

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



October 31, 2014

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 <under Japanese GAAP>

1. Consolidated Financial Results for the Six Months Ended September 30, 2014 (April 1, 2014 - September 30, 2014)

(1) Consolidated Operating Results

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the Six months ended September 30, 2014	123,190	3.2	919	(21.7)	563	(52.0)	266	(54.5)
September 30, 2013	119,373	15.9	1,174	126.7	1,173	210.9	585	-

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
For the Six months ended September 30, 2014	10.20	-
September 30, 2013	22.40	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2014	118,761	42,085	31.5
As of March 31, 2014	110,635	42,469	34.0

2. Dividends

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2014	-	6.00	-	13.00	19.00
Fiscal Year ending March 31, 2015	-	7.00			
Fiscal Year ending March 31, 2015 (Forecast)			-	13.00	20.00

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2015

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the Fiscal Year ending March 31, 2015	263,000	1.0	4,100	4.8	4,000	1.4	2,100	4.5

	Net Income Per Share
	Yen
For the Fiscal Year ending March 31, 2015	80.35

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

During the first half of the consolidated fiscal year under review (from April 1, 2014 to September 30, 2014), the Japanese economy showed an increase in capital spending and improved corporate earnings. However, given a reaction to last-minute demand associated with the consumption tax hike, production declined and consumer spending also became stagnant.

Moreover, with the sharp depreciation of the yen at the end of the first half under review among other unfavorable factors, the economy remained unstable.

In the electronics industry, to which the Marubun Group belongs, demand for digital cameras continued to contract, while demand for smartphones continued to expand and demand for automobile and industrial equipment products increased. In the semiconductor market, although demand for DRAM and analog ICs increased, demand for display driver ICs for medium-to-small panels declined. With respect to semiconductor manufacturing equipment, the pace of recovery in orders slowed down, partly reflecting the postponement of capital spending.

In this environment, net sales of the Marubun Group during the first half of the consolidated fiscal year under review increased 3.2% year on year, to 123,190 million yen, but consolidated operating income declined 21.7% year on year, to 919 million yen, due to a decline in profitability. Consolidated ordinary income fell 52.0% year on year, to 563 million yen, mainly reflecting the posting of a valuation difference on assets and liabilities denominated in foreign currencies of 453 million yen, as a result of the drastic fluctuations of foreign exchange rates, as foreign exchange losses in non-operating income. Consolidated net income decreased 54.5% year on year, to 266 million yen.

Operating results by business segment are as follows.

(Electronic Devices business)

In the Electronic Devices business, sales of semiconductors and electronic components for PCs and digital cameras declined, while sales of semiconductors for communication modules, office automation equipment and industrial equipment increased. As a result, net sales in this segment rose 2.4% year on year, to 107,488 million yen, and segment income fell 31.2% year on year, to 752 million yen, due to a decline in the gross profit margin.

(Electronic Systems business)

In the Electronic Systems business, although sales of medical equipment and laser equipment declined, demand for measurement and inspection equipment increased with a recovery in capital spending. Sales of thin-film manufacturing equipment in scientific equipment also rose. As a result, net sales in this segment climbed 8.9% year on year, to 15,701 million yen, and segment income rose 101.3% year on year, to 171 million yen.

2. Qualitative information relating to the consolidated financial position

Current assets at the end of the first half of the consolidated fiscal year under review stood at 107,359 million yen, increasing 7,849 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease in notes and accounts receivable-trade of 4,369 million yen, offset by increases in merchandise and finished goods of 6,003 million yen, cash and deposits of 4,501 million yen and securities of 1,000 million yen. Non-current assets were 11,402 million yen, rising 277 million yen from the end of the previous fiscal year. This primarily reflected an increase in investment securities of 432 million yen, offsetting a decline in deferred tax assets of 135 million yen.

As a result, total assets came to 118,761 million yen, a rise of 8,126 million yen from the end of the previous fiscal year.

Current liabilities at the end of the first half of the consolidated fiscal year under review were 73,568 million yen, climbing 8,453 million yen from the end of the previous fiscal year. This figure chiefly reflected a decrease in the current portion of long-term loans payable of 5,019 million yen, offset by increases in notes and accounts payable-trade of 11,019 million yen and short-term loans payable of 2,930 million yen. Non-current liabilities were 3,107 million yen, a rise of 57 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 48 million yen in net defined benefit liability.

As a result, total liabilities stood at 76,676 million yen, a rise of 8,510 million yen from the end of the previous fiscal year.

Total net assets at the end of the first half of the consolidated fiscal year under review were 42,085 million yen, a decline of 384 million yen from the end of the previous fiscal year. This was primarily attributable to decreases of 118 million yen in retained earnings and 243 million yen in foreign currency translation adjustment.

As a result, the equity ratio stood at 31.5% (compared to 34.0% 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 2015 remain unchanged from the financial results forecast announced on May 7, 2014.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	19,151	23,652
Notes and accounts receivable - trade	60,944	56,574
Securities	-	1,000
Merchandise and finished goods	16,860	22,863
Work in process	70	80
Deferred tax assets	1,070	1,106
Other	1,430	2,128
Allowance for doubtful accounts	(17)	(47)
Total current assets	99,510	107,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,125	4,137
Accumulated depreciation	(2,782)	(2,825)
Buildings and structures, net	1,343	1,312
Machinery, equipment and vehicles	26	26
Accumulated depreciation	(18)	(19)
Machinery, equipment and vehicles, net	8	6
Tools, furniture and fixtures	2,053	2,043
Accumulated depreciation	(1,705)	(1,705)
Tools, furniture and fixtures, net	348	338
Land	2,510	2,517
Leased assets	79	99
Accumulated depreciation	(24)	(35)
Leased assets, net	54	64
Construction in progress	12	1
Total property, plant and equipment	4,277	4,240
Intangible assets		
Goodwill	2	1
Other	399	367
Total intangible assets	402	368
Investments and other assets		
Investment securities	2,171	2,604
Long-term loans receivable	3	2
Deferred tax assets	990	855
Real estate for investment	3,019	3,013
Accumulated depreciation	(2,068)	(2,090)
Real estate for investment, net	950	922
Net defined benefit asset	48	42
Other	2,281	2,366
Total investments and other assets	6,445	6,793
Total non-current assets	11,124	11,402
Total assets	110,635	118,761

(Millions of Yen)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	39,910	50,929
Short-term loans payable	7,100	10,030
Current portion of long-term loans payable	15,043	10,024
Income taxes payable	504	82
Provision for bonuses	789	795
Asset retirement obligations	5	3
Other	1,762	1,702
Total current liabilities	65,114	73,568
Non-current liabilities		
Long-term loans payable	1,013	1,009
Net defined benefit liability	1,330	1,379
Provision for directors' retirement benefits	225	253
Asset retirement obligations	114	130
Other	366	334
Total non-current liabilities	3,050	3,107
Total liabilities	68,165	76,676
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	25,713	25,595
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	36,652	36,533
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	490	769
Deferred gains or losses on hedges	13	35
Foreign currency translation adjustment	246	2
Remeasurements of defined benefit plans	204	102
Total accumulated other comprehensive income	955	909
Minority interests	4,862	4,643
Total net assets	42,469	42,085
Total liabilities and net assets	110,635	118,761

(2) Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	119,373	123,190
Cost of sales	110,925	115,033
Gross profit	8,448	8,157
Selling, general and administrative expenses	7,274	7,237
Operating income	1,174	919
Non-operating income		
Interest income	7	4
Dividend income	17	22
Share of profit of entities accounted for using equity	106	121
Rent of real estate for investment	78	62
Miscellaneous income	149	133
Total non-operating income	359	345
Non-operating expenses		
Interest expenses	143	116
Sales discounts	56	61
Foreign exchange losses	78	453
Rent expenses on real estate for investment	48	49
Miscellaneous loss	33	20
Total non-operating expenses	360	701
Ordinary income	1,173	563
Extraordinary income		
Gain on sales of real estate for investment	2	-
Gain on bargain purchase	1	-
Total extraordinary income	3	-
Extraordinary losses		
Loss on sales and retirement of non-current assets	19	4
Loss on step acquisitions	17	-
Other	0	-
Total extraordinary losses	37	4
Income before income taxes and minority interests	1,139	558
Income taxes	374	221
Income before minority interests	764	337
Minority interests in income	178	70
Net income	585	266

(Consolidated statements of comprehensive income)

Income before minority interests	764	337
Other comprehensive income		
Valuation difference on available-for-sale securities	154	273
Deferred gains or losses on hedges	125	23
Foreign currency translation adjustment	1,212	(432)
Remeasurements of defined benefit plans, net of tax	-	(102)
Share of other comprehensive income of entities accounted for using equity method	1	5
Total other comprehensive income	1,494	(233)
Comprehensive income	2,258	103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,574	221
Comprehensive income attributable to minority interests	683	(117)

(4)Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	1,139	558
Depreciation	200	175
Increase (decrease) in allowance for doubtful accounts	(13)	33
Increase (decrease) in provision for bonuses	(27)	6
Increase (decrease) in provision for directors' retirement benefits	(32)	28
Increase (decrease) in provision for retirement benefits	56	-
Increase (decrease) in net defined benefit liability	-	(132)
Decrease (increase) in net defined benefit asset	-	(41)
Interest and dividend income	(24)	(27)
Interest expenses	143	116
Foreign exchange losses (gains)	(153)	(116)
Share of (profit) loss of entities accounted for using equity method	(106)	(121)
Loss (gain) on sales of real estate investment	(2)	-
Rent of real estate for investment	(78)	(62)
Rent expenses on real estate for investment	48	49
Loss (gain) on sales and retirement of non-current assets	19	4
Gain on bargain purchase	(1)	-
Loss (gain) on step acquisitions	17	-
Decrease (increase) in notes and accounts receivable - trade	(3,179)	4,063
Decrease (increase) in inventories	(146)	(6,123)
Increase (decrease) in notes and accounts payable - trade	5,219	11,128
Other, net	(655)	(729)
Subtotal	2,421	8,812
Interest and dividend income received	25	26
Interest expenses paid	(147)	(116)
Income taxes paid	(358)	(615)
Income taxes refund	174	2
Net cash provided by (used in) operating activities	2,114	8,110
Cash flows from investing activities		
Payments into time deposits	(164)	(144)
Proceeds from withdrawal of time deposits	176	168
Purchase of property, plant and equipment	(92)	(64)
Purchase of intangible assets	(62)	(19)
Purchase of investment securities	(12)	(12)
Proceeds from sales of investments in real estates	13	-
Proceeds from rental of real estate for investment	78	60
Payments for rent expenses on real estate for investment	(39)	(38)
Proceeds from purchase of shares of subsidiaries resulting	46	-
Other, net	(39)	(4)
Net cash provided by (used in) investing activities	(94)	(53)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	234	2,388
Repayments of long-term loans payable	(48)	(5,023)
Redemption of bonds	(21)	-
Cash dividends paid	(234)	(339)
Cash dividends paid to minority shareholders	(129)	(102)
Other, net	(6)	(10)
Net cash provided by (used in) financing activities	(205)	(3,088)
Effect of exchange rate change on cash and cash equivalents	550	560
Net increase (decrease) in cash and cash equivalents	2,364	5,529
Cash and cash equivalents at beginning of period	17,410	18,976
Cash and cash equivalents at end of period	19,774	24,505

Consolidated Segment Information

Business Segments

Six months ended September 30, 2013

(Millions of Yen)

	Business segments reported			Total	Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total			
Net Sales						
(1) Outside Customers	104,950	14,423	119,373	119,373	-	119,373
(2) Inter-segment	0	7	7	7	(7)	-
Total Sales	104,950	14,431	119,381	119,381	(7)	119,373
Segment Income(loss)	1,093	85	1,179	1,179	(5)	1,174

Six months ended September 30, 2014

(Millions of Yen)

	Business segments reported			Total	Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total			
Net Sales						
(1) Outside Customers	107,488	15,701	123,190	123,190	-	123,190
(2) Inter-segment	0	77	77	77	(77)	-
Total Sales	107,488	15,779	123,268	123,268	(77)	123,190
Segment Income(loss)	752	171	924	924	(4)	919