

Translation

**MARUBUN CORPORATION**

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 Preparation of supplementary material : Yes  
 Holding of investor meeting : Yes



May 9, 2017

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017  
 <under Japanese GAAP>**

**1. Consolidated Financial Results for Fiscal Year Ended March 31, 2017 (April 1,2016 - March 31,2017)**

(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	%
Year ended March 31, 2017	270,698	(3.2)	2,883	(10.3)	2,651	(20.2)	1,650	(8.8)
Year ended March 31, 2016	279,571	2.2	3,212	(29.4)	3,321	(14.5)	1,810	(9.1)

	Earnings per Share -Basic-		Earnings Per Share -Diluted-	
	Yen		Yen	
Year ended March 31, 2017	63.14		-	
Year ended March 31, 2016	69.26		-	

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2017	125,984	47,550	33.1	1,595.81
As of March 31, 2016	106,513	46,338	37.9	1,544.30

(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, 2017	(5,894)	(1,862)	6,282	12,216
Year ended March 31, 2016	(1,204)	493	(6,724)	13,702

**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, 2016	-	12.00	-	18.00	30.00	784	43.3	1.9
Year ended March 31, 2017	-	10.00	-	15.00	25.00	653	39.6	1.6
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	

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. Summary of operating results for the fiscal year under review

During the consolidated fiscal year under review (from April 1, 2016 to March 31, 2017), the Japanese economy continued a gradual recovery against a background of improved employment and income conditions and an uptick in capital expenditure and consumer spending. The economic situation also remained unstable, given uncertainty in overseas economies and fluctuations in the financial and capital markets, reflecting the Brexit decision and the outcome of the presidential election in the United States.

In the electronics industry, where the Marubun Group operates, sales remained strong for automobile and datacenter servers as well as smartphones with advanced functionality. Moreover, demand for memories that were embedded in devices as described above grew, centered on NAND flash memories. The new markets of IoT and AI are expected to grow.

In this environment, the Group posted net sales of 270,698 million yen for the consolidated fiscal year under review, down 3.2% from the previous fiscal year, due mainly to decreased demand for semiconductors for communication modules and LCD panels for TV sets and PCs in the Electronic Devices business, despite good sales of electronic component assembly and inspection equipment in the Electronic Systems business. Looking at profits, as a result of an increase in the number of consolidated subsidiaries, gross profit increased 2,292 million yen. On the other hand, selling, general and administrative expenses increased 2,622 million yen, reflecting increases in retirement benefit expenses and other personnel expenses, outsourcing expenses and expenses for sales activities. As a result, the Group posted consolidated operating income of 2,883 million yen, down 10.3% year on year, ordinary income of 2,651 million yen, a fall of 20.2%, and a profit attributable to owners of parent of 1,650 million yen, down 8.8%.

Operating results by business segment are as follows:

(Electronic Devices business)

In the Electronic Devices business, sales increased for industrial equipment and semiconductors for automobiles, thanks to contributions made by KTL Corporation, which joined the scope of consolidation in April 2016. In the meantime, sales decreased substantially for semiconductors for communication modules and sales also fell for LCD panels for TV sets and PCs. As a result, net sales for the segment decreased 5.9% year on year, to 220,184 million yen, and the segment income fell 61.7% year on year, to 448 million yen.

(Electronic Systems business)

In the Electronic Systems business, sales declined mainly for components for satellites. However, sales expanded substantially for electronic component assembly and inspection equipment, classified under measurement and inspection equipment. Demand also remained steady for laser equipment, such as LED light sources for medical equipment and diode lasers to be embedded in industrial equipment. Sales of image diagnostic equipment for medical equipment increased. As a result, net sales for the segment grew 10.8% from the previous fiscal year, to 50,513 million yen. Segment income amounted to 2,445 million yen, up 19.3% from the previous fiscal year.

## 2. Summary of consolidated financial position for the fiscal year under review

(Assets)

Current assets at the end of the consolidated fiscal year under review stood at 113,711 million yen, an increase of 17,499 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of 8,127 million yen in notes and accounts receivable-trade, an increase of 4,619 million yen in merchandise and finished goods and an increase of 3,776 million yen in electronically recorded monetary claims. Non-current assets stood at 12,273 million yen, rising 1,971 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 612 million yen in investment securities, an increase of 448 million yen in goodwill and an increase of 346 million yen in buildings and structures.

As a result, total assets rose 19,470 million yen from the end of the previous consolidated fiscal year, to 125,984 million yen.

(Liabilities)

Current liabilities at the end of the consolidated fiscal year under review were 67,272 million yen, an increase of 17,791 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 15,345 million yen in short-term loans payable and an increase of 2,065 million yen in notes and accounts payable-trade. Non-current liabilities were 11,161 million yen, rising 467 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase in long-term loans payable of 488 million yen. As a result, total liabilities rose 18,259 million yen from the end of the previous fiscal year, to 78,434 million yen.

(Net assets)

Total net assets at the end of the consolidated fiscal year under review were 47,550 million yen, an increase of 1,211 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 918 million yen increase in retained earnings and a 230 million yen increase in valuation difference on available-for-sale securities.

As a result, the equity ratio fell 4.8 percentage points, standing at 33.1% compared to 37.9% at the end of the previous consolidated fiscal year.

### **3. Summary of consolidated cash flows for the fiscal year under review**

Cash and cash equivalents (referred to below as “cash”) at the end of the consolidated fiscal period year under review were 12,216 million yen, down 1,485 million yen (down 10.8% year on year) from the end of the previous consolidated fiscal year. This decline was mainly due to the increase in notes and accounts receivable-trade offset by the increase in notes and accounts payable-trade.

The cash flow statement and its components at the end of the consolidated fiscal year are as follows.

(Cash flows from operating activities)

Cash used in operating activities was 5,894 million yen (compared with cash used of 1,204 million yen for the same period in the previous fiscal year). This was mainly attributable to an increase of 6,972 million yen in notes and accounts receivable-trade, despite an increase of 1,450 million yen in notes and accounts payable-trade.

(Cash flows from investing activities)

Cash used in investing activities was 1,862 million yen (compared with cash provided of 493 million yen for the same period in the previous fiscal year). This was mainly due to 635 million yen for the purchase of property, plant and equipment, 382 million yen for the purchase of intangible assets and 234 million yen for the purchase of investment securities.

(Cash flows from financing activities)

Cash provided by financing activities was 6,282 million yen (compared with cash used of 6,724 million yen for the same period in the previous fiscal year). This was mainly due to a net increase of 7,456 million yen in short-term loans payable despite cash dividends paid of 731 million yen.

### **4. Future outlook**

With respect to the outlook of the economy for the fiscal year of 2017, moderate economic recovery is expected owing to improvement in the employment and income environment. However, given the movements of policies of the new U.S. administration and the financial market, the impact of elections scheduled in European countries and economic uncertainty in the emerging countries of Asia, uncertainty will remain for the time being.

In this environment, the forecast of business results for the following fiscal year is net sales of 260,000 million yen (down 4.0% year on year) with an increase in sales of semiconductors for industrial equipment and laser equipment and a decrease in sales of semiconductors for communication modules expected.

The forecast of profits is for an improvement in the ratio of gross profits to sales and a decrease in selling, general and administrative expenses with operating income of 3,500 million yen (up 21.4% year on year), ordinary income of 3,300 million yen (up 24.5% year on year) and profit attributable to owners of parent of 1,850 million yen (up 12.1% year on year).

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

(Millions of Yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	14,096	12,584
Notes and accounts receivable - trade	51,507	59,635
Electronically recorded monetary claims - operating	2,031	5,807
Merchandise and finished goods	24,765	29,385
Work in process	150	291
Deferred tax assets	857	1,149
Other	2,819	4,947
Allowance for doubtful accounts	(17)	(90)
Total current assets	<u>96,211</u>	<u>113,711</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,558	3,668
Accumulated depreciation	(2,537)	(2,301)
Buildings and structures, net	<u>1,021</u>	<u>1,367</u>
Machinery, equipment and vehicles	21	18
Accumulated depreciation	(21)	(17)
Machinery, equipment and vehicles, net	<u>0</u>	<u>0</u>
Tools, furniture and fixtures	2,069	2,100
Accumulated depreciation	(1,710)	(1,617)
Tools, furniture and fixtures, net	<u>358</u>	<u>483</u>
Land	1,633	1,633
Leased assets	141	163
Accumulated depreciation	(75)	(101)
Leased assets, net	<u>65</u>	<u>62</u>
Construction in progress	<u>0</u>	<u>2</u>
Total property, plant and equipment	<u>3,079</u>	<u>3,549</u>
Intangible assets		
Goodwill	—	448
Other	342	699
Total intangible assets	<u>342</u>	<u>1,148</u>
Investments and other assets		
Investment securities	3,014	3,627
Deferred tax assets	644	423
Other	3,221	3,524
Total investments and other assets	<u>6,880</u>	<u>7,575</u>
Total non-current assets	<u>10,302</u>	<u>12,273</u>
Total assets	<u>106,513</u>	<u>125,984</u>

(Millions of Yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	35,921	37,987
Short-term loans payable	9,732	25,077
Current portion of long-term loans payable	2	112
Lease obligations	48	38
Income taxes payable	448	434
Provision for bonuses	860	1,034
Other	2,468	2,588
Total current liabilities	49,481	67,272
Non-current liabilities		
Long-term loans payable	8,500	8,988
Lease obligations	83	73
Net defined benefit liability	1,718	1,586
Provision for directors' retirement benefits	147	96
Asset retirement obligations	149	198
Other	94	218
Total non-current liabilities	10,693	11,161
Total liabilities	60,175	78,434
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	28,287	29,206
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	39,225	40,143
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	465	696
Deferred gains or losses on hedges	(16)	6
Foreign currency translation adjustment	1,096	792
Remeasurements of defined benefit plans	(409)	68
Total accumulated other comprehensive income	1,135	1,563
Non-controlling interests	5,977	5,843
Total net assets	46,338	47,550
<b>Total liabilities and net assets</b>	<b>106,513</b>	<b>125,984</b>

**(2) Consolidated Statements of Income**

(Millions of Yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	279,571	270,698
Cost of sales	261,252	250,085
Gross profit	18,319	20,612
Selling, general and administrative expenses	15,106	17,729
Operating profit	3,212	2,883
Non-operating income		
Interest income	23	49
Dividend income	51	40
Share of profit of entities accounted for using equity method	431	455
Miscellaneous income	228	158
Total non-operating income	734	705
Non-operating expenses		
Interest expenses	186	317
Sales discounts	151	114
Foreign exchange losses	146	429
Miscellaneous loss	141	74
Total non-operating expenses	624	937
Ordinary profit	3,321	2,651
Extraordinary income		
Gain on sales of non-current assets	80	0
Gain on sales of investment securities	199	—
Gain on sales of real estate for investment	563	1
Gain on bargain purchase	27	—
Total extraordinary income	870	1
Extraordinary losses		
Loss on sales and retirement of non-current assets	3	60
Impairment loss	832	—
Loss on step acquisitions	10	—
Other	46	5
Total extraordinary losses	893	65
Profit before income taxes	3,299	2,587
Income taxes - current	894	877
Income taxes - deferred	242	(342)
Total income taxes	1,137	535
Profit	2,161	2,052
Profit attributable to non-controlling interests	351	402
Profit attributable to owners of parent	1,810	1,650

**Consolidated Statements of Comprehensive Income**

(Millions of Yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	2,161	2,052
Other comprehensive income		
Valuation difference on available-for-sale securities	(422)	230
Deferred gains or losses on hedges	(49)	22
Foreign currency translation adjustment	(266)	(542)
Remeasurements of defined benefit plans, net of tax	(609)	478
Share of other comprehensive income of entities accounted for using equity method	(10)	—
Total other comprehensive income	(1,357)	188
Comprehensive income	804	2,241
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	563	2,077
Comprehensive income attributable to non-controlling	240	163

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

(Millions of Yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,299	2,587
Depreciation	343	394
Impairment loss	832	—
Amortization of goodwill	—	112
Increase (decrease) in allowance for doubtful accounts	(1)	62
Increase (decrease) in provision for bonuses	36	46
Increase (decrease) in provision for directors' retirement benefits	(133)	(51)
Increase (decrease) in net defined benefit liability	(390)	429
Decrease (increase) in net defined benefit asset	42	—
Interest and dividend income	(74)	(90)
Interest expenses	186	317
Foreign exchange losses (gains)	171	911
Share of (profit) loss of entities accounted for using equity method	(431)	(455)
Loss (gain) on sales of investment securities	(199)	0
Gain on sales of real estate for investment	(563)	(1)
Gain on bargain purchase	(27)	—
Loss (gain) on sales and retirement of non-current assets	(77)	59
Loss (gain) on step acquisitions	10	—
Decrease (increase) in notes and accounts receivable - trade	10,647	(6,972)
Decrease (increase) in inventories	4,067	(1,925)
Increase (decrease) in notes and accounts payable - trade	(17,811)	1,450
Other, net	(336)	(1,752)
Subtotal	(411)	(4,876)
Interest and dividend income received	114	253
Interest expenses paid	(186)	(320)
Income taxes paid	(727)	(956)
Income taxes refund	5	4
Net cash provided by (used in) operating activities	(1,204)	(5,894)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(521)	(355)
Proceeds from withdrawal of time deposits	455	377
Purchase of property, plant and equipment	(235)	(635)
Purchase of intangible assets	(23)	(382)
Purchase of investment securities	(1,216)	(234)
Proceeds from sales of investment securities	443	0
Proceeds from sales of investments in real estates	1,279	11
Payments for asset retirement obligations	(4)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	122	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(286)
Other, net	194	(357)
Net cash provided by (used in) investing activities	493	(1,862)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(5,884)	7,456
Proceeds from long-term loans payable	1,030	(112)
Repayments of long-term loans payable	(1,071)	(2)
Cash dividends paid	(653)	(731)
Dividends paid to non-controlling interests	(115)	(297)
Other, net	(29)	(29)
Net cash provided by (used in) financing activities	(6,724)	6,282
Effect of exchange rate change on cash and cash equivalents	(374)	(10)
Net increase (decrease) in cash and cash equivalents	(7,810)	(1,485)
Cash and cash equivalents at beginning of period	21,512	13,702
Cash and cash equivalents at end of period	13,702	12,216

**(4) Consolidated Statement of Changes in Shareholder's Equity**  
**Year ended March 31, 2016**

(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	27,131	(1,630)	38,068
Changes of items during period					
Dividends of surplus			(653)		(653)
Profit attributable to owners of parent			1,810		1,810
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,156	(0)	1,156
Balance at end of current period	6,214	6,353	28,287	(1,630)	39,225

	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	898	32	1,251	199	2,382	5,851	46,302
Changes of items during period							
Dividends of surplus							(653)
Profit attributable to owners of parent							1,810
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(432)	(49)	(155)	(609)	(1,246)	125	(1,121)
Total changes of items during period	(432)	(49)	(155)	(609)	(1,246)	125	35
Balance at end of current period	465	(16)	1,096	(409)	1,135	5,977	46,338



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

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

Year ended March 31, 2016

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	234,001	45,570	279,571	-	279,571
(2) Inter-segment	0	218	219	(219)	-
Total Sales	234,001	45,788	279,790	(219)	279,571
Segment Income	1,171	2,051	3,222	(9)	3,212
Segment Assets	79,252	27,169	106,412	101	106,513
Other					
Depreciation	176	157	333	10	344
Investments in entities accounted for using equity method	1,851	-	1,851	-	1,851
Increase in property, plant and equipment and intangible assets	143	135	278	-	278

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

(Related Information)

**Year ended March 31, 2016**

[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	ASIA	Other	Total
150,702	76,316	52,078	474	279,571

[3] Information by Major Customer

Customer Name	Net Sales	Releted Segment
SHENZHEN MURATA TECHNOLOGY CO., LTD.	70,439	Electronic Devices

**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	ASIA	Other	Total
160,868	58,814	50,512	862	270,698

[3] Information by Major Customer

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