

Translation

MARUBUN CORPORATION

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

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Preparation of supplementary material : Yes

Holding of investor meeting : Yes



October 31, 2018

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (April 1, 2018 - September 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 Six months ended September 30, 2018	166,434	(2.0)	2,575	46.8	617	(53.0)	133	(65.7)
September 30, 2017	169,875	33.0	1,753	-	1,314	-	390	-

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
	Yen	Yen
For the Six months ended September 30, 2018	5.12	-
September 30, 2017	14.93	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2018	137,315	48,646	31.0
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	-	10.00	-	-	-
Year ending March 31, 2019 (Forecast)	-	-	-	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	%
Year ending March 31, 2019	325,000	(6.5)	5,800	53.8	3,450	(18.2)	1,800	(13.4)

	Earnings per Share -Basic-
	Yen
Year ending March 31, 2019	68.87

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 September 30, 2018
Assets		
Current assets		
Cash and deposits	13,989	14,196
Notes and accounts receivable - trade	54,593	59,514
Electronically recorded monetary claims - operating	6,227	6,659
Merchandise and finished goods	44,987	38,044
Work in process	126	310
Other	2,386	4,860
Allowance for doubtful accounts	(13)	(17)
Total current assets	122,297	123,569
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,603	3,604
Accumulated depreciation	(2,252)	(2,297)
Buildings and structures, net	1,351	1,307
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,105	2,079
Accumulated depreciation	(1,645)	(1,560)
Tools, furniture and fixtures, net	459	518
Land	1,618	1,618
Leased assets	142	99
Accumulated depreciation	(94)	(60)
Leased assets, net	48	38
Construction in progress	52	66
Total property, plant and equipment	3,529	3,549
Intangible assets		
Goodwill	336	280
Other	1,264	1,416
Total intangible assets	1,601	1,696
Investments and other assets		
Investment securities	3,634	4,035
Deferred tax assets	1,019	798
Other	4,080	4,105
Allowance for doubtful accounts	(457)	(439)
Total investments and other assets	8,277	8,499
Total non-current assets	13,408	13,746
Total assets	135,706	137,315

(Millions of Yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,247	39,133
Short-term loans payable	34,687	35,498
Current portion of long-term loans payable	112	50
Lease obligations	34	32
Income taxes payable	495	157
Provision for bonuses	1,044	1,040
Asset retirement obligations	27	25
Other	2,114	2,282
Total current liabilities	75,765	78,220
Non-current liabilities		
Long-term loans payable	8,875	8,700
Lease obligations	62	47
Net defined benefit liability	1,388	1,274
Provision for directors' retirement benefits	108	115
Asset retirement obligations	175	177
Other	153	134
Total non-current liabilities	10,763	10,448
Total liabilities	86,529	88,669
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	30,659	30,274
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	41,596	41,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	726	825
Deferred gains or losses on hedges	(29)	28
Foreign currency translation adjustment	678	451
Remeasurements of defined benefit plans	63	31
Total accumulated other comprehensive income	1,439	1,337
Non-controlling interests	6,140	6,096
Total net assets	49,177	48,646
Total liabilities and net assets	135,706	137,315

(2) Consolidated Statements of Income

	(Millions of Yen)	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	169,875	166,434
Cost of sales	159,603	155,052
Gross profit	10,272	11,382
Selling, general and administrative expenses	8,518	8,807
Operating profit	1,753	2,575
Non-operating income		
Interest income	34	29
Dividend income	26	26
Share of profit of entities accounted for using equity method	193	169
Foreign exchange gains	6	—
Miscellaneous income	58	71
Total non-operating income	319	296
Non-operating expenses		
Interest expenses	283	480
Provision of allowance for doubtful accounts	365	—
Sales discounts	73	52
Foreign exchange losses	—	1,612
Miscellaneous loss	35	109
Total non-operating expenses	757	2,254
Ordinary profit	1,314	617
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	—	19
Gain on reversal of reserve for loss on dissolution of employee's pension fund	—	3
Total extraordinary income	0	23
Extraordinary losses		
Loss on sales and retirement of non-current assets	32	4
Loss on valuation of investment securities	171	—
Special retirement expenses	—	11
Other	7	0
Total extraordinary losses	211	17
Profit before income taxes	1,104	623
Income taxes	467	344
Profit	636	279
Profit attributable to non-controlling interests	246	145
Profit attributable to owners of parent	390	133

Consolidated statements of comprehensive income

	(Millions of Yen)	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	636	279
Other comprehensive income		
Valuation difference on available-for-sale securities	121	99
Deferred gains or losses on hedges	24	58
Foreign currency translation adjustment	(366)	(375)
Remeasurements of defined benefit plans, net of tax	(34)	(31)
Share of other comprehensive income of entities accounted for using equity method	—	0
Total other comprehensive income	(254)	(249)
Comprehensive income	381	29
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	285	36
Comprehensive income attributable to non-controlling interests	96	(7)

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	1,104	623
Depreciation	199	228
Amortization of goodwill	56	56
Increase (decrease) in allowance for doubtful accounts	17	4
Increase (decrease) in provision for bonuses	(5)	(3)
Increase (decrease) in provision for directors' retirement benefits	4	6
Increase (decrease) in net defined benefit liability	(126)	(158)
Interest and dividend income	(60)	(55)
Interest expenses	283	480
Provision of allowance for doubtful accounts	365	—
Foreign exchange losses (gains)	356	1,976
Share of loss (profit) of entities accounted for using equity	(193)	(169)
Loss (gain) on sales and retirement of non-current assets	31	4
Loss (gain) on valuation of investment securities	171	—
Decrease (increase) in notes and accounts receivable - trade	(13,240)	(5,135)
Decrease (increase) in inventories	(4,000)	6,695
Increase (decrease) in notes and accounts payable - trade	2,340	1,882
Other, net	520	174
Subtotal	(12,174)	6,609
Interest and dividend income received	215	109
Interest expenses paid	(280)	(456)
Income taxes paid	(441)	(499)
Income taxes refund	9	2
Net cash provided by (used in) operating activities	(12,672)	5,765
Cash flows from investing activities		
Payments into time deposits	(262)	(226)
Proceeds from withdrawal of time deposits	283	229
Purchase of securities	(116)	(22)
Purchase of property, plant and equipment	(118)	(158)
Purchase of intangible assets	(386)	(355)
Purchase of investment securities	(11)	(233)
Payments of short-term loans receivable	—	(2,221)
Other, net	52	38
Net cash provided by (used in) investing activities	(557)	(2,950)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	17,158	(1,416)
Repayments of long-term loans payable	(56)	(238)
Cash dividends paid	(391)	(522)
Dividends paid to non-controlling interests	(132)	(37)
Other, net	(12)	(9)
Net cash provided by (used in) financing activities	16,564	(2,225)
Effect of exchange rate change on cash and cash equivalents	(19)	17
Net increase (decrease) in cash and cash equivalents	3,316	607
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	15,489	13,937

Consolidated Segment Information

Business Segments

Six Months Ended September 30, 2017

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	150,361	19,513	169,875	-	169,875
(2) Inter-segment	0	314	314	(314)	-
Total Sales	150,362	19,827	170,189	(314)	169,875
Segment Income(loss)	968	790	1,759	(5)	1,753

Six Months Ended September 30, 2018

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	145,394	21,040	166,434	-	166,434
(2) Inter-segment	-	294	294	(294)	-
Total Sales	145,394	21,335	166,729	(294)	166,434
Segment Income(loss)	2,187	392	2,579	(4)	2,575