

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 : No



July 30, 2018

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 <under Japanese GAAP>

1. Consolidated Financial Results for Fiscal Year Ended June 30, 2018 (April 1, 2018 - June 30, 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	%
For the Three months ended June 30, 2018	71,211	1.1	1,214	86.5	(73)	-	(70)	-
June 30, 2017	70,464	24.2	651	-	652	-	302	-

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
	Yen	Yen
For the Three months ended June 30, 2018	(2.71)	-
June 30, 2017	11.57	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2018	136,770	47,889	30.7
As of March 31, 2018	135,706	49,177	31.7

2. Dividends

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	-	10.00	-	20.00	30.00
Year ending March 31, 2019	-				
Year ending March 31, 2019 (Forecast)		10.00	-	20.00	30.00

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, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	13,989	16,813
Notes and accounts receivable - trade	54,593	53,530
Electronically recorded monetary claims - operating	6,227	7,208
Merchandise and finished goods	44,987	43,523
Work in process	126	186
Other	2,386	2,086
Allowance for doubtful accounts	(13)	(14)
Total current assets	122,297	123,333
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,603	3,603
Accumulated depreciation	(2,252)	(2,274)
Buildings and structures, net	1,351	1,329
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,105	2,103
Accumulated depreciation	(1,645)	(1,651)
Tools, furniture and fixtures, net	459	452
Land	1,618	1,618
Leased assets	142	99
Accumulated depreciation	(94)	(56)
Leased assets, net	48	43
Construction in progress	52	41
Total property, plant and equipment	3,529	3,485
Intangible assets		
Goodwill	336	308
Other	1,264	1,373
Total intangible assets	1,601	1,682
Investments and other assets		
Investment securities	3,634	3,644
Deferred tax assets	1,019	1,123
Other	4,080	3,939
Allowance for doubtful accounts	(457)	(439)
Total investments and other assets	8,277	8,268
Total non-current assets	13,408	13,436
Total assets	135,706	136,770

(Millions of Yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,247	34,122
Short-term loans payable	34,687	40,272
Current portion of long-term loans payable	112	112
Lease obligations	34	32
Income taxes payable	495	111
Provision for bonuses	1,044	539
Asset retirement obligations	27	27
Other	2,114	2,965
Total current liabilities	75,765	78,185
Non-current liabilities		
Long-term loans payable	8,875	8,847
Lease obligations	62	55
Net defined benefit liability	1,388	1,353
Provision for directors' retirement benefits	108	111
Asset retirement obligations	175	176
Other	153	151
Total non-current liabilities	10,763	10,695
Total liabilities	86,529	88,881
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	30,659	30,070
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	41,596	41,007
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	726	710
Deferred gains or losses on hedges	(29)	23
Foreign currency translation adjustment	678	233
Remeasurements of defined benefit plans	63	47
Total accumulated other comprehensive income	1,439	1,015
Non-controlling interests	6,140	5,866
Total net assets	49,177	47,889
Total liabilities and net assets	135,706	136,770

(2) Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	70,464	71,211
Cost of sales	65,594	65,682
Gross profit	4,869	5,529
Selling, general and administrative expenses	4,218	4,314
Operating profit	651	1,214
Non-operating income		
Interest income	14	9
Dividend income	22	21
Foreign exchange gains	9	—
Share of profit of entities accounted for using equity method	89	88
Miscellaneous income	31	32
Total non-operating income	167	152
Non-operating expenses		
Interest expenses	119	235
Sales discounts	26	22
Foreign exchange losses	—	1,146
Miscellaneous loss	20	36
Total non-operating expenses	166	1,440
Ordinary profit (loss)	652	(73)
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on reversal of reserve for loss on dissolution of employee's pension fund	—	3
Total extraordinary income	0	3
Extraordinary losses		
Loss on sales and retirement of non-current assets	17	0
Other	0	0
Total extraordinary losses	17	0
Profit (loss) before income taxes	635	(70)
Income taxes	204	(44)
Profit (loss)	431	(26)
Profit attributable to non-controlling interests	128	44
Profit (loss) attributable to owners of parent	302	(70)

Consolidated statements of comprehensive income

(Millions of Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit (loss)	431	(26)
Other comprehensive income		
Valuation difference on available-for-sale securities	75	(15)
Deferred gains or losses on hedges	14	53
Foreign currency translation adjustment	(394)	(723)
Remeasurements of defined benefit plans, net of tax	(17)	(15)
Share of other comprehensive income of entities accounted for using equity method	—	0
Total other comprehensive income	(321)	(700)
Comprehensive income	109	(727)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	146	(490)
Comprehensive income attributable to non-controlling interests	(36)	(237)

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Cash flows from operating activities		
Profit (loss) before income taxes	635	(70)
Depreciation	99	99
Amortization of goodwill	28	28
Increase (decrease) in allowance for doubtful accounts	(2)	2
Increase (decrease) in provision for bonuses	(327)	(502)
Increase (decrease) in provision for directors' retirement benefits	3	3
Increase (decrease) in net defined benefit liability	(56)	(57)
Interest and dividend income	(37)	(31)
Interest expenses	119	235
Foreign exchange losses (gains)	(7)	1,262
Share of loss (profit) of entities accounted for using equity	(89)	(88)
Loss (gain) on sales and retirement of non-current assets	16	(0)
Decrease (increase) in notes and accounts receivable - trade	1,315	(2)
Decrease (increase) in inventories	(1,077)	1,175
Increase (decrease) in notes and accounts payable - trade	(3,016)	(2,969)
Other, net	1,899	1,234
Subtotal	(497)	319
Interest and dividend income received	204	96
Interest expenses paid	(119)	(226)
Income taxes paid	(317)	(379)
Income taxes refund	2	1
Net cash provided by (used in) operating activities	(728)	(189)
Cash flows from investing activities		
Payments into time deposits	(101)	(56)
Proceeds from withdrawal of time deposits	77	82
Purchase of securities	(83)	(8)
Purchase of property, plant and equipment	(64)	(65)
Purchase of intangible assets	(186)	(211)
Purchase of investment securities	(5)	(5)
Other, net	6	2
Net cash provided by (used in) investing activities	(359)	(262)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,594	4,235
Repayments of long-term loans payable	(28)	(28)
Cash dividends paid	(376)	(503)
Dividends paid to non-controlling interests	(109)	—
Other, net	(6)	(4)
Net cash provided by (used in) financing activities	2,074	3,699
Effect of exchange rate change on cash and cash equivalents	(75)	(3)
Net increase (decrease) in cash and cash equivalents	910	3,243
Cash and cash equivalents at beginning of period	12,216	13,715
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(43)	(384)
Cash and cash equivalents at end of period	13,084	16,574

Consolidated Segment Information

Business Segments

Three Months Ended June 30, 2017

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	62,118	8,345	70,464	-	70,464
(2) Inter-segment	0	142	142	(142)	-
Total Sales	62,118	8,488	70,606	(142)	70,464
Segment Income(loss)	541	112	654	(2)	651

Three Months Ended June 30, 2018

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	60,920	10,291	71,211	-	71,211
(2) Inter-segment	-	194	194	(194)	-
Total Sales	60,920	10,485	71,406	(194)	71,211
Segment Income(loss)	1,128	88	1,216	(2)	1,214