, 2016	157,416 shares	Fiscal year ended March 31, 2015	155,916 shares
Fiscal year ended March 31, 2016	15,307,394 shares	Fiscal year ended March 31, 2015	15,308,484 shares

2) Total number of treasury stock at the end of the period

3) Average number of shares during the period

(Reference) Overview of non-consolidated business results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated Operating Results

(% indicates changes from the previous period.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2016	1,867,075	-4.4	34,937	-40.2	35,224	-42.2	14,195	-51.8
Fiscal year ended March 31, 2015	1,952,379	-7.0	58,469	4.7	60,930	3.2	29,426	-8.7

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended March 31, 2016	927.37		—	
Fiscal year ended March 31, 2015	1,922.27		—	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
Fiscal year ended March 31, 2016	380,022	230,424	60.6	15,053.56
Fiscal year ended March 31, 2015	400,049	223,384	55.8	14,592.17

(Reference) Shareholder's equity: Fiscal year ended March 31, 2016: 230,424 million yen

Fiscal year ended March 31, 2015: 223,384 million yen

* Explanation for the appropriate use of performance forecasts and other special notes

Forward-looking statements such as performance forecasts in this document are predictions determined based on the information available at the time of preparation of the document, and the actual performance may differ significantly from the forecast values shown due to potential risks and destabilizing factors.

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	Previous Fiscal Year (as of March 31, 2015)	Current Fiscal Year (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	135,149	122,012
Accounts receivable-trade	643	1,009
Loans and bills discounted in banking business	45,932	68,752
Merchandise	1,587	1,787
Raw materials and supplies	6,667	1,360
Prepaid expenses	4,119	4,237
Deferred tax assets	16,830	18,155
Accounts receivable-other	1,578	1,432
Other	4,343	5,218
Allowance for doubtful accounts	-153	-369
Total current assets	216,697	223,599
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	109,166	105,846
Tools, furniture and fixtures (net)	18,243	16,566
Land	56,764	56,817
Golf courses	11,646	11,648
Construction in progress	1,418	494
Other (net)	864	1,206
Total property, plant and equipment	198,103	192,579
Intangible assets		
Goodwill	2,091	1,293
Leasehold right	5,335	5,271
Software	589	643
Other	373	358
Total intangible assets	8,390	7,567
Investments and other assets		
Investment securities	7,298	7,029
Long-term loans receivable	1,347	834
Long-term prepaid expenses	2,283	1,873
Guarantee deposits	14,454	14,466
Construction assistance fund receivables	6,933	6,554
Deferred tax assets	10,921	10,990
Other	1,738	1,844
Allowance for doubtful accounts	-809	-762
Total investments and other assets	44,169	42,831
Total noncurrent assets	250,664	242,978
Total assets	467,361	466,578

(Unit: million yen)

	Previous Fiscal Year (as of March 31, 2015)	Current Fiscal Year (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,963	4,418
Electronically recorded obligations-operating	13,285	12,400
Short-term loans payable	680	1,990
Current portion of bonds	—	120
Current portion of long-term loans payable	33,568	31,966
Lease obligations	238	255
Accounts payable-other	25,632	22,394
Accrued expenses	4,202	4,509
Income taxes payable	11,700	8,299
Accrued consumption taxes	5,597	2,505
Deferred tax liabilities	2	2
Deposits received	6,179	7,483
Provision for bonuses	3,193	2,886
Notes payable-facilities	1,579	648
Asset retirement obligations	188	361
Deposits in banking business	30,042	40,661
Other	378	1,260
Total current liabilities	146,434	142,164
Noncurrent liabilities		
Bonds payable	1,484	1,364
Long-term loans payable	58,185	51,568
Lease obligations	5,223	5,003
Deferred tax liabilities	47	56
Provision for directors' retirement benefits	3,709	4,318
Provision for directors' retirement benefits	3,054	4,343
Asset retirement obligations	7,309	7,852
Other	5,705	5,729
Total noncurrent liabilities	84,719	80,236
Total liabilities	231,154	222,400
Net Assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	15	1,544
Retained earnings	217,126	228,340
Treasury stock	-450	-459
Total shareholders' equity	226,691	239,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,398	306
Deferred gains or losses on hedges	-100	-84
Foreign currency translation adjustment	5,363	5,343
Remeasurements of defined benefit plans	-170	-881
Total accumulated other comprehensive income	6,490	4,683
Non-controlling interests	3,025	68
Total net assets	236,207	244,177
Total liabilities and net assets	467,361	466,578

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Unit: million yen)

	Previous Fiscal Year (From April 1, 2014 to December 31, 2015)	Current Fiscal Year (From April 1, 2015 to December 31, 2016)
Net sales	1,978,222	1,898,870
Cost of sales	1,895,539	1,835,074
Gross profit	82,683	63,795
Selling, general and administrative expenses	21,178	24,047
Operating income	61,504	39,748
Non-operating income		
Interest and dividends income	199	150
Foreign exchange gains	1,920	—
Rent income	1,209	1,359
Income from IC card receipts	339	355
Equity in earnings of affiliates	383	900
Other	604	580
Total non-operating income	4,657	3,346
Non-operating expenses		
Interest expenses	1,470	1,474
Foreign exchange losses	—	277
Rent expenses	270	166
Provision of allowance for doubtful accounts	—	107
Commission fee	373	332
Other	248	206
Total non-operating expenses	2,362	2,566
Ordinary income	63,798	40,528
Extraordinary income		
Gain on sales of noncurrent assets	16	16
Total extraordinary income	16	16
Extraordinary loss		
Loss on sales of noncurrent assets	15	2
Loss on abandonment of noncurrent assets	541	526
Impairment loss	8,136	5,548
Other	46	2
Total extraordinary loss	8,739	6,079
Income before income taxes	55,075	34,466
Income taxes-current	23,699	18,043
Income taxes-deferred	616	-1,091
Total income taxes	24,316	16,952
Net income	30,759	17,513
Profit attributable to non-controlling interests	743	115
Profit attributable to owners of parent	30,015	17,398

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Previous Fiscal Year (From April 1, 2014 to December 31, 2015)	Current Fiscal Year (From April 1, 2015 to December 31, 2016)
Net income	30,759	17,513
Other comprehensive income		
Valuation difference on available-for-sale securities	-827	-1,037
Deferred gains or losses on hedges	-27	15
Foreign currency translation adjustment	2,763	-26
Remeasurements of defined benefit plans	-251	-682
Share of other comprehensive income of associates accounted for using equity method	24	-82
Total other comprehensive income	1,681	-1,813
Comprehensive income:	32,440	15,700
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	31,162	15,624
Comprehensive income attributable to non-controlling interests	1,278	75

(3) Consolidated Statements of Changes in Net Assets

Previous Fiscal Year (From April 1, 2014 to March 31, 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of the period	10,000	15	196,296	-450	205,861
Change during the period					
Dividends from surplus			-9,185		-9,185
Profit attributable to owners of parent			30,015		30,015
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	20,830	—	20,830
Balance at end of the period	10,000	15	217,126	-450	226,691

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at start of the period	2,199	-72	3,134	82	5,344	1,402	212,607
Change during the period							
Dividends from surplus							-9,185
Profit attributable to owners of parent							30,015
Net changes of items other than shareholders' equity	-801	-27	2,229	-253	1,146	1,622	2769
Total changes of items during the period	-801	-27	2,229	-253	1,146	1,622	23,599
Balance at end of the period	1,398	-100	5,363	-170	6,490	3,025	236,207

Current Fiscal Year (From April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of the period	10,000	15	217,126	-450	226,691
Change during the period					
Dividends from surplus			-6,123		-6,123
Profit attributable to owners of parent			17,398		17,398
Purchase of treasury shares				-9	-9
Change of scope of consolidation			-61		-61
Change in treasury shares of parent arising from transactions with non-controlling shareholders		1,528			1,528
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	1,528	11,213	-9	12,733
Balance at end of the period	10,000	1,544	228,340	-459	239,425

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at start of the period	1,398	-100	5,363	-170	6,490	3,025	236,207
Change during the period							
Dividends from surplus							-6,123
Profit attributable to owners of parent							17,398
Purchase of treasury shares							-9
Change of scope of consolidation							-61
Change in treasury shares of parent arising from transactions with non-controlling shareholders							1,528
Net changes of items other than shareholders' equity	-1,091	15	-19	-711	-1,806	-2,956	-4,763
Total changes of items during the period	-1,091	15	-19	-711	-1,806	-2,956	7,969
Balance at end of the period	306	-84	5,343	-881	4,683	68	244,177

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Previous Fiscal Year (From April 1, 2014 to December 31, 2015)	Current Fiscal Year (From April 1, 2015 to December 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	55,075	34,466
Depreciation	18,266	16,560
Impairment loss	8,136	5,548
Increase (decrease) in provision for bonuses	69	-307
Increase (decrease) in provision for directors' retirement benefits	-71	609
Increase (decrease) in allowance for doubtful accounts	-85	168
Increase (decrease) in net defined benefit liability	18	299
Interest and dividends income	-199	-150
Interest expenses	1,470	1,474
Equity in (earnings) losses of affiliates	-383	-900
Foreign exchange losses (gains)	-1,920	277
Loss (gain) on sales of noncurrent assets	-0	-13
Loss on abandonment of noncurrent assets	541	526
Net decrease (increase) in loans and bills discounted in banking business	-14,459	-22,806
Net increase (decrease) in allowance for deposits in banking business	12,862	10,607
Decrease (increase) in inventories	-4,230	5,106
Increase (decrease) in notes and accounts payable-trade	4,179	-7,135
Increase (decrease) in accounts payable-other	4,138	-5,560
Other	5,651	-909
Subtotal	89,059	37,860
Interest and dividends income received	142	96
Interest expenses paid	-1,425	-1,455
Income taxes paid	-29,949	-21,546
Net cash provided by (used in) operating activities	57,826	14,954
Net cash provided by (used in) investing activities		
Payments into time deposits	-1,761	-1,125
Proceeds from withdrawal of time deposits	1,135	661
Payments of loans receivable and construction assistance fund receivables	-1,046	-270
Proceeds from collection of loans receivable and construction assistance fund receivables	823	799
Purchase of property, plant and equipment	-19,493	-13,771
Proceeds from sales of property, plant and equipment	422	833
Purchase of intangible assets	-393	-557
Proceeds from sales of intangible assets	—	9
Purchase of investment securities	-0	32
Proceeds from sales of investment securities	1,000	—
Payments for guarantee deposits	-1,611	-594
Proceeds from collection of guarantee deposits	1,107	607
Other	-1,156	-902
Net cash provided by (used in) investing activities	-20,974	-14,342

(Unit: million yen)

	Previous Fiscal Year (From April 1, 2014 to December 31, 2015)	Current Fiscal Year (From April 1, 2015 to December 31, 2016)
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	—	-680
Proceeds from long-term loans payable	32,423	27,523
Repayment of long-term loans payable	-33,980	-33,759
Proceeds from issuance of bonds	1,205	—
Redemption of bonds	-160	—
Proceeds from share issuance to non-controlling shareholders	353	—
Purchase of treasury shares	—	-9
Repayments of lease obligations	-193	-244
Cash dividends paid	-9,185	-6,123
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-1,491
Other	-8	-15
Net cash provided by (used in) financing activities	-9,545	-14,800
Effect of exchange rate change on cash and cash equivalents	4,011	-202
Net increase (decrease) in cash and cash equivalents	31,318	-14,391
Cash and cash equivalents at beginning of year	102,434	133,753
Increase in cash and cash equivalents from newly consolidated subsidiary	—	857
Cash and cash equivalents at end of year	133,753	120,219