

# Translation

## MARUBUN CORPORATION

Head Office : 8-1 Nihonbashi Odenmacho, Chuo-ku, Tokyo, Japan

Securities Code : 7537 TSE, 1st section URL <http://www.marubun.co.jp>

Representative : Shoji Mizuno, CEO and Representative Director

Contact : Toshihiro Shibuya, Director, Corporate Planning Dept. TEL : +81-3-3639-3010

Preparation of supplementary material : Yes

Holding of investor meeting : Yes



May 8, 2018

### Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <under Japanese GAAP>

#### 1. Consolidated Financial Results for Fiscal Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

##### (1) Consolidated Operating Results

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen %
Year ended March 31, 2018	347,508	28.4	3,771	30.8	4,218	59.1	2,077 25.9
Year ended March 31, 2017	270,698	(3.2)	2,883	(10.3)	2,651	(20.2)	1,650 (8.8)

  

	Earnings per Share -Basic-	Earnings Per Share -Diluted-	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	79.49	-	4.9	3.2	1.1
Year ended March 31, 2017	63.14	-	4.0	2.3	1.1

##### (2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	%
Year ended March 31, 2018	135,796	49,177	31.7	1,646.67
Year ended March 31, 2017	125,984	47,550	33.1	1,595.81

##### (3) Cash Flows

	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended March 31, 2018	(7,619)	(964)	10,374	13,715
Year ended March 31, 2017	(5,894)	(1,862)	6,282	12,216

#### 2. Dividends

	Dividend Per Share					Dividends in Total (Fiscal Year)	Dividends Payout ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended March 31, 2017	-	10.00	-	15.00	25.00	653	39.6	1.6
Year ended March 31, 2018	-	10.00	-	20.00	30.00	784	37.7	1.9
Year ending March 31, 2019(Forecast)	-	10.00	-	20.00	30.00		31.4	

#### 3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen %
Six months ending September 30, 2018	160,000	(5.8)	1,250	(28.7)	1,020	(22.4)	465 19.1
Year ending March 31, 2019	315,000	(9.4)	4,700	24.6	4,300	1.9	2,500 20.3

  

	Earnings per Share -Basic-
	Yen
Six months ending September 30, 2018	17.79
Year ending March 31, 2019	95.66

Note: These Financial Forecasts are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. Marubun Corporation cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

**Consolidated Financial Statements**  
**(1) Consolidated Balance Sheet**

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	12,584	13,989
Notes and accounts receivable - trade	59,635	54,593
Electronically recorded monetary claims - operating	5,807	6,227
Merchandise and finished goods	29,385	44,987
Work in process	291	126
Deferred tax assets	1,149	1,024
Other	4,947	2,386
Allowance for doubtful accounts	(90)	(13)
<b>Total current assets</b>	<b>113,711</b>	<b>123,322</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,668	3,603
Accumulated depreciation	(2,301)	(2,252)
Buildings and structures, net	1,367	1,351
Machinery, equipment and vehicles	18	10
Accumulated depreciation	(17)	(10)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,100	2,105
Accumulated depreciation	(1,617)	(1,645)
Tools, furniture and fixtures, net	483	459
Land	1,633	1,618
Leased assets	163	142
Accumulated depreciation	(101)	(94)
Leased assets, net	62	48
Construction in progress	2	52
<b>Total property, plant and equipment</b>	<b>3,549</b>	<b>3,529</b>
Intangible assets		
Goodwill	448	336
Other	699	1,264
<b>Total intangible assets</b>	<b>1,148</b>	<b>1,601</b>
Investments and other assets		
Investment securities	3,627	3,634
Deferred tax assets	423	85
Other	3,524	4,080
Allowance for doubtful accounts	(0)	(457)
<b>Total investments and other assets</b>	<b>7,575</b>	<b>7,342</b>
<b>Total non-current assets</b>	<b>12,273</b>	<b>12,474</b>
<b>Total assets</b>	<b>125,984</b>	<b>135,796</b>

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	37,987	37,247
Short-term loans payable	25,077	34,687
Current portion of long-term loans payable	112	112
Lease obligations	38	34
Income taxes payable	434	495
Provision for bonuses	1,034	1,044
Asset retirement obligations	—	27
Other	2,588	2,114
Total current liabilities	67,272	75,765
Non-current liabilities		
Long-term loans payable	8,988	8,875
Lease obligations	73	62
Net defined benefit liability	1,586	1,388
Provision for directors' retirement benefits	96	108
Asset retirement obligations	198	175
Other	218	243
Total non-current liabilities	11,161	10,854
Total liabilities	78,434	86,619
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	29,206	30,659
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	40,143	41,596
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	696	726
Deferred gains or losses on hedges	6	(29)
Foreign currency translation adjustment	792	678
Remeasurements of defined benefit plans	68	63
Total accumulated other comprehensive income	1,563	1,439
Non-controlling interests	5,843	6,140
Total net assets	47,550	49,177
Total liabilities and net assets	125,984	135,796

## (2) Consolidated Statements of Income

(Millions of Yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	270,698	347,508
Cost of sales	250,085	326,346
Gross profit	20,612	21,161
Selling, general and administrative expenses	17,729	17,390
Operating profit	2,883	3,771
Non-operating income		
Interest income	49	67
Dividend income	40	46
Share of profit of entities accounted for using equity method	455	397
Foreign exchange gains	—	1,156
Miscellaneous income	158	104
Total non-operating income	705	1,773
Non-operating expenses		
Interest expenses	317	659
Provision of allowance for doubtful accounts	—	365
Sales discounts	114	176
Foreign exchange losses	429	—
Miscellaneous loss	74	125
Total non-operating expenses	937	1,327
Ordinary profit	2,651	4,218
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	—	4
Gain on sales of real estate for investment	1	—
Total extraordinary income	1	6
Extraordinary losses		
Loss on sales and retirement of non-current assets	60	53
Impairment loss	—	19
Loss on valuation of investment securities	0	171
Special retirement expenses	—	38
Other	4	28
Total extraordinary losses	65	311
Profit before income taxes	2,587	3,912
Income taxes - current	877	885
Income taxes - deferred	(342)	487
Total income taxes	535	1,373
Profit	2,052	2,539
Profit attributable to non-controlling interests	402	461
Profit attributable to owners of parent	1,650	2,077

## Consolidated statements of comprehensive income

(Millions of Yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	2,052	2,539
Other comprehensive income		
Valuation difference on available-for-sale securities	230	30
Deferred gains or losses on hedges	22	(35)
Foreign currency translation adjustment	(542)	(99)
Remeasurements of defined benefit plans, net of tax	478	(5)
Share of other comprehensive income of entities accounted for using equity method	—	(14)
Total other comprehensive income	188	(125)
Comprehensive income	2,241	2,414
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,077	1,983
Comprehensive income attributable to non-controlling interests	163	430

### (3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,587	3,912
Depreciation	394	406
Impairment loss	—	19
Amortization of goodwill	112	112
Increase (decrease) in allowance for doubtful accounts	62	13
Increase (decrease) in provision for bonuses	46	11
Increase (decrease) in provision for directors' retirement	(51)	12
Increase (decrease) in net defined benefit liability	429	(245)
Interest and dividend income	(90)	(114)
Interest expenses	317	659
Provision of allowance for doubtful accounts	—	365
Foreign exchange losses (gains)	911	(1,283)
Share of loss (profit) of entities accounted for using equity	(455)	(397)
Loss (gain) on sales and retirement of non-current assets	59	52
Loss (gain) on valuation of investment securities	0	171
Extra retirement payment	—	38
Decrease (increase) in notes and accounts receivable - trade	(6,972)	4,326
Decrease (increase) in inventories	(1,925)	(15,582)
Increase (decrease) in notes and accounts payable - trade	1,450	(492)
Other, net	(1,754)	1,563
Subtotal	(4,876)	(6,450)
Interest and dividend income received	253	314
Interest expenses paid	(320)	(653)
Income taxes paid	(956)	(841)
Income taxes refund	4	11
Net cash provided by (used in) operating activities	(5,894)	(7,619)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(355)	(328)
Proceeds from withdrawal of time deposits	377	434
Purchase of securities	(386)	(144)
Purchase of property, plant and equipment	(635)	(237)
Purchase of intangible assets	(382)	(692)
Purchase of investment securities	(234)	(44)
Payments for asset retirement obligations	—	(19)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(286)	—
Other, net	41	69
Net cash provided by (used in) investing activities	(1,862)	(964)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	7,456	11,303
Repayments of long-term loans payable	(115)	(112)
Cash dividends paid	(731)	(653)
Dividends paid to non-controlling interests	(297)	(132)
Other, net	(29)	(29)
Net cash provided by (used in) financing activities	6,282	10,374
Effect of exchange rate change on cash and cash equivalents	(10)	(248)
Net increase (decrease) in cash and cash equivalents	(1,485)	1,542
Cash and cash equivalents at beginning of period	13,702	12,216
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(43)
Cash and cash equivalents at end of period	12,216	13,715

**(4) Consolidated Statement of Changes in Shareholder's Equity**  
**Year ended March 31, 2017**

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,214	6,353	28,287	(1,630)	39,225
Changes of items during period					
Dividends of surplus			(731)		(731)
Profit attributable to owners of parent			1,650		1,650
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	918	—	918
Balance at end of current period	6,214	6,353	29,206	(1,630)	40,143

	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 beginning of current period	465	(16)	1,096	(409)	1,135	5,977	46,338
Changes of items during period							
Dividends of surplus							(731)
Profit attributable to owners of parent							1,650
Net changes of items other than shareholders' equity	230	22	(304)	478	427	(134)	293
Total changes of items during period	230	22	(304)	478	427	(134)	1,211
Balance at end of current period	696	6	792	68	1,563	5,843	47,550

Year ended March 31, 2018

(Millions of Yen)

	Shareholders'				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,214	6,353	29,206	(1,630)	40,143
Changes of items during period					
Dividends of surplus			(653)		(653)
Profit attributable to owners of parent			2,077		2,077
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation			29		29
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,453	(0)	1,453
Balance at end of current period	6,214	6,353	30,659	(1,630)	41,596

	Accumulated					Non-controlling	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 beginning of current period	696	6	792	68	1,563	5,843	47,550
Changes of items during period							
Dividends of surplus							(653)
Profit attributable to owners of parent							2,077
Purchase of treasury shares							(0)
Change of scope of consolidation							29
Net changes of items other than shareholders' equity	30	(35)	(113)	(5)	(124)	297	173
Total changes of items during period	30	(35)	(113)	(5)	(124)	297	1,627
Balance at end of current period	726	(29)	678	63	1,439	6,140	49,177

# Information on Net Sales, Income or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Year ended March 31, 2017

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	220,184	50,513	270,698	-	270,698
(2) Inter-segment	10	306	316	(316)	-
Total Sales	220,195	50,819	271,014	(316)	270,698
Segment Income	448	2,445	2,894	(11)	2,883
Segment Assets	96,570	29,319	125,890	94	125,984
Other					
Depreciation	212	169	381	1	383
Amortization of goodwill	112	-	112	-	112
Investments in entities accounted for using equity method	2,070	-	2,070	-	2,070
Increase in property, plant and equipment and intangible assets	760	364	1,124	-	1,124

Year ended March 31, 2018

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	296,524	50,983	347,508	—	347,508
(2) Inter-segment	67	615	682	Δ682	—
Total Sales	296,592	51,599	348,191	Δ682	347,508
Segment Income	1,240	2,542	3,782	Δ11	3,771
Segment Assets	102,051	33,737	135,789	7	135,796
Other					
Depreciation	214	191	406	—	406
Amortization of goodwill	112	—	112	—	112
Investments in entities accounted for using equity method	2,145	—	2,145	—	2,145
Increase in property, plant and equipment and intangible assets	692	489	1,181	—	1,181



(Related Information)

**Year ended March 31, 2017**

[1] Information by Product or Service

Since the segments of products and services are the same as the reportable segments, information by product or service is omitted.

[2] Sales Information by Geographical Area

JAPAN	China	Korea	ASIA	Other	Total
160,868	58,814	3,908	46,243	862	270,698

[3] Information by Major Customer

Customer Name	Net Sales	Related Segment
SHENZHEN MURATA TECHNOLOGY CO., LTD.	49,274	Electronic Devices

**Year ended March 31, 2018**

[1] Information by Product or Service

Since the segments of products and services are the same as the reportable segments, information by product or service is omitted.

[2] Sales Information by Geographical Area

JAPAN	China	Korea	ASIA	Other	Total
158,298	94,088	40,268	54,228	625	347,508

[3] Information by Major Customer

Customer Name	Net Sales	Related Segment
SHENZHEN MURATA TECHNOLOGY CO., LTD.	85,490	Electronic Devices