

Translation

**MARUBUN CORPORATION**

Head Office : 8-1 Nihonbashi Odenmachi, 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.

## **1. Summary of operating results for the fiscal year under review**

During the consolidated fiscal year under review (from April 1, 2017 to March 31, 2018), the Japanese economy saw capital expenditures increasing, corporate earnings and employment and income conditions continuing to improve, and consumer spending showing signs of recovery. Overseas, the economic expansion in the United States and economic growth in emerging countries including China continued, despite uncertain conditions such as governmental policies and fluctuations in foreign exchange rates and stock markets.

In the electronics industry, where the Marubun Group is positioned, demand for industrial equipment and automobiles expanded, and the game console market also remained strong. Demand for DRAM and NAND flash memories embedded in data center servers and demand for semiconductor manufacturing equipment also remained solid.

In this environment, net sales of the Group during the consolidated fiscal year under review rose 28.4%, to 347,508 million yen from the previous fiscal year. On the profit front, in addition to increased sales, foreign exchange gains were posted in association with the valuation of obligations in foreign currencies, which partially offset valuation losses on the inventory of products to be purchased and sold in foreign currencies as the yen appreciated further toward the end of the fiscal year. As a result, consolidated operating income rose 30.8% year on year, to 3,771 million yen, consolidated ordinary income climbed 59.1% year on year, to 4,218 million yen, and consolidated profit attributable to owners of parent amounted to 2,077 million yen, up 25.9% from the previous fiscal year.

Operating results by business segment are as follows:

(Electronics Devices business)

In the Electronics 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 equipment increased substantially and sales for industrial equipment, game consoles and automobiles also remained strong. As a result, net sales for the segment increased 34.7% year on year, to 296,524 million yen, and segment income grew 176.3% year on year, to 1,240 million yen.

(Electronics Systems business)

In the Electronics Systems business, sales of electronic component assembly and inspection equipment, which were strong in the year-ago period, declined due to the backlash, and demand for medical equipment also decreased. Even so, demand for semiconductor lasers and laser micro processing equipment for industrial equipment and computers embedded in industrial equipment remained firm. As a result, net sales in this segment increased 0.9% year on year, to 50,983 million yen, and segment income rose 4.0% year on year, to 2,542 million yen.

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

(Assets)

Current assets at the end of the fiscal year under review stood at 123,322 million yen, an increase of 9,611 million yen from the end of the previous consolidated fiscal year. This result was mainly attributable to an increase in merchandise and finished goods of 15,601 million yen, which was partially offset by a decrease in notes and accounts receivable-trade of 5,042 million yen. Non-current assets amounted to 12,474 million yen, rising 200 million yen from the end of the previous consolidated fiscal year. This figure chiefly reflected an increase in intangible assets of 564 million yen, despite a decrease in deferred tax assets of 338 million yen.

As a result, total assets increased 9,812 million yen from the end of the previous consolidated fiscal year, to 135,796 million yen.

(Liabilities)

Current liabilities at the end of the consolidated fiscal year under review were 75,765 million yen, rising 8,492 million yen from the end of the previous consolidated fiscal year. This figure chiefly reflected a decrease in notes and accounts payable-trade of 739 million yen, which partially offset an increase in short-term loans payable of 9,610 million yen. Non-current liabilities amounted to 10,854 million yen, down 307 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to decreases of 198 million yen in defined benefit liability and 112 million yen in long-term loans payable.

As a result, total liabilities stood at 86,619 million yen, an increase of 8,185 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Net assets totaled 49,177 million yen at the end of the consolidated fiscal year under review, an increase of 1,627 million yen from the end of the previous consolidated fiscal year. This result is mainly attributable to an increase of 1,453 million yen in retained earnings.

As a result, the equity ratio stood at 31.7%, down 1.4 percentage points from 33.1% 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 (hereinafter referred to as “cash”) at the end of the consolidated fiscal year under review were 13,715 million yen, an increase of 1,498 million yen (up 12.3% year on year) from the end of the previous consolidated fiscal year.

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

(Cash flows from operating activities)

Cash used in operating activities was 7,619 million yen (compared with cash used of 5,894 million yen for the same period in the previous fiscal year). This was mainly attributable to an increase of 15,582 million yen in inventories, despite a decrease of 4,326 million yen in notes and accounts payable-trade.

(Cash flows from investing activities)

Cash used in investing activities was 964 million yen (compared with cash used of 1,862 million yen for the same period in the previous fiscal year). This was primarily due to 692 million yen for the purchase of intangible assets and 237 million yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash provided by financing activities was 10,374 million yen (compared with cash provided of 6,282 million yen for the same period in the previous fiscal year). This was chiefly due to a net increase of 11,303 million yen in short-term loans payable, despite cash dividends paid of 653 million yen.

### **4. Future outlook**

With respect to the outlook for the economy for the fiscal year of 2018, uncertain conditions such as unpredictable overseas economies and geopolitical risks will continue, despite a moderate economic recovery expected on the back of improvements in the employment and income environment. In the electronics industry, meanwhile, demand for parts and components, mainly those for industrial equipment and automobiles, will continue to be solid.

In this environment, the forecast for business results for the following fiscal year is net sales of 315,000 million yen (down 9.4% year on year), reflecting a decrease in sales of semiconductors for communication equipment, although demand for space and defense electronics and laser equipment is expected for to rise. Profits are expected to increase due to an improvement in the ratio of gross profits to sales with operating income of 4,700 million yen (up 24.6% year on year), ordinary income of 4,300 million yen (up 1.9% year on year) and profit attributable to owners of parent of 2,500 million yen (up 20.3% year on year).

**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)
Total current assets	113,711	123,322
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
Total property, plant and equipment	3,549	3,529
Intangible assets		
Goodwill	448	336
Other	699	1,264
Total intangible assets	1,148	1,601
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)
Total investments and other assets	7,575	7,342
Total non-current assets	12,273	12,474
Total assets	125,984	135,796

(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	<u>67,272</u>	<u>75,765</u>
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	<u>11,161</u>	<u>10,854</u>
Total liabilities	<u>78,434</u>	<u>86,619</u>
<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	<u>40,143</u>	<u>41,596</u>
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	<u>1,563</u>	<u>1,439</u>
Non-controlling interests	5,843	6,140
Total net assets	<u>47,550</u>	<u>49,177</u>
Total liabilities and net assets	<u>125,984</u>	<u>135,796</u>

**(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	Releted 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	Releted Segment
SHENZHEN MURATA TECHNOLOGY CO., LTD.	85,490	Electronic Devices