

# MARUBUN CORPORATION

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May 7, 2012

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2012

### 1. Consolidated Financial Results for Fiscal Year Ended March 31, 2012 (April 1, 2011 - March 31, 2012)

#### (1) Consolidated Operating Results

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended March 31, 2012	242,708	15.3	2,842	3.2	2,375	7.2	1,017	76.3
Year ended March 31, 2011	210,455	1.2	2,754	28.1	2,217	114.2	577	27.6

	Net Income Per Share	Diluted Net Income Per Share	Return on Equity	Ordinary Income to Total Assets ratio	Operating Income on Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2012	38.94	-	3.1	2.1	1.2
Year ended March 31, 2011	22.09	-	1.8	2.0	1.3

#### (2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2012	121,045	36,295	27.5	1,272.08
As of March 31, 2011	106,554	35,613	30.7	1,250.27

#### (3) Cash Flows

	Net Cash flow from Operating	Net Cash flow from Investing	Net Cash flow from Financing	Cash and Cash Equivalents
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended March 31, 2012	4,836	(5,824)	2,751	17,923
Year ended March 31, 2011	(6,792)	577	(1,733)	16,078

### 2. Dividends

	Dividend Per Share					Dividends in Total (Fiscal Year)	Dividends Payout ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended March 31, 2011	-	5.00	-	6.00	11.00	287	49.8	0.8
Year ended March 31, 2012	-	5.00	-	7.00	12.00	313	30.8	0.9
Year ending March 31, 2013 (Forecast)	-	6.00	-	9.00	15.00		25.3	

### 3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2013

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ending September 30, 2012	109,000	5.1	660	11.2	580	66.7	215	62.9
Year ending March 31, 2013	238,000	(1.9)	3,150	10.8	3,050	28.4	1,550	52.3

	Net Income Per Share
	Yen
Six months ending September 30, 2012	8.23
Year ending March 31, 2013	59.30

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 consolidated fiscal year under review (from April 1, 2011 to March 31, 2012), the Japanese economy continued to face difficult circumstances, given the disrupted supply chains affected by the flooding in Thailand, a historically strong yen, high oil prices, and the weakness of global economies triggered by Europe's financial crisis, which overshadowed the signs of moderate recovery from the effects of the Great East Japan Earthquake.

In the electronics industry, where the Marubun Group is positioned, demand for smartphones and tablet PCs grew on a global scale, and orders for industrial equipment increased, reflecting the demand for reconstruction after the earthquake. Meanwhile, shipments of flat-screen TV sets declined sharply due to the market slowdown, and the production of automobiles, PCs, and digital cameras, among other products, fell due to the effects of the flooding in Thailand. In the semiconductor and electronic components markets, downward movements in the prices of DRAM and LCD panels continued to accelerate. Orders for semiconductor manufacturing equipment remained weak.

In this environment, the net sales of the Group during the consolidated fiscal year under review rose 15.3% from the previous year, to 242,708 million yen. Consolidated operating income increased 3.2% year on year, to 2,842 million yen, while consolidated ordinary income rose 7.2% year on year, to 2,375 million yen.

Consolidated net income increased 76.3% from the previous fiscal year, to 1,017 million yen, primarily reflecting the posting of 78 million yen in gains on sales of investment securities.

Operating results by business segment are as follows.

(Electronic Devices business)

In the Electronic Devices business, demand for LCD panels for TV sets and semiconductors for cellular phone modules declined, and sales of semiconductors for automobiles and digital cameras also dropped because of the effects of the earthquake and the floods. Meanwhile, a business involving the sale of Samsung electronic products, which was acquired by a subsidiary of the Company in July 2011, contributed to results, while sales of semiconductors and electronic components for PCs and smartphones also increased. As a result, net sales in this segment rose 17.6% year on year, to 209,000 million yen, while segment income slipped 19.6% year on year, to 1,548 million yen, reflecting a fall in the gross profit margins and a rise in selling, general and administrative expenses.

(Electronic Systems business)

In the Electronic Systems business, sales of artificial satellite components in space and defense electronics decreased, but sales of measurement and inspection equipment increased, reflecting reconstruction needs due to the earthquake and the floods. Demand for medical equipment recovered. As a result, net sales in this segment increased 2.9% year on year, to 33,707 million yen, while segment income rose 53.7%, to 1,302 million yen, thanks to an improvement in the gross profit margins.

## 2. Qualitative information relating to consolidated financial forecasts

The economic outlook for fiscal 2012 is that domestic demand in the United States is recovering and Asian economies will recover, despite continued concerns such as the effects of Europe's financial crisis and high oil prices. In Japan public investments are expected to increase, reflecting demand for reconstruction due to the earthquake, and the production of automobiles is projected to increase.

In the semiconductor market, demand for semiconductors for smartphones and tablet PCs is expected to continue to increase. A recovery in demand for semiconductors for automobiles and digital cameras, which was adversely affected by the earthquake and the floods, is also anticipated.

In this environment, for fiscal 2012, the Group expects an increase in sales of measurement inspection equipment and medical equipment in the Electronic Systems business but a decline in semiconductor sales for cellular phone modules in the Electronic Devices business. As a result, the Group forecasts net sales of 238,000 million yen, down 1.9% from the previous fiscal year. It expects operating income of 3,150 million yen, rising 10.8%, ordinary income of 3,050 million yen, up 28.4%, and net income of 1,550 million yen, an increase of 52.3% from the same period a year ago.

### **3. Qualitative information relating to the consolidated financial position**

#### **(1) Assets, liabilities and net assets**

Current assets at the end of the consolidated fiscal year under review stood at 110,554 million yen, climbing 15,274 million yen from the end of the previous fiscal year. This is mainly attributable to a decrease of 6,358 million yen in merchandise and finished goods, offset by increases in cash and deposits of 1,792 million yen and notes and accounts receivable-trade of 20,011 million yen. Noncurrent assets were 10,491 million yen, a decrease of 783 million yen from the end of the previous fiscal year. This primarily reflects decreases in buildings and structures of 118 million yen, investment securities of 82 million yen, and deferred tax assets of 422 million yen.

As a result, total assets came to 121,045 million yen, an increase of 14,490 million yen from the end of the previous fiscal year.

Current liabilities at the end of the consolidated fiscal year under review were 66,163 million yen, a rise of 503 million yen from the end of the previous fiscal year. This figure chiefly reflects increases in notes and accounts payable-trade of 10,027 million yen, short-term loans payable of 8,120 million yen, and other current liabilities of 791 million yen, offsetting a decrease in the current portion of long-term loans payable of 18,500 million yen. Noncurrent liabilities were 18,586 million yen, an increase of 13,306 million yen from the end of the previous fiscal year. This is mainly attributable to a rise of 13,465 million yen in long-term loans payable.

As a result, total liabilities stood at 84,750 million yen, an increase of 13,809 million yen from the end of the previous fiscal year.

Total net assets at the end of the consolidated fiscal year under review were 36,295 million yen, a rise of 681 million yen from the end of the previous fiscal year. The increase was primarily attributable to a rise in retained earnings of 730 million yen.

As a result, the equity ratio stood at 27.5%, declining 3.2 percentage points from 30.7% at the end of the previous fiscal year.

#### **(2) Consolidated cash flows**

Cash and cash equivalents (referred to below as “cash”) at the end of the consolidated fiscal year under review were 17,923 million yen, up 1,844 million yen or 11.5% from the end of the previous consolidated fiscal year. This result reflected a decrease in inventories and other factors, despite a rise in notes and accounts receivable-trade and other factors.

The cash flow statement and its components at the end of the consolidated fiscal year are as follows.

##### **(Cash flows from operating activities)**

Cash generated from operating activities was 4,836 million yen (compared with cash used of 6,792 million yen for the previous fiscal year). The main factors include an increase in notes and accounts receivable-trade of 20,229 million yen, a decrease in income before income taxes and minority interests of 2,407 million yen, inventories of 11,817 million yen, and an increase in notes and accounts payable-trade of 10,148 million yen.

##### **(Cash flows from investing activities)**

Cash used for investing activities was 5,824 million yen (compared with cash generated of 577 million yen for the previous fiscal year). This result was attributable mainly to payment for transfer of business of 5,777 million yen.

##### **(Cash flows from financing activities)**

Cash generated from financing activities came to 2,751 million yen (compared with 1,733 million yen in cash used for the previous fiscal year). This was mainly attributable to repayment of 20,034 million yen in long-term loans payable, a net increase of 8,209 million yen in short-term loans payable, and proceeds of 15,000 million yen from long-term loans payable.

#### **4. Basic policy regarding earnings appropriation and dividends for fiscal 2011 and 2012**

The distribution of profits to shareholders is determined with an emphasis on the dividend payout ratio, based on a performance-based dividend method of actively returning profits to shareholders in line with the Group's business results, with sustained shareholder returns as the basic policy. The amount of dividends will be determined with 25% or more on a consolidated basis or 30% or more on a non-consolidated basis, whichever is greater, as a benchmark for the payout ratio.

The Group will use internal reserves to make generate profits for shareholders over the long term, for instance by investing in the start-up of new business, investing in information and logistics systems to improve customer services and streamline operations, appropriating them for the working capital required in association with sales expansion, and improving its financial position.

The Group plans to pay a year-end dividend per share of 7 yen (an annual dividend combined with an interim dividend will be 12 yen) for the consolidated fiscal year under review.

For the next fiscal year, the Group plans to pay an annual dividend per share of 15 yen (including an interim dividend of 6 yen).

#### **5. Medium-term management strategies and issues for the fiscal year ahead**

Although the electronics industry, where the Marubun Group is positioned, is expected to grow, backed by expanding demand in emerging countries and recovering demand in the in-vehicle equipment business, which was adversely affected by the earthquake and the floods, structural change has become prominent as price competition in the market for finished goods gathers momentum, the transfer to overseas production or consignment of production to EMS and ODM companies expands, and business restructuring accelerates.

In this environment, the Group is striving to expand its market share worldwide in an integrated manner through sales operations in Japan and abroad. It is also taking steps to enhance its ability to propose new systems, using the competitiveness of its products, and to develop new products for growth markets such as the environment, medical care, and information security.

The Group is emphasizing cash flow in its management approach. To this end it is bolstering its inventory control system and has introduced control indices for measuring capital efficiency. At the same time, the Group is striving to improve corporate quality by providing training for its people, who are the source of its growth, and optimizing personnel distribution. It is also refining its quality control and internal control systems.

**Consolidated Financial Statements**  
**(1) Consolidated Balance Sheet**

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	16,330	18,123
Notes and accounts receivable-trade	46,599	66,611
Lease receivables	6	17
Merchandise and finished goods	29,024	22,666
Work in process	9	51
Deferred tax assets	1,228	1,198
Other	2,109	1,917
Allowance for doubtful accounts	(29)	(31)
<b>Total current assets</b>	<b>95,280</b>	<b>110,554</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,288	4,143
Accumulated depreciation	(2,690)	(2,663)
Buildings and structures, net	1,598	1,480
Machinery, equipment and vehicles	26	26
Accumulated depreciation	(21)	(21)
Machinery, equipment and vehicles, net	5	5
Tools, furniture and fixtures	2,317	2,261
Accumulated depreciation	(1,851)	(1,859)
Tools, furniture and fixtures, net	466	402
Land	2,520	2,466
Lease assets	18	26
Accumulated depreciation	(5)	(10)
Lease assets, net	12	16
Construction in progress	6	1
<b>Total property, plant and equipment</b>	<b>4,609</b>	<b>4,372</b>
Intangible assets		
Goodwill	10	7
Other	395	314
<b>Total intangible assets</b>	<b>405</b>	<b>322</b>
Investments and other assets		
Investment securities	1,550	1,468
Long-term loans receivable	6	5
Lease receivables	14	46
Deferred tax assets	1,997	1,575
Real estate for investment	3,083	3,076
Accumulated depreciation	(1,966)	(2,012)
Real estate for investment, net	1,116	1,064
Other	1,572	1,636
<b>Total investments and other assets</b>	<b>6,259</b>	<b>5,796</b>
<b>Total noncurrent assets</b>	<b>11,274</b>	<b>10,491</b>
<b>Total assets</b>	<b>106,554</b>	<b>121,045</b>

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	32,478	42,506
Short-term loans payable	10,660	18,781
Current portion of long-term loans payable	20,034	1,534
Current portion of bonds	48	48
Lease obligations	10	22
Income taxes payable	210	326
Deferred tax liabilities	-	0
Provision for bonuses	744	718
Asset retirement obligations	39	-
Other	1,432	2,223
Total current liabilities	65,660	66,163
Noncurrent liabilities		
Bonds payable	70	21
Long-term loans payable	2,606	16,072
Lease obligations	25	57
Provision for retirement benefits	1,659	1,602
Provision for directors' retirement benefits	564	492
Asset retirement obligations	121	124
Other	232	215
Total noncurrent liabilities	5,280	18,586
<b>Total liabilities</b>	<b>70,940</b>	<b>84,750</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	22,849	23,579
Treasury stock	(1,630)	(1,630)
Total shareholders' equity	33,787	34,517
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216	176
Deferred gains or losses on hedges	(129)	(64)
Foreign currency translation adjustment	(1,196)	(1,381)
Total accumulated other comprehensive income	(1,109)	(1,269)
Minority interests	2,936	3,047
<b>Total net assets</b>	<b>35,613</b>	<b>36,295</b>
<b>Total liabilities and net assets</b>	<b>106,554</b>	<b>121,045</b>

**(2) Consolidated Statements of Income**

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net sales	210,455	242,708
Cost of sales	193,422	224,682
Gross profit	17,033	18,025
Selling, general and administrative expenses	14,278	15,183
Operating income	2,754	2,842
Non-operating income		
Interest income	20	7
Dividends income	25	28
Equity in earnings of affiliates	92	65
Rent of real estate for investment	172	188
Other commission income	87	-
Miscellaneous income	246	219
Total non-operating income	645	510
Non-operating expenses		
Interest expenses	530	546
Foreign exchange losses	288	-
Miscellaneous loss	363	429
Total non-operating expenses	1,182	976
Ordinary income	2,217	2,375
Extraordinary income		
Gain on sales of noncurrent assets	7	19
Gain on sales of investment securities	-	78
Other	8	-
Total extraordinary income	16	97
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	17	39
Loss on valuation of investment securities	184	-
Loss on liquidation of insurance funds	141	-
Amortization of prior service	302	-
East earthquake-related losses	91	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	3	-
Other	3	26
Total extraordinary losses	744	66
Income before income taxes and minority interests	1,488	2,407
Income taxes-current	512	585
Income taxes-deferred	37	454
Total income taxes	550	1,039
Income before minority interests	938	1,367
Minority interests in income	361	349
Net income	577	1,017

## (Consolidated quarterly statements of comprehensive income)

Income before minority interests	938	1,367
Other comprehensive income		
Valuation difference on available-for-sale securities	121	(44)
Deferred gains or losses on hedges	(180)	65
Foreign currency translation adjustment	(751)	(316)
Share of other comprehensive income of associates accounted for using equity method	(2)	4
Total other comprehensive income	(813)	(290)
Comprehensive income	125	1,076
Comprehensive income attributable to		
Comprehensive income attributable to owners of the	54	857
Comprehensive income attributable to minority interests	70	219

**(3) Consolidated Statement of Changes in Shareholder's Equity**

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
<b>Shareholders' equity</b>		
Capital stock		
Balance at the beginning of current period	6,214	6,214
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	6,214	6,214
Capital surplus		
Balance at the beginning of current period	6,353	6,353
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	6,353	6,353
Retained earnings		
Balance at the beginning of current period	22,533	22,849
Changes of items during the period		
Dividends from surplus	(261)	(287)
Net income	577	1,017
Total changes of items during the period	316	730
Balance at the end of current period	22,849	23,579
Treasury stock		
Balance at the beginning of current period	(1,630)	(1,630)
Changes of items during the period		
Purchase of treasury stock	(0)	-
Total changes of items during the period	(0)	-
Balance at the end of current period	(1,630)	(1,630)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	33,471	33,787
Changes of items during the period		
Dividends from surplus	(261)	(287)
Net income	577	1,017
Purchase of treasury stock	(0)	-
Total changes of items during the period	315	730
Balance at the end of current period	33,787	34,517



(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	97	216
Changes of items during the period		
Net changes of items other than shareholders' equity	118	(40)
Total changes of items during the period	118	(40)
Balance at the end of current period	216	176
Deferred gains or losses on hedges		
Balance at the beginning of current period	50	(129)
Changes of items during the period		
Net changes of items other than shareholders' equity	(180)	65
Total changes of items during the period	(180)	65
Balance at the end of current period	(129)	(64)
Foreign currency translation adjustment		
Balance at the beginning of current period	(735)	(1,196)
Changes of items during the period		
Net changes of items other than shareholders' equity	(461)	(185)
Total changes of items during the period	(461)	(185)
Balance at the end of current period	(1,196)	(1,381)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(587)	(1,109)
Changes of items during the period		
Net changes of items other than shareholders' equity	(522)	(160)
Total changes of items during the period	(522)	(160)
Balance at the end of current period	(1,109)	(1,269)
Minority interests		
Balance at the beginning of current period	2,935	2,936
Changes of items during the period		
Net changes of items other than shareholders' equity	0	111
Total changes of items during the period	0	111
Balance at the end of current period	2,936	3,047
Total net assets		
Balance at the beginning of current period	35,819	35,613
Changes of items during the period		
Dividends from surplus	(261)	(287)
Net income	577	1,017
Purchase of treasury stock	(0)	-
Net changes of items other than shareholders' equity	(521)	(48)
Total changes of items during the period	(205)	681
Balance at the end of current period	35,613	36,295

**(4) Consolidated Statements of Cash Flows**

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,488	2,407
Depreciation and amortization	638	499
Amortization of goodwill	-	5
Increase (decrease) in allowance for doubtful accounts	0	3
Increase (decrease) in provision for bonuses	155	(25)
Increase (decrease) in provision for directors' retirement benefits	12	(71)
Increase (decrease) in provision for retirement benefits	81	(58)
Interest and dividends income	(45)	(35)
Interest expenses	530	546
Foreign exchange losses (gains)	476	(136)
Equity in (earnings) losses of affiliates	(92)	(65)
Rent of real estate for investment	(172)	(188)
Loss (gain) on sales of investment securities	-	(78)
Loss (gain) on valuation of investment securities	184	-
Loss (gain) on sales and retirement of noncurrent assets	9	19
Loss on liquidation of insurance funds	141	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	3	-
Decrease (increase) in notes and accounts receivable-trade	6,013	(20,229)
Decrease (increase) in inventories	(13,867)	11,817
Increase (decrease) in notes and accounts payable-trade	(2,289)	10,148
Other, net	875	1,253
Subtotal	(5,854)	5,811
Interest and dividends income received	48	82
Interest expenses paid	(540)	(548)
Income taxes paid	(558)	(553)
Income taxes refund	112	44
Net cash provided by (used in) operating activities	(6,792)	4,836
Net cash provided by (used in) investing activities		
Payments into time deposits	(530)	(40)
Proceeds from withdrawal of time deposits	1,243	96
Purchase of property, plant and equipment	(133)	(144)
Proceeds from sales of property, plant and equipment	28	88
Purchase of intangible assets	(80)	(81)
Purchase of investment securities	(108)	(82)
Proceeds from sales of investment securities	-	88
Proceeds from rental of real estate for investment	186	176
Payments for transfer of business	-	(5,777)
Other, net	(30)	(149)
Net cash provided by (used in) investing activities	577	(5,824)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,456)	8,209
Proceeds from long-term loans payable	1,115	15,000
Repayment of long-term loans payable	(8)	(20,034)
Redemption of bonds	(1,048)	(48)
Cash dividends paid	(261)	(287)
Cash dividends paid to minority shareholders	(69)	(82)
Other, net	(3)	(5)
Net cash provided by (used in) financing activities	(1,733)	2,751
Effect of exchange rate change on cash and cash equivalents	(580)	81
Net increase (decrease) in cash and cash equivalents	(8,528)	1,844
Cash and cash equivalents at beginning of period	24,607	16,078
Cash and cash equivalents at end of period	16,078	17,923

## Consolidated Segment Information

### (Business Segments)

Year ended March 31, 2011

(Millions of Yen)

	Business segments reported			Total	Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total			
Net Sales						
(1) Outside Customers	177,713	32,742	210,455	210,455	-	210,455
(2) Inter-segment	9	102	112	112	(112)	-
Total Sales	177,722	32,844	210,567	210,567	(112)	210,455
Segment Income	1,925	847	2,773	2,773	(18)	2,754

Year ended March 31, 2012

(Millions of Yen)

	Business segments reported			Total	Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total			
Net Sales						
(1) Outside Customers	209,000	33,707	242,708	242,708	-	242,708
(2) Inter-segment	0	73	74	74	(74)	-
Total Sales	209,001	33,781	242,782	242,782	(74)	242,708
Segment Income	1,548	1,302	2,851	2,851	(9)	2,842