

Translation

**MARUBUN CORPORATION**

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Preparation of supplementary material : Yes  
 Holding of investor meeting : No

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**Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017  
 <under Japanese GAAP>**

**1. Consolidated Financial Results for Fiscal Year Ended June 30, 2017 (April 1, 2017 - June 30, 2017)**

(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, 2017	70,464	24.2	651	-	652	-	302	-
June 30, 2016	56,755	(17.9)	(1,050)	-	(796)	-	(664)	-

	Earnings per Share -Basic-		Earnings Per Share -Diluted-	
	Yen		Yen	
For the Three months ended				
June 30, 2017	11.57		-	
June 30, 2016	(25.42)		-	

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2017	124,770	47,134	33.2
As of March 31, 2017	125,984	47,550	33.1

**2. Dividends**

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	-	10.00	-	15.00	25.00
Year ending March 31, 2018					
Year ending March 31, 2018 (Forecast)		10.00	-	15.00	25.00

**3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2018**

	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, 2017	125,000	(2.2)	800	-	800	-	400	-
Year ending March 31, 2018	260,000	(4.0)	3,500	21.4	3,300	24.5	1,850	12.1

	Earnings per Share -Basic-	
	Yen	
Six months ending September 30, 2017	15.30	
Year ending March 31, 2018	70.79	

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.

## **1. Qualitative information relating to consolidated operating results for the quarter under review**

During the first quarter of the consolidated fiscal year under review (April 1, 2017-June 30, 2017), the Japanese economy continued its gradual recovery against a background of improved corporate earnings and employment, and the recovery of capital expenditures and consumer spending. The gradual recovery of the economy also continued overseas.

In the electronics industry, where the Marubun Group is positioned, new markets for IoT and AI were created in addition to the widespread use of the cloud service. As a result, demand for servers for data centers continued to be strong, and demand for automobiles for which autonomous driving and electrification has been advancing also remained steady. Demand for memories embedded in devices as described above, including DRAM and NAND flash memories, and semiconductor manufacturing equipment grew continuously.

In this environment, net sales of the Group during the first quarter of the consolidated fiscal year under review rose 24.2% year on year, to 70,464 million yen. In addition to increased sales, because of the improvement in the gross profit margin thanks to a more stable exchange rate than in the previous fiscal year, consolidated operating income amounted to 651 million yen (an operating loss of 1,050 million yen in the same period of the previous year), consolidated ordinary income increased to 652 million yen (an ordinary loss of 796 million yen), and consolidated profit attributable to owners of parent was 302 million yen (a consolidated loss attributable to owners of parent of 664 million yen).

Operating results by business segment are as follows.

(Electronic Devices business)

In the Electronic Devices business, despite a decrease in sales due to the dissolution of an agency contract with NXP Semiconductors N.V., demand for semiconductors for communication modules increased substantially and sales for industrial equipment and game consoles also grew. As a result, net sales for the segment increased 29.4% year on year, to 62,118 million yen, and segment income grew to 541 million yen (segment loss of 993 million yen in the same period of the previous year).

(Electronic Systems business)

In the Electronic Systems business, sales of image diagnostic equipment for medical equipment and computers embedded in industrial equipment increased, while those of electronic component assembly and inspection equipment, which were strong in the same period of the previous year, declined. As a result, net sales in this segment declined 4.8% year on year, to 8,345 million yen, but segment income increased to 112 million yen (segment loss of 54 million yen in the same period of the previous year) due to the improved gross profit margin.

## **2. Qualitative information relating to the consolidated financial position**

(Assets)

Current assets at the end of the first quarter of the consolidated fiscal year under review stood at 112,428 million yen, decreasing 1,282 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 1,283 million yen in electronically recorded monetary claims, which was offset by a decrease of 2,899 million yen in notes and accounts receivable-trade. Non-current assets stood at 12,341 million yen, rising 68 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 147 million yen in investment securities.

As a result, total assets decreased 1,214 million yen from the end of the previous consolidated fiscal year, to 124,770 million yen.

(Liabilities)

Current liabilities at the end of the first quarter of the consolidated fiscal year under review were 66,542 million yen, decreasing 729 million yen from the end of the previous fiscal year. This figure chiefly reflected an increase of 2,558 million yen in short-term loans payable, which was offset by a decrease of 3,157 million yen in notes and accounts payable-trade. Non-current liabilities were 11,093 million yen, decreasing 68 million yen from the end of the previous consolidated fiscal year.

This was mainly attributable to decreases of 31 million yen in the net defined benefit liability and 28 million yen in long-term loans payable.

As a result, total liabilities stood at 77,636 million yen, a decrease of 798 million yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the first quarter of the consolidated fiscal year under review were 47,134 million yen, a decline of 415 million yen from the end of the previous fiscal year. This was primarily attributable to decreases of 259 million yen in foreign currency translation adjustment and 169 million yen in non-controlling interests. As a result, the equity ratio stood at 33.2% (compared to 33.1% at the end of the previous fiscal year).

### **3. Qualitative information relating to consolidated financial forecasts**

Our full-year consolidated financial results forecast for the fiscal year ending March 2018 remains unchanged from the financial results forecast announced on May 9, 2017.

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

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	12,584	13,482
Notes and accounts receivable - trade	59,635	56,735
Electronically recorded monetary claims - operating	5,807	7,091
Merchandise and finished goods	29,385	30,172
Work in process	291	427
Deferred tax assets	1,149	1,040
Other	4,947	3,565
Allowance for doubtful accounts	(90)	(87)
<b>Total current assets</b>	<b>113,711</b>	<b>112,428</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	3,668	3,582
Accumulated depreciation	(2,301)	(2,231)
Buildings and structures, net	1,367	1,351
Machinery, equipment and vehicles	18	17
Accumulated depreciation	(17)	(17)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,100	2,119
Accumulated depreciation	(1,617)	(1,641)
Tools, furniture and fixtures, net	483	477
Land	1,633	1,618
Leased assets	163	170
Accumulated depreciation	(101)	(107)
Leased assets, net	62	62
Construction in progress	2	0
<b>Total property, plant and equipment</b>	<b>3,549</b>	<b>3,511</b>
<b>Intangible assets</b>		
Goodwill	448	420
Other	699	832
<b>Total intangible assets</b>	<b>1,148</b>	<b>1,253</b>
<b>Investments and other assets</b>		
Investment securities	3,627	3,775
Deferred tax assets	423	446
Other	3,524	3,355
<b>Total investments and other assets</b>	<b>7,575</b>	<b>7,577</b>
<b>Total non-current assets</b>	<b>12,273</b>	<b>12,341</b>
<b>Total assets</b>	<b>125,984</b>	<b>124,770</b>

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	37,987	34,829
Short-term loans payable	25,077	27,636
Current portion of long-term loans payable	112	112
Lease obligations	38	36
Income taxes payable	434	190
Provision for bonuses	1,034	705
Other	2,588	3,031
Total current liabilities	67,272	66,542
Non-current liabilities		
Long-term loans payable	8,988	8,960
Lease obligations	73	76
Net defined benefit liability	1,586	1,555
Provision for directors' retirement benefits	96	100
Asset retirement obligations	198	182
Other	218	217
Total non-current liabilities	11,161	11,093
<b>Total liabilities</b>	<b>78,434</b>	<b>77,636</b>
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	29,206	29,145
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	40,143	40,083
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	696	771
Deferred gains or losses on hedges	6	20
Foreign currency translation adjustment	792	533
Remeasurements of defined benefit plans	68	51
Total accumulated other comprehensive income	1,563	1,376
Non-controlling interests	5,843	5,673
<b>Total net assets</b>	<b>47,550</b>	<b>47,134</b>
<b>Total liabilities and net assets</b>	<b>125,984</b>	<b>124,770</b>

**(2) Consolidated Statements of Income**

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	56,755	70,464
Cost of sales	53,366	65,594
Gross profit	3,389	4,869
Selling, general and administrative expenses	4,440	4,218
Operating profit (loss)	(1,050)	651
Non-operating income		
Interest income	7	14
Dividend income	18	22
Foreign exchange gains	173	9
Share of profit of entities accounted for using equity method	120	89
Miscellaneous income	40	31
Total non-operating income	360	167
Non-operating expenses		
Interest expenses	55	119
Sales discounts	22	26
Miscellaneous loss	26	20
Total non-operating expenses	105	166
Ordinary profit (loss)	(796)	652
Extraordinary income		
Gain on sales of non-current assets	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	17
Other	2	0
Total extraordinary losses	4	17
Profit (loss) before income taxes	(800)	635
Income taxes	(203)	204
Profit (loss)	(597)	431
Profit attributable to non-controlling interests	66	128
Profit (loss) attributable to owners of parent	(664)	302

**Consolidated statements of comprehensive income**

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit (loss)	(597)	431
Other comprehensive income		
Valuation difference on available-for-sale securities	(203)	75
Deferred gains or losses on hedges	(31)	14
Foreign currency translation adjustment	(896)	(394)
Remeasurements of defined benefit plans, net of tax	102	(17)
Total other comprehensive income	(1,029)	(321)
Comprehensive income	(1,626)	109
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,333)	146
Comprehensive income attributable to non-controlling	(293)	(36)

**(3) Consolidated Statements of Cash Flows**

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(800)	635
Depreciation	93	99
Amortization of goodwill	28	28
Increase (decrease) in allowance for doubtful accounts	67	(2)
Increase (decrease) in provision for bonuses	(322)	(327)
Increase (decrease) in provision for directors' retirement	(63)	3
Increase (decrease) in net defined benefit liability	117	(56)
Interest and dividend income	(25)	(37)
Interest expenses	55	119
Foreign exchange losses (gains)	(596)	(7)
Share of (profit) loss of entities accounted for using equity	(120)	(89)
Loss (gain) on sales and retirement of non-current assets	1	16
Decrease (increase) in notes and accounts receivable - trade	8,043	1,315
Decrease (increase) in inventories	(2,844)	(1,077)
Increase (decrease) in notes and accounts payable - trade	(11,449)	(3,016)
Other, net	1,639	1,899
Subtotal	(6,175)	(497)
Interest and dividend income received	175	204
Interest expenses paid	(58)	(119)
Income taxes paid	(437)	(317)
Income taxes refund	1	2
Net cash provided by (used in) operating activities	(6,494)	(728)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(62)	(101)
Proceeds from withdrawal of time deposits	53	77
Purchase of securities	(219)	(83)
Purchase of property, plant and equipment	(48)	(64)
Purchase of intangible assets	(12)	(186)
Purchase of investment securities	(6)	(5)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(439)	—
Other, net	0	6
Net cash provided by (used in) investing activities	(734)	(359)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	6,276	2,594
Repayments of long-term loans payable	(28)	(28)
Cash dividends paid	(451)	(376)
Dividends paid to non-controlling interests	(73)	(109)
Other, net	(7)	(6)
Net cash provided by (used in) financing activities	5,714	2,074
Effect of exchange rate change on cash and cash equivalents	(580)	(75)
Net increase (decrease) in cash and cash equivalents	(2,094)	910
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	11,607	13,084

## Consolidated Segment Information

### Business Segments

Three Months Ended June 30, 2016

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	47,991	8,764	56,755	-	56,755
(2) Inter-segment	0	97	98	(98)	-
Total Sales	47,992	8,861	56,854	(98)	56,755
Segment Income(loss)	(993)	(54)	(1,047)	(2)	(1,050)

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