

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 : No



July 31, 2015

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2015 <under Japanese GAAP>

1. Consolidated Financial Results for the Three Months Ended June 30, 2015 (April 1, 2015 - June 30, 2015)

(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, 2015	69,169	27.4	501	207.6	452	54.4	74	(41.6)
June 30, 2014	54,283	-	163	-	293	-	127	-

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
For the Three months ended June 30, 2015	2.86	-
June 30, 2014	4.89	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2015	129,207	45,932	31.1
As of March 31, 2015	128,313	46,302	31.5

2. Dividends

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2015	-	7.00	-	13.00	20.00
Fiscal Year ending March 31, 2016	-				
Fiscal Year ending March 31, 2016 (Forecast)		12.00	-	18.00	30.00

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2016

	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 Six Months ending September 30, 2015	137,000	11.2	1,050	14.1	900	59.8	400	50.0
For the Fiscal Year ending March 31, 2016	270,000	(3.7)	4,550	(3.0)	4,500	10.7	2,550	23.1

	Net Income Per Share
	Yen
For the Six Months ending September 30, 2015	15.30
For the Fiscal Year ending March 31, 2016	97.60

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 quarter of the consolidated fiscal year under review (April 1, 2015-June 30, 2015), the Japanese economy continued to show signs of a gradual recovery, reflecting an improvement in the employment and income situation and in corporate earnings. However, the future remained uncertain, given concerns over downside risks in overseas economies, including Europe and China.

In the electronics industry, where the Marubun Group is positioned, the market for smartphones, primarily sophisticated models, was strong, and demand for automobile equipment products and servers for data centers increased. On the other hand, digital cameras remained on a downward trend. Demand for PCs and TV sets remained sluggish.

In this environment, net sales of the Group during the first quarter of the consolidated fiscal year under review rose 27.4% year on year, to 69,169 million yen. Consolidated operating income climbed 207.6% year on year, to 501 million yen, and consolidated ordinary income increased 54.4% year on year, to 452 million yen. Consolidated profit attributable to owners of parent declined 41.6%, to 74 million yen, reflecting the posting of an impairment loss of 290 million yen associated with real estate held by the Group in extraordinary losses.

Operating results by business segment are as follows.

(Electronic Devices business)

In the Electronic Devices business, demand for semiconductors for PCs and digital cameras declined, while demand for semiconductors for telecommunication modules was strong. Sales of semiconductors for automobiles and projectors and liquid crystal panels for TV sets increased. As a result, net sales in this segment rose 28.3% year on year, to 61,133 million yen, and segment income increased 62.0% year on year, to 552 million yen.

(Electronic Systems business)

In the Electronic Systems business, sales of measurement and inspection equipment and scientific equipment declined in reaction to their strong sales in the same period of the previous fiscal year, but sales of medical equipment increased significantly as an equity method affiliate became a subsidiary. Of laser equipment, sales of semiconductor lasers to be embedded in industrial equipment were strong. As a result, net sales in this segment increased 21.0% year on year, to 8,035 million yen. However, the segment posted a loss of 48 million yen (compared to a segment loss of 175 million yen in the same period of the previous fiscal year).

2. Qualitative information relating to the consolidated financial position

Current assets at the end of the first quarter of the consolidated fiscal year under review stood at 117,170 million yen, increasing 86 million yen from the end of the previous fiscal year. This was mainly attributable to an increase in merchandise and finished goods of 5,713 million yen, partially offset by a decrease in notes and accounts receivable-trade of 5,687 million yen. Non-current assets were 12,036 million yen, rising 808 million yen from the end of the previous fiscal year. This primarily reflected an increase in investment securities of 841 million yen.

As a result, total assets came to 129,207 million yen, an increase of 894 million yen from the end of the previous fiscal year.

Current liabilities at the end of the first quarter of the consolidated fiscal year under review were 73,936 million yen, rising 1,342 million yen from the end of the previous fiscal year. This figure chiefly reflected an increase in notes and accounts payable-trade of 2,353 million yen, partially offset by a decrease in short-term loans payable of 1,899 million yen. Non-current liabilities were 9,338 million yen, a decline of 77 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 102 million yen in the provision for directors' retirement benefits, partially offset by a rise of 21 million yen in long-term loans payable.

As a result, total liabilities stood at 83,274 million yen, an increase of 1,264 million yen from the end of the previous fiscal year.

Total net assets at the end of the first quarter of the consolidated fiscal year under review were 45,932 million yen, a decline of 370 million yen from the end of the previous fiscal year. This was primarily attributable to decreases of 265 million yen in retained earnings and 107 million yen in deferred gains or losses on hedges.

As a result, the equity ratio stood at 31.1% (compared to 31.5% 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 2016 remain unchanged from the financial results forecast announced on May 8, 2015.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	21,725	21,179
Notes and accounts receivable - trade	63,393	57,705
Merchandise and finished goods	28,818	34,532
Work in process	169	266
Deferred tax assets	1,060	1,038
Other	1,937	2,461
Allowance for doubtful accounts	(19)	(14)
Total current assets	117,084	117,170
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,160	4,144
Accumulated depreciation	(2,871)	(2,934)
Buildings and structures, net	1,288	1,210
Machinery, equipment and vehicles	25	21
Accumulated depreciation	(19)	(20)
Machinery, equipment and vehicles, net	5	0
Tools, furniture and fixtures	2,080	2,082
Accumulated depreciation	(1,731)	(1,751)
Tools, furniture and fixtures, net	348	330
Land	2,517	2,395
Leased assets	118	118
Accumulated depreciation	(47)	(54)
Leased assets, net	70	63
Construction in progress	1	2
Total property, plant and equipment	4,232	4,002
Intangible assets	448	420
Investments and other assets		
Investment securities	2,783	3,625
Deferred tax assets	240	373
Net defined benefit asset	42	43
Other	3,481	3,570
Total investments and other assets	6,548	7,613
Total non-current assets	11,228	12,036
Total assets	128,313	129,207

(Millions of Yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,978	55,332
Short-term loans payable	15,300	13,401
Current portion of long-term loans payable	1,006	1,010
Lease obligations	58	56
Income taxes payable	249	128
Provision for bonuses	818	614
Asset retirement obligations	—	3
Other	2,182	3,390
Total current liabilities	72,594	73,936
Non-current liabilities		
Long-term loans payable	7,507	7,529
Lease obligations	107	94
Net defined benefit liability	1,194	1,197
Provision for directors' retirement benefits	260	158
Asset retirement obligations	133	129
Other	212	228
Total non-current liabilities	9,416	9,338
Total liabilities	82,010	83,274
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	27,131	26,865
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	38,068	37,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	898	1,031
Deferred gains or losses on hedges	32	(74)
Foreign currency translation adjustment	1,251	1,249
Remeasurements of defined benefit plans	199	149
Total accumulated other comprehensive income	2,382	2,355
Non-controlling interests	5,851	5,773
Total net assets	46,302	45,932
Total liabilities and net assets	128,313	129,207

(2) Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	54,283	69,169
Cost of sales	50,519	64,880
Gross profit	3,764	4,288
Selling, general and administrative expenses	3,601	3,786
Operating income	163	501
Non-operating income		
Interest income	1	1
Dividend income	18	24
Foreign exchange gains	65	—
Share of profit of entities accounted for using equity	51	80
Rent of real estate for investment	33	30
Miscellaneous income	82	41
Total non-operating income	253	178
Non-operating expenses		
Interest expenses	58	48
Sales discounts	28	35
Foreign exchange losses	—	104
Rent expenses on real estate for investment	26	18
Miscellaneous loss	10	20
Total non-operating expenses	124	227
Ordinary income	293	452
Extraordinary income		
Gain on bargain purchase	—	27
Total extraordinary income	—	27
Extraordinary losses		
Loss on sales and retirement of non-current assets	3	1
Impairment loss	—	290
Loss on step acquisitions	—	10
Total extraordinary losses	3	302
Income before income taxes and minority interests	289	176
Income taxes	94	56
Profit	195	120
Profit attributable to non-controlling interests	68	45
Profit attributable to owners of parent	127	74

(Consolidated statements of comprehensive income)

Profit	195	120
Other comprehensive income		
Valuation difference on available-for-sale securities	182	133
Deferred gains or losses on hedges	(19)	(106)
Foreign currency translation adjustment	(299)	(11)
Remeasurements of defined benefit plans, net of tax	(51)	(49)
Share of other comprehensive income of entities accounted for using equity method	(0)	—
Total other comprehensive income	(188)	(35)
Comprehensive income	7	84
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	58	48
Comprehensive income attributable to non-controlling	(51)	36

(4)Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	289	176
Depreciation	89	85
Impairment loss	—	290
Increase (decrease) in allowance for doubtful accounts	(0)	(4)
Increase (decrease) in provision for bonuses	(218)	(209)
Increase (decrease) in provision for directors' retirement	5	(123)
Increase (decrease) in net defined benefit liability	(55)	(91)
Decrease (increase) in net defined benefit asset	(24)	(6)
Interest and dividend income	(20)	(26)
Interest expenses	58	48
Foreign exchange losses (gains)	56	185
Share of (profit) loss of entities accounted for using equity method	(51)	(80)
Rent of real estate for investment	(33)	(30)
Rent expenses on real estate for investment	26	18
Loss (gain) on sales and retirement of non-current assets	3	1
Gain on bargain purchase	—	(27)
Loss (gain) on step acquisitions	—	10
Decrease (increase) in notes and accounts receivable - trade	12,224	6,510
Decrease (increase) in inventories	(2,872)	(5,810)
Increase (decrease) in notes and accounts payable - trade	(3,639)	1,483
Other, net	(20)	482
Subtotal	5,816	2,884
Interest and dividend income received	19	25
Interest expenses paid	(58)	(48)
Income taxes paid	(483)	(245)
Income taxes refund	—	0
Net cash provided by (used in) operating activities	5,294	2,616
Cash flows from investing activities		
Payments into time deposits	(51)	(62)
Proceeds from withdrawal of time deposits	62	60
Purchase of property, plant and equipment	(42)	(63)
Purchase of intangible assets	(7)	(9)
Purchase of investment securities	(5)	(624)
Proceeds from rental of real estate for investment	32	30
Payments for rent expenses on real estate for investment	(27)	(29)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	122
Other, net	(27)	57
Net cash provided by (used in) investing activities	(66)	(517)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	669	(2,515)
Proceeds from long-term loans payable	—	30
Repayments of long-term loans payable	(14)	(35)
Cash dividends paid	(318)	(324)
Dividends paid to non-controlling interests	(102)	(115)
Other, net	(2)	(7)
Net cash provided by (used in) financing activities	231	(2,968)
Effect of exchange rate change on cash and cash equivalents	(198)	200
Net increase (decrease) in cash and cash equivalents	5,260	(668)
Cash and cash equivalents at beginning of period	18,976	21,512
Cash and cash equivalents at end of period	24,236	20,843

Consolidated Segment Information

Business Segments

Three months ended June 30, 2014

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	47,643	6,640	54,283	-	54,283
(2) Inter-segment	-	47	47	(47)	-
Total Sales	47,643	6,688	54,331	(47)	54,283
Segment Income(loss)	341	(175)	165	(2)	163

Three months ended June 30, 2015

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	61,133	8,035	69,169	-	69,169
(2) Inter-segment	0	59	59	(59)	-
Total Sales	61,133	8,094	69,228	(59)	69,169
Segment Income(loss)	552	(48)	504	(2)	501