

Translation

MARUBUN CORPORATION

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

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**Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2015
 <under Japanese GAAP>**

1. Consolidated Financial Results for the Nine Months Ended December 31, 2015 (April 1,2015 - December 31, 2015)

(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, 2015	219,117	11.7	2,168	(10.4)	2,282	39.1	1,350	56.2
December 31, 2014	196,175	-	2,420	-	1,640	-	864	-

	Net Income Per Share	Diluted Net Income Per Share
For the Nine months ended	Yen	Yen
December 31, 2015	51.67	-
December 31, 2014	33.08	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2015	116,025	46,365	34.9
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	-	12.00	-		
Fiscal Year ending March 31, 2016 (Forecast)				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		Net Income Per Share
For the Fiscal Year ending March 31, 2016	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
	284,000	3.8	4,550	(0.1)	4,500	15.8	2,550	28.1	97.60

Note1: 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.

Note2: Previously, revenue and expense accounts of consolidated foreign subsidiaries and affiliated companies were translated into Japanese yen at the spot rate prevailing as of the reporting date. From the first quarter of FY2015, the Company has changed to a translation method using the average exchange rate. The Company changed its method of translation to more accurately reflect the performances of foreign subsidiaries and affiliated companies in the consolidated financial statements by eliminating the effects of temporary fluctuations in exchange rates. The prior year financial statements for the second quarter and full year have been adjusted retrospectively to apply the change in accounting policy.

1. Qualitative information relating to consolidated operating results

During the first three quarters of the consolidated fiscal year under review (from April 1, 2015 to December 31, 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 the economic slowdown in China and other emerging countries in Asia and a fall in resource prices.

In the electronics industry, where the Marubun Group is positioned, demand for automobile equipment products and servers for data centers increased, while the market for smartphones exhibited signs of slower growth, and demand for digital cameras, PCs, and TV sets remained sluggish. Because of the effect of a slowdown in growth in emerging markets, capital expenditure slowed, and demand for industrial equipment and semiconductor manufacturing equipment also remained weak.

In this environment, net sales of the Group during the first three quarters of the consolidated fiscal year under review rose 11.7% year on year, to 219,117 million yen. However, consolidated operating income declined 10.4% year on year, to 2,168 million yen, due to an increase in selling, general and administrative expenses. Meanwhile, consolidated ordinary income increased 39.1% year on year, to 2,282 million yen thanks to a significant decline in foreign exchange losses. Consolidated profit attributable to owners of parent rose 56.2%, to 1,350 million yen.

Operating results by business segment are as follows.

(Electronic Devices business)

In the Electronic Devices business, demand for memory ICs for PCs and semiconductors for game consoles declined. Sales of semiconductors for telecommunication modules increased significantly, and sales of semiconductors for automobiles, projectors and telecommunication infrastructure were also strong. The start-up of new products also contributed to an increase in the sales of products for consumer equipment and automobiles. As a result, net sales in this segment increased 11.3% year on year, to 190,279 million yen, but segment income fell 23.4% year on year, to 1,436 million yen due to a decline in the gross profit margin and an increase in selling, general and administrative expenses.

(Electronic Systems business)

In the Electronic Systems business, sales of measurement and inspection equipment and scientific equipment declined, but sales of medical equipment increased as an equity method affiliate became a consolidated subsidiary. In space and defense electronics, sales of components for satellites remained firm. Of laser equipment, sales of semiconductor lasers to be embedded in industrial equipment and network-related equipment were strong. As a result, net sales in this segment increased 14.2% year on year, to 28,838 million yen, and segment income rose 34.0% year on year, to 739 million yen.

2. Qualitative information relating to the consolidated financial position

Current assets at the end of the first three quarters of the consolidated fiscal year under review were 106,145 million yen, down 10,939 million yen from the end of the previous fiscal year. This was mainly attributable to declines in notes and accounts receivable-trade of 10,530 million yen and merchandise and finished goods of 926 million yen. Non-current assets were 9,880 million yen, falling 1,348 million yen from the end of the previous fiscal year. This primarily reflected decreases of 625 million yen in land and 715 million yen in other non-current assets (real estate for investment). As a result, total assets came to 116,025 million yen, a decrease of 12,287 million yen from the end of the previous fiscal year.

Current liabilities at the end of the first three quarters of the consolidated fiscal year under review were 60,449 million yen, declining 12,145 million yen from the end of the previous fiscal year. This figure chiefly reflected decreases in notes and accounts payable-trade of 7,055 million yen and short-term loans payable of 5,368 million yen. Non-current liabilities were 9,211 million yen, a decrease of 205 million yen from the end of the previous fiscal year. This was mainly attributable to a decline of 103 million yen in the provision for directors' retirement benefits.

As a result, total liabilities stood at 69,660 million yen, a decrease of 12,350 million yen from the end of the previous fiscal year.

Total net assets at the end of the first three quarters of the consolidated fiscal year under review were 46,365 million yen, an increase of 62 million yen from the end of the previous fiscal year. This was primarily attributable to a 697 million yen rise in retained earnings, partially offset by a 218 million yen decrease in valuation difference on available-for-sale securities, a 170 million yen decrease in foreign currency translation adjustment, and a 149 million yen decrease in remeasurements of defined benefit plans.

As a result, the equity ratio stood at 34.9% (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 remains unchanged from the financial results forecast announced on October 30, 2015.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	21,725	21,668
Notes and accounts receivable - trade	63,393	52,863
Merchandise and finished goods	28,818	27,892
Work in process	169	352
Deferred tax assets	1,060	1,008
Other	1,937	2,381
Allowance for doubtful accounts	(19)	(21)
Total current assets	117,084	106,145
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,160	3,629
Accumulated depreciation	(2,871)	(2,639)
Buildings and structures, net	1,288	990
Machinery, equipment and vehicles	25	21
Accumulated depreciation	(19)	(21)
Machinery, equipment and vehicles, net	5	0
Tools, furniture and fixtures	2,080	2,058
Accumulated depreciation	(1,731)	(1,725)
Tools, furniture and fixtures, net	348	333
Land	2,517	1,891
Leased assets	118	129
Accumulated depreciation	(47)	(68)
Leased assets, net	70	60
Construction in progress	1	5
Total property, plant and equipment	4,232	3,281
Intangible assets	448	367
Investments and other assets		
Investment securities	2,783	2,799
Deferred tax assets	240	313
Net defined benefit asset	42	44
Other	3,481	3,075
Total investments and other assets	6,548	6,232
Total non-current assets	11,228	9,880
Total assets	128,313	116,025

(Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,978	45,922
Short-term loans payable	15,300	9,931
Current portion of long-term loans payable	1,006	1,003
Lease obligations	58	50
Income taxes payable	249	256
Provision for bonuses	818	479
Other	2,182	2,804
Total current liabilities	72,594	60,449
Non-current liabilities		
Long-term loans payable	7,507	7,500
Lease obligations	107	82
Net defined benefit liability	1,194	1,177
Provision for directors' retirement benefits	260	156
Asset retirement obligations	133	134
Other	212	158
Total non-current liabilities	9,416	9,211
Total liabilities	82,010	69,660
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	27,131	27,828
Treasury shares	(1,630)	(1,630)
Total shareholders' equity	38,068	38,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	898	679
Deferred gains or losses on hedges	32	(25)
Foreign currency translation adjustment	1,251	1,080
Remeasurements of defined benefit plans	199	49
Total accumulated other comprehensive income	2,382	1,785
Non-controlling interests	5,851	5,814
Total net assets	46,302	46,365
Total liabilities and net assets	128,313	116,025

(2) Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	196,175	219,117
Cost of sales	182,957	205,711
Gross profit	13,217	13,406
Selling, general and administrative expenses	10,796	11,237
Operating income	2,420	2,168
Non-operating income		
Interest income	5	15
Dividend income	38	48
Share of profit of entities accounted for using equity method	199	291
Rent of real estate for investment	91	53
Miscellaneous income	186	137
Total non-operating income	522	545
Non-operating expenses		
Interest expenses	167	141
Sales discounts	104	131
Foreign exchange losses	924	60
Rent expenses on real estate for investment	74	37
Miscellaneous loss	31	61
Total non-operating expenses	1,302	432
Ordinary income	1,640	2,282
Extraordinary income		
Gain on sales of non-current assets	—	51
Gain on sales of investment securities	—	200
Gain on sales of real estate for investment	5	561
Gain on bargain purchase	—	27
Other	—	27
Total extraordinary income	5	868
Extraordinary losses		
Loss on sales and retirement of non-current assets	5	1
Impairment loss	—	739
Loss on step acquisitions	—	10
Other	—	52
Total extraordinary losses	5	803
Income before income taxes and minority interests	1,641	2,346
Income taxes	571	789
Profit	1,069	1,556
Profit attributable to non-controlling interests	205	206
Profit attributable to owners of parent	864	1,350

(3) Consolidated statements of comprehensive income

(Millions of Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	1,069	1,556
Other comprehensive income		
Valuation difference on available-for-sale securities	357	(218)
Deferred gains or losses on hedges	32	(58)
Foreign currency translation adjustment	489	(298)
Remeasurements of defined benefit plans, net of tax	(153)	(149)
Share of other comprehensive income of entities accounted for using equity method	(0)	—
Total other comprehensive income	725	(725)
Comprehensive income	1,795	831
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,402	753
Comprehensive income attributable to non-controlling interests	392	78

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	1,641	2,346
Depreciation	264	255
Impairment loss	—	739
Increase (decrease) in allowance for doubtful accounts	(0)	2
Increase (decrease) in provision for bonuses	(354)	(344)
Increase (decrease) in provision for directors' retirement benefits	35	(124)
Increase (decrease) in net defined benefit liability	(200)	(247)
Decrease (increase) in net defined benefit asset	(56)	(17)
Interest and dividend income	(44)	(63)
Interest expenses	167	141
Foreign exchange losses (gains)	(184)	310
Share of (profit) loss of entities accounted for using equity method	(199)	(291)
Rent of real estate for investment	(91)	(53)
Rent expenses on real estate for investment	74	37
Loss (gain) on sales of investment securities	—	(200)
Loss (gain) on sales of real estate investment	(5)	(561)
Loss (gain) on sales and retirement of non-current assets	5	(50)
Gain on bargain purchase	—	(27)
Loss (gain) on step acquisitions	—	10
Decrease (increase) in notes and accounts receivable - trade	311	11,312
Decrease (increase) in inventories	(6,117)	732
Increase (decrease) in notes and accounts payable - trade	11,333	(7,870)
Other, net	268	445
Subtotal	6,846	6,482
Interest and dividend income received	86	107
Interest expenses paid	(167)	(140)
Income taxes paid	(923)	(648)
Income taxes refund	2	5
Net cash provided by (used in) operating activities	5,844	5,806
Cash flows from investing activities		
Payments into time deposits	(145)	(377)
Proceeds from withdrawal of time deposits	173	281
Purchase of property, plant and equipment	(91)	(140)
Proceeds from sales of property, plant and equipment	0	328
Purchase of intangible assets	(34)	(21)
Purchase of investment securities	(18)	(637)
Proceeds from sales of investment securities	—	443
Proceeds from sales of investments in real estates	23	1,266
Proceeds from rental of real estate for investment	90	42
Payments for rent expenses on real estate for investment	(47)	(35)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	122
Other, net	(17)	(351)
Net cash provided by (used in) investing activities	(66)	923
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,170	(6,037)
Proceeds from long-term loans payable	—	30
Repayments of long-term loans payable	(5,033)	(70)
Cash dividends paid	(512)	(651)
Dividends paid to non-controlling interests	(102)	(115)
Other, net	(16)	(26)
Net cash provided by (used in) financing activities	(4,495)	(6,872)
Effect of exchange rate change on cash and cash equivalents	1,828	(113)
Net increase (decrease) in cash and cash equivalents	3,111	(255)
Cash and cash equivalents at beginning of period	18,976	21,512
Cash and cash equivalents at end of period	22,087	21,257

Consolidated Segment Information

Business Segments

Nine months ended December 31, 2014

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	170,911	25,263	196,175	-	196,175
(2) Inter-segment	0	101	101	(101)	-
Total Sales	170,911	25,364	196,276	(101)	196,175
Segment Income(loss)	1,876	551	2,428	(7)	2,420

Nine months ended December 31, 2015

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	190,279	28,838	219,117	-	219,117
(2) Inter-segment	0	151	151	(151)	-
Total Sales	190,279	28,990	219,269	(151)	219,117
Segment Income(loss)	1,436	739	2,176	(7)	2,168