

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, 2014

**Summary of Consolidated Financial Results for the Three Months Ended June 30, 2014
 <under Japanese GAAP>**

1. Consolidated Financial Results for the Three Months Ended June 30, 2014 (April 1, 2014 - June 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 Three months ended								
June 30, 2014	54,276	(2.7)	163	(40.2)	293	9.9	127	22.1
June 30, 2013	55,796	12.3	273	-	267	-	104	-

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
For the Three months ended		
June 30, 2014	4.90	-
June 30, 2013	4.01	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2014	107,048	41,988	34.8
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	-				
Fiscal Year ending March 31, 2015 (Forecast)		7.00	-	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 Six Months ending September 30, 2014	114,000	(4.5)	300	(74.4)	350	(70.2)	100	(82.9)
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 Six Months ending September 30, 2014	3.83
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 quarter of the consolidated fiscal year under review (April 1, 2014-June 30, 2014), the Japanese economy showed some positive signs, including an increase in capital spending and improved corporate earnings. Nonetheless, the future remained uncertain, given concerns such as a reaction to last-minute demand associated with the consumption tax hike and downside risks in overseas economies such as China.

In the electronics industry, where the Marubun Group is positioned, the digital camera market continued to contract and sales of audiovisual equipment including TV sets remained weak, despite the continued expansion of demand for smartphones and tablet PCs and an increase in demand for automobile and industrial equipment products. In the semiconductor market, although demand for DRAM and analog ICs increased, demand for driver ICs for large LCD panels declined significantly. With respect to semiconductor manufacturing equipment, demand for back-end equipment was buoyant given the increase in capital spending.

In this environment, net sales of the Group during the first quarter of the consolidated fiscal year under review declined 2.7% year on year, to 54,276 million yen. Consolidated operating income declined 40.2% year on year, to 163 million yen, and consolidated ordinary income was up 9.9% year on year, to 293 million yen, with the posting of foreign exchange gains of 65 million yen in non-operating income. Consolidated net income increased 22.1% year on year, to 127 million yen.

Operating results by business segment are as follows.

(Electronic Devices business)

In the Electronic Devices business, sales of semiconductors for consumer equipment such as game consoles and office automation equipment increased, while sales of semiconductors for communication modules and PCs declined. Demand for semiconductors and OELD Panels for digital cameras also decreased. As a result, net sales in this segment declined 5.8% year on year, to 47,636 million yen, and segment income fell 41.0% year on year, to 341 million yen.

(Electronic Systems business)

In the Electronic Systems business, although sales of space and defense electronics 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 26.6% year on year, to 6,640 million yen. However, the segment posted a loss of 175 million yen (compared to a segment loss of 302 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 95,619 million yen, decreasing 3,890 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease in notes and accounts receivable-trade of 12,446 million yen, partially offset by increases in cash and deposits of 4,746 million yen, merchandise and finished goods of 2,716 million yen and securities of 500 million yen. Non-current assets were 11,428 million yen, rising 304 million yen from the end of the previous fiscal year. This primarily reflected an increase in investment securities of 278 million yen.

As a result, total assets came to 107,048 million yen, a decline of 3,586 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 61,948 million yen, declining 3,166 million yen from the end of the previous fiscal year. This figure chiefly reflected a decrease in notes and accounts payable-trade of 3,768 million yen, partially offset by an increase in short-term loans payable of 623 million yen. Non-current liabilities were 3,111 million yen, a rise of 60 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 61 million yen in net defined benefit liability.

As a result, total liabilities stood at 65,059 million yen, a fall of 3,105 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 41,988 million yen, a decline of 480 million yen from the end of the previous fiscal year. This was primarily attributable to decreases of 257 million yen in retained earnings and 180 million yen in foreign currency translation adjustment.

As a result, the equity ratio stood at 34.8% (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 June 30, 2014
Assets		
Current assets		
Cash and deposits	19,151	23,897
Notes and accounts receivable - trade	60,944	48,497
Securities	-	500
Merchandise and finished goods	16,860	19,576
Work in process	70	155
Deferred tax assets	1,070	1,024
Other	1,430	1,983
Allowance for doubtful accounts	(17)	(15)
Total current assets	99,510	95,619
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,125	4,127
Accumulated depreciation	(2,782)	(2,805)
Buildings and structures, net	1,343	1,321
Machinery, equipment and vehicles	26	26
Accumulated depreciation	(18)	(18)
Machinery, equipment and vehicles, net	8	7
Tools, furniture and fixtures	2,053	2,032
Accumulated depreciation	(1,705)	(1,697)
Tools, furniture and fixtures, net	348	334
Land	2,510	2,510
Leased assets	79	92
Accumulated depreciation	(24)	(29)
Leased assets, net	54	63
Construction in progress	12	16
Total property, plant and equipment	4,277	4,254
Intangible assets		
Goodwill	2	1
Other	399	373
Total intangible assets	402	375
Investments and other assets		
Investment securities	2,171	2,450
Long-term loans receivable	3	3
Deferred tax assets	990	1,046
Real estate for investment	3,019	3,019
Accumulated depreciation	(2,068)	(2,079)
Real estate for investment, net	950	939
Net defined benefit asset	48	40
Other	2,281	2,317
Total investments and other assets	6,445	6,798
Total non-current assets	11,124	11,428
Total assets	110,635	107,048

(Millions of Yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	39,910	36,141
Short-term loans payable	7,100	7,723
Current portion of long-term loans payable	15,043	15,028
Income taxes payable	504	106
Provision for bonuses	789	570
Asset retirement obligations	5	5
Other	1,762	2,371
Total current liabilities	65,114	61,948
Non-current liabilities		
Long-term loans payable	1,013	1,014
Net defined benefit liability	1,330	1,392
Provision for directors' retirement benefits	225	230
Asset retirement obligations	114	115
Other	366	358
Total non-current liabilities	3,050	3,111
Total liabilities	68,165	65,059
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	25,713	25,456
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	36,652	36,394
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	490	672
Deferred gains or losses on hedges	13	(6)
Foreign currency translation adjustment	246	66
Remeasurements of defined benefit plans	204	153
Total accumulated other comprehensive income	955	885
Minority interests	4,862	4,708
Total net assets	42,469	41,988
Total liabilities and net assets	110,635	107,048

(2) Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	55,796	54,276
Cost of sales	51,888	50,512
Gross profit	3,908	3,764
Selling, general and administrative expenses	3,635	3,601
Operating income	273	163
Non-operating income		
Interest income	2	1
Dividend income	13	18
Foreign exchange gains	-	65
Share of profit of entities accounted for using equity	44	51
Rent of real estate for investment	39	33
Miscellaneous income	80	82
Total non-operating income	180	253
Non-operating expenses		
Interest expenses	72	58
Sales discounts	30	28
Foreign exchange losses	49	-
Rent expenses on real estate for investment	24	26
Miscellaneous loss	10	10
Total non-operating expenses	187	124
Ordinary income	267	293
Extraordinary income		
Gain on bargain purchase	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on sales and retirement of non-current assets	3	3
Loss on step acquisitions	17	-
Total extraordinary losses	20	3
Income before income taxes and minority interests	247	290
Income taxes	47	94
Income before minority interests	200	196
Minority interests in income	95	68
Net income	104	127

(Consolidated statements of comprehensive income)

Income before minority interests	200	196
Other comprehensive income		
Valuation difference on available-for-sale securities	90	182
Deferred gains or losses on hedges	13	(19)
Foreign currency translation adjustment	808	(299)
Remeasurements of defined benefit plans, net of tax	-	(51)
Share of other comprehensive income of entities accounted for using equity method	2	0
Total other comprehensive income	914	(188)
Comprehensive income	1,114	7
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	683	58
Comprehensive income attributable to minority interests	431	(51)

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	247	290
Depreciation	100	89
Increase (decrease) in allowance for doubtful accounts	(7)	0
Increase (decrease) in provision for bonuses	(255)	(218)
Increase (decrease) in provision for directors' retirement benefits	16	5
Increase (decrease) in provision for retirement benefits	29	-
Increase (decrease) in net defined benefit liability	-	(55)
Decrease (increase) in net defined benefit asset	-	(24)
Interest and dividend income	(16)	(19)
Interest expenses	72	58
Foreign exchange losses (gains)	(221)	56
Share of (profit) loss of entities accounted for using equity method	(44)	(51)
Rent of real estate for investment	(39)	(33)
Rent expenses on real estate for investment	24	26
Loss (gain) on sales and retirement of non-current assets	3	3
Gain on bargain purchase	(1)	-
Loss (gain) on step acquisitions	17	-
Decrease (increase) in notes and accounts receivable - trade	3,174	12,224
Decrease (increase) in inventories	2,968	(2,872)
Increase (decrease) in notes and accounts payable - trade	(1,898)	(3,639)
Other, net	16	(19)
Subtotal	4,184	5,817
Interest and dividend income received	16	19
Interest expenses paid	(74)	(58)
Income taxes paid	(241)	(483)
Income taxes refund	0	-
Net cash provided by (used in) operating activities	3,884	5,294
Cash flows from investing activities		
Payments into time deposits	(110)	(51)
Proceeds from withdrawal of time deposits	103	62
Purchase of property, plant and equipment	(45)	(42)
Purchase of intangible assets	(37)	(7)
Purchase of investment securities	(5)	(5)
Proceeds from rental of real estate for investment	40	32
Payments for rent expenses on real estate for investment	(30)	(27)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	46	-
Other, net	(38)	(27)
Net cash provided by (used in) investing activities	(78)	(66)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,008	669
Repayments of long-term loans payable	(19)	(14)
Cash dividends paid	(211)	(318)
Cash dividends paid to minority shareholders	(129)	(102)
Other, net	(3)	(2)
Net cash provided by (used in) financing activities	2,645	231
Effect of exchange rate change on cash and cash equivalents	474	(198)
Net increase (decrease) in cash and cash equivalents	6,926	5,260
Cash and cash equivalents at beginning of period	17,410	18,976
Cash and cash equivalents at end of period	24,336	24,236

Consolidated Segment Information

Business Segments

Three months ended June 30, 2013

(Millions of Yen)

	Business segments reported			Total	Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total			
Net Sales						
(1) Outside Customers	50,550	5,246	55,796	55,796	-	55,796
(2) Inter-segment	0	7	7	7	(7)	-
Total Sales	50,550	5,253	55,804	55,804	(7)	55,796
Segment Income(loss)	579	(302)	276	276	(2)	273

Three months ended June 30, 2014

(Millions of Yen)

	Business segments reported			Total	Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total			
Net Sales						
(1) Outside Customers	47,636	6,640	54,276	54,276	-	54,276
(2) Inter-segment	-	47	47	47	(47)	-
Total Sales	47,636	6,688	54,324	54,324	(47)	54,276
Segment Income(loss)	341	(175)	166	166	(2)	163