

Translation

MARUBUN CORPORATION

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

January 31, 2019

**Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018
 <under Japanese GAAP>**

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (April 1, 2018 - December 31, 2018)

(1) Consolidated Operating Results

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
For the Nine months ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
December 31, 2018	258,000	(4.3)	3,863	(20.2)	2,116	(19.1)	1,154	(3.3)
December 31, 2017	269,722	38.8	3,213	302.8	2,616	-	1,193	-

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
For the Nine months ended	Yen	Yen
December 31, 2018	44.18	-
December 31, 2017	45.67	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2018	125,661	49,289	34.3
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	
Year ending March 31, 2019	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-
Year ending March 31, 2019	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 December 31, 2018
Assets		
Current assets		
Cash and deposits	13,989	14,178
Notes and accounts receivable - trade	54,593	49,735
Electronically recorded monetary claims - operating	6,227	7,103
Merchandise and finished goods	44,987	35,217
Work in process	126	546
Other	2,386	5,112
Allowance for doubtful accounts	(13)	(16)
Total current assets	<u>122,297</u>	<u>111,876</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,603	3,647
Accumulated depreciation	(2,252)	(2,309)
Buildings and structures, net	<u>1,351</u>	<u>1,338</u>
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	<u>0</u>	<u>0</u>
Tools, furniture and fixtures	2,105	2,175
Accumulated depreciation	(1,645)	(1,548)
Tools, furniture and fixtures, net	<u>459</u>	<u>627</u>
Land	1,618	1,618
Leased assets	142	104
Accumulated depreciation	(94)	(65)
Leased assets, net	<u>48</u>	<u>38</u>
Construction in progress	52	11
Total property, plant and equipment	<u>3,529</u>	<u>3,634</u>
Intangible assets		
Goodwill	336	252
Other	1,264	1,366
Total intangible assets	<u>1,601</u>	<u>1,619</u>
Investments and other assets		
Investment securities	3,634	3,887
Deferred tax assets	1,019	835
Other	4,080	4,246
Allowance for doubtful accounts	(457)	(439)
Total investments and other assets	<u>8,277</u>	<u>8,530</u>
Total non-current assets	<u>13,408</u>	<u>13,785</u>
Total assets	<u>135,706</u>	<u>125,661</u>

(Millions of Yen)

As of March 31, 2018 As of December 31, 2018

Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,247	29,651
Short-term loans payable	34,687	33,196
Current portion of long-term loans payable	112	50
Lease obligations	34	30
Income taxes payable	495	—
Provision for bonuses	1,044	578
Asset retirement obligations	27	13
Other	2,114	2,458
Total current liabilities	75,765	65,977
Non-current liabilities		
Long-term loans payable	8,875	8,687
Lease obligations	62	45
Net defined benefit liability	1,388	1,225
Provision for directors' retirement benefits	108	118
Asset retirement obligations	175	183
Other	153	134
Total non-current liabilities	10,763	10,394
Total liabilities	86,529	76,372
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	30,659	31,034
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	41,596	41,971
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	726	395
Deferred gains or losses on hedges	(29)	(1)
Foreign currency translation adjustment	678	677
Remeasurements of defined benefit plans	63	15
Total accumulated other comprehensive income	1,439	1,087
Non-controlling interests	6,140	6,229
Total net assets	49,177	49,289
Total liabilities and net assets	135,706	125,661

(2) Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	269,722	258,000
Cost of sales	253,606	240,933
Gross profit	16,116	17,066
Selling, general and administrative expenses	12,902	13,203
Operating profit	3,213	3,863
Non-operating income		
Interest income	47	65
Dividend income	43	46
Share of profit of entities accounted for using equity method	296	249
Miscellaneous income	84	96
Total non-operating income	472	458
Non-operating expenses		
Interest expenses	472	725
Provision of allowance for doubtful accounts	365	—
Sales discounts	135	117
Foreign exchange losses	47	1,188
Miscellaneous loss	48	173
Total non-operating expenses	1,069	2,204
Ordinary profit	2,616	2,116
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	4	19
Gain on reversal of reserve for loss on dissolution of employee's pension fund	—	3
Gain on transfer of business	—	15
Other	—	2
Total extraordinary income	6	40
Extraordinary losses		
Loss on sales and retirement of non-current assets	44	33
Loss on valuation of investment securities	171	—
Special retirement expenses	—	11
Other	9	0
Total extraordinary losses	225	46
Profit before income taxes	2,396	2,111
Income taxes	835	693
Profit	1,561	1,417
Profit attributable to non-controlling interests	367	263
Profit attributable to owners of parent	1,193	1,154

Consolidated statements of comprehensive income

(Millions of Yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	1,561	1,417
Other comprehensive income		
Valuation difference on available-for-sale securities	252	(330)
Deferred gains or losses on hedges	13	28
Foreign currency translation adjustment	(213)	20
Remeasurements of defined benefit plans, net of tax	(51)	(47)
Share of other comprehensive income of entities accounted for using equity method	(12)	(12)
Total other comprehensive income	(12)	(341)
Comprehensive income	1,549	1,075
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,264	807
Comprehensive income attributable to non-controlling	284	268

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	2,396	2,111
Depreciation	301	374
Amortization of goodwill	84	84
Increase (decrease) in allowance for doubtful accounts	12	(14)
Increase (decrease) in provision for bonuses	(468)	(467)
Increase (decrease) in provision for directors' retirement	8	10
Increase (decrease) in net defined benefit liability	(183)	(208)
Interest and dividend income	(91)	(112)
Interest expenses	472	725
Provision of allowance for doubtful accounts	365	—
Foreign exchange losses (gains)	425	1,458
Share of loss (profit) of entities accounted for using equity	(296)	(249)
Loss (gain) on sales and retirement of non-current assets	42	33
Loss (gain) on sales of investment securities	(2)	(19)
Loss (gain) on valuation of investment securities	171	—
Loss (gain) on transfer of business	—	(15)
Extra retirement payment	—	11
Decrease (increase) in notes and accounts receivable - trade	(7,454)	4,426
Decrease (increase) in inventories	(5,008)	8,523
Increase (decrease) in notes and accounts payable - trade	2,652	(7,666)
Other, net	1,472	600
Subtotal	(5,100)	9,607
Interest and dividend income received	296	160
Interest expenses paid	(468)	(707)
Income taxes paid	(799)	(849)
Income taxes refund	11	2
Extra retirement payments	—	(33)
Net cash provided by (used in) operating activities	(6,060)	8,181
Cash flows from investing activities		
Payments into time deposits	(275)	(224)
Proceeds from withdrawal of time deposits	377	228
Purchase of securities	(130)	(22)
Purchase of property, plant and equipment	(191)	(328)
Purchase of intangible assets	(580)	(398)
Purchase of investment securities	(17)	(241)
Proceeds from sales of investment securities	56	26
Payments of short-term loans receivable	—	(5,628)
Collection of short-term loans receivable	1	2,273
Proceeds from transfer of business	—	865
Other, net	9	57
Net cash provided by (used in) investing activities	(749)	(3,393)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,088	(3,046)
Repayments of long-term loans payable	(84)	(251)
Cash dividends paid	(652)	(782)
Dividends paid to non-controlling interests	(132)	(179)
Other, net	(19)	(14)
Net cash provided by (used in) financing activities	6,199	(4,274)
Effect of exchange rate change on cash and cash equivalents	(20)	69
Net increase (decrease) in cash and cash equivalents	(631)	583
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	11,541	13,913

Consolidated Segment Information

Business Segments

Nine Months Ended December 31, 2017

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	238,587	31,135	269,722	-	269,722
(2) Inter-segment	0	428	428	(428)	-
Total Sales	238,588	31,563	270,151	(428)	269,722
Segment Income(loss)	2,004	1,216	3,221	(8)	3,213

Nine Months Ended December 31, 2018

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	224,750	33,249	258,000	-	258,000
(2) Inter-segment	0	483	483	(483)	-
Total Sales	224,750	33,733	258,484	(483)	258,000
Segment Income(loss)	2,927	943	3,870	(7)	3,863