

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 : Akihiko Inamura, CEO and Representative Director
 Contact : Kazuaki Iwamoto, Executive Vice President TEL : +81-3-3639-3010



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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2010

1. Consolidated Financial Results for the Nine Months Ended December 31, 2010 (April 1, 2010 - December 31, 2010)

(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 Nine months ended								
December 31, 2010	160,520	5.2	1,570	56.3	1,063	-	251	-
December 31, 2009	152,568	(2.9)	1,004	119.1	(5)	-	3	-

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
For the Nine months ended		
December 31, 2010	9.62	-
December 31, 2009	0.13	-

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2010	110,100	35,166	29.3	1,235.60
As of March 31, 2010	110,665	35,819	29.7	1,258.17

2. Dividends

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2010	-	3.00	-	5.00	8.00
Fiscal Year ending March 31, 2011	-	5.00	-		
Fiscal Year ending March 31, 2011 (Forecast)				6.00	11.00

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2011

	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, 2011	221,000	6.3	2,850	32.5	2,250	117.4	1,100	143.0

	Net Income Per Share
	Yen
For the Fiscal Year ending March 31, 2011	42.09

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 three quarters of the consolidated fiscal year under review (from April 1, 2010 to December 31, 2010), the Japanese economy showed some positive signs, with corporate profits improving on rising exports to emerging markets and the effect of government stimulus measures, and capital spending and individual consumption showing evidence of a recovery. Notwithstanding this, given downside risks in overseas economies, the appreciation of the yen, and the effect of deflation, the economic outlook remained uncertain.

In the electronics industry, where the Marubun Group is positioned, demand for smartphones and tablet PCs grew on a global scale, while capital spending in semiconductor manufacturing equipment, machine tools and other equipment also improved. Since early autumn, however, demand for notebook PCs slowed, and prices of flat-screen TV sets were falling. In the semiconductor and electronic component markets, prices of DRAMs and LCD panels were also in decline.

In this environment, net sales for the Group during the consolidated first three quarters under review rose 5.2% from the same period of the previous year, to 160,520 million yen. Consolidated operating income was 1,570 million yen, a rise of 56.3% from the same period of the previous year, reflecting higher net sales. Consolidated ordinary income in the first three quarters under review stood at 1,063 million yen (compared with a consolidated ordinary loss of 5 million yen for the same period of the previous year). Consolidated net income for the first three quarters under review stood at 251 million yen (compared with a consolidated net income of 3 million yen for the same period of the previous year).

Operating results by business segment are as follows.

(Electronic Devices business)

In the Electronic Devices business, sales of semiconductors designed for cellular phone modules were robust, although sales of semiconductors for game consoles and telecommunications infrastructure declined. Sales of semiconductors for industrial equipment and automobiles also increased. As a result, net sales of this segment rose 4.9% from the same period of the previous year, to 138,944 million yen, while operating income stood at 1,426 million yen, up 5.5%.

(Electronic Systems business)

In the Electronic Systems business, sales of space and defense electronics were slow, while sales of scientific equipment, laser equipment and medical equipment were almost on par with those for the same period of the previous year. Sales of semiconductor inspection equipment and IC handlers increased in measurement & inspection equipment, attributable to the recovery of capital spending. As a result, net sales of this segment rose 7.0% from the same period of the previous year, to 21,576 million yen, while operating income stood at 165 million yen (compared with an operating loss of 338 million yen for the same period of the previous year).

2. Qualitative information relating to the consolidated financial position

Total assets at the end of the consolidated first three quarters under review stood at 110,100 million yen, a decrease of 564 million yen from the end of the previous consolidated fiscal year. The decrease owed primarily to a fall in current assets of 674 million yen (notes and accounts receivable-trade and merchandise and finished goods rose 4,210 million yen and 9,580 million yen, respectively, while cash and deposits and deferred tax assets declined 13,952 million yen and 701 million yen, respectively). Noncurrent assets increased 110 million yen (software and insurance funds included in Other decreased 189 million yen and 395 million yen, respectively, while deferred tax assets increased 731 million yen).

Liabilities increased to 74,934 million yen, rising 88 million yen from the end of the previous consolidated fiscal year, mainly because of an increase in noncurrent liabilities of 99 million yen (the provision for retirement benefits decreased 167 million yen, while long-term loans payable and asset retirement obligations increased 115 million yen and 140 million yen, respectively).

Net assets decreased by 653 million yen from the end of the previous consolidated fiscal year, to 35,166 million yen. The decline was primarily attributable to decreases in the valuation difference on available-for-sale securities of 72 million yen, deferred gains or losses on hedges of 126 million yen, and a foreign currency translation adjustment of 381 million yen.

3. Qualitative information relating to consolidated financial forecasts

Our full-year consolidated financial results forecast for the fiscal year ending March 2011 remain unchanged from the financial results forecast announced on May 7, 2010.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

	As of December 31, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	11,635	25,588
Notes and accounts receivable-trade	57,580	53,370
Short-term investment securities	500	-
Merchandise and finished goods	25,115	15,535
Work in process	124	16
Deferred tax assets	1,008	1,709
Other	2,599	3,015
Allowance for doubtful accounts	(35)	(29)
Total current assets	98,530	99,204
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,265	4,162
Accumulated depreciation	(2,654)	(2,589)
Buildings and structures, net	1,610	1,572
Machinery, equipment and vehicles	26	30
Accumulated depreciation	(20)	(28)
Machinery, equipment and vehicles, net	5	1
Tools, furniture and fixtures	2,343	2,311
Accumulated depreciation	(1,828)	(1,752)
Tools, furniture and fixtures, net	514	559
Land	2,520	2,528
Lease assets	18	10
Accumulated depreciation	(4)	(2)
Lease assets, net	13	8
Construction in progress	4	5
Total property, plant and equipment	4,669	4,675
Intangible assets		
Goodwill	14	12
Other	446	607
Total intangible assets	460	620
Investments and other assets		
Investment securities	1,509	1,513
Long-term loans receivable	7	7
Deferred tax assets	2,162	1,431
Real estate for investment	3,083	3,080
Accumulated depreciation	(1,952)	(1,910)
Real estate for investment, net	1,130	1,169
Other	1,630	2,043
Total investments and other assets	6,440	6,165
Total noncurrent assets	11,570	11,460
Total assets	110,100	110,665

(Millions of Yen)

	As of December 31, 2010	As of March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	36,752	35,233
Short-term loans payable	11,822	12,284
Current portion of bonds	48	1,048
Income taxes payable	165	145
Deferred tax liabilities	1	-
Provision for bonuses	371	588
Other	1,673	1,545
Total current liabilities	<u>50,835</u>	<u>50,845</u>
Noncurrent liabilities		
Bonds payable	95	119
Long-term loans payable	21,615	21,500
Provision for retirement benefits	1,410	1,578
Provision for directors' retirement benefits	575	551
Asset retirement obligations	140	-
Other	261	250
Total noncurrent liabilities	<u>24,099</u>	<u>23,999</u>
Total liabilities	<u>74,934</u>	<u>74,845</u>
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	22,523	22,533
Treasury stock	(1,630)	(1,630)
Total shareholders' equity	<u>33,461</u>	<u>33,471</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	25	97
Deferred gains or losses on hedges	(76)	50
Foreign currency translation adjustment	(1,116)	(735)
Total valuation and translation adjustments	<u>(1,167)</u>	<u>(587)</u>
Minority interests	2,872	2,935
Total net assets	<u>35,166</u>	<u>35,819</u>
Total liabilities and net assets	<u>110,100</u>	<u>110,665</u>

(2) Consolidated Statements of Income

(Millions of Yen)

	Nine Months ended December 31, 2009	Nine Months ended December 31, 2010
Net sales	152,568	160,520
Cost of sales	140,467	148,319
Gross profit	12,101	12,201
Selling, general and administrative expenses	11,096	10,630
Operating income	1,004	1,570
Non-operating income		
Interest income	17	11
Dividends income	24	22
Equity in earnings of affiliates	30	75
Rent of real estate for investment	141	127
Miscellaneous income	112	211
Total non-operating income	327	447
Non-operating expenses		
Interest expenses	435	406
Foreign exchange losses	682	311
Miscellaneous loss	219	236
Total non-operating expenses	1,337	954
Ordinary income (loss)	(5)	1,063
Extraordinary income		
Gain on sales of noncurrent assets	-	7
Gain on sales of investment securities	109	-
Gain on sales of real estate for investment	39	-
Total extraordinary income	148	7
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	17	14
Loss on valuation of investment securities	6	-
Loss on valuation of golf club membership	1	-
Business structure improvement expenses	132	-
Loss on liquidation of insurance funds	-	141
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	3
Other	-	0
Total extraordinary losses	157	160
Income (loss) before income taxes and minority interests	(13)	911
Income taxes	(124)	429
Income before minority interests	-	481
Minority interests in income	106	229
Net income	3	251

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine Months ended December 31, 2009	Nine Months ended December 31, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(13)	911
Depreciation and amortization	532	481
Amortization of goodwill	81	-
Increase (decrease) in allowance for doubtful accounts	16	6
Increase (decrease) in provision for bonuses	(232)	(217)
Increase (decrease) in provision for directors' retirement	(33)	24
Increase (decrease) in provision for retirement benefits	331	(167)
Interest and dividends income	(42)	(33)
Interest expenses	435	406
Foreign exchange losses (gains)	66	525
Equity in (earnings) losses of affiliates	(30)	(75)
Loss (gain) on sales of real estate investment	(39)	-
Rent of real estate for investment	(141)	(127)
Loss (gain) on sales of investment securities	(109)	-
Loss (gain) on valuation of investment securities	6	-
Loss on valuation of golf club memberships	1	-
Gain on sales of noncurrent assets	-	(7)
Loss on sales and retirement of noncurrent assets	17	14
Loss on liquidation of insurance funds	-	141
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	3
Other extraordinary loss (income)	-	0
Decrease (increase) in notes and accounts receivable-trade	(16,998)	(4,828)
Decrease (increase) in inventories	6,370	(10,002)
Increase (decrease) in notes and accounts payable-trade	11,064	1,925
Other, net	1,416	420
Subtotal	<u>2,697</u>	<u>(10,599)</u>
Interest and dividends income received	41	35
Interest expenses paid	(327)	(319)
Income taxes paid	(328)	(321)
Income taxes refund	104	111
Net cash provided by (used in) operating activities	<u>2,187</u>	<u>(11,092)</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(591)	(530)
Proceeds from withdrawal of time deposits	1,000	1,185
Purchase of property, plant and equipment	(145)	(66)
Proceeds from sales of property, plant and equipment	0	28
Purchase of intangible assets	(40)	(72)
Purchase of investment securities	(14)	(102)
Proceeds from sales of investment securities	212	-
Proceeds from sales of investments in real estates	47	-
Proceeds from rental of real estate for investment	138	128
Collection of loans receivable	0	-
Other, net	(15)	(45)
Net cash provided by (used in) investing activities	<u>592</u>	<u>525</u>
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	7,755	15,936
Decrease in short-term loans payable	(8,705)	(16,291)
Proceeds from long-term loans payable	-	123
Repayment of long-term loans payable	-	(8)
Redemption of bonds	(24)	(1,024)
Redemption of bonds with subscription rights to shares	(4,000)	-
Cash dividends paid	(77)	(260)
Cash dividends paid to minority shareholders	(84)	(69)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	<u>(5,139)</u>	<u>(1,596)</u>
Effect of exchange rate change on cash and cash equivalents	(42)	(435)
Net increase (decrease) in cash and cash equivalents	<u>(2,401)</u>	<u>(12,600)</u>
Cash and cash equivalents at beginning of period	<u>20,071</u>	<u>24,431</u>
Cash and cash equivalents at end of period	<u>17,669</u>	<u>11,831</u>

Consolidated Segment Information

Nine Months ended December 31, 2009

(Millions of Yen)

	Electronic Devices	Electronic Systems	Total	Unallocated & Eliminations	Consolidated
Net Sales					
(1) Outside Customers	132,413	20,155	152,568	-	152,568
(2) Inter-segment	13	26	40	(40)	-
Total Sales	132,426	20,182	152,608	(40)	152,568
Operating Income(loss)	1,351	(338)	1,012	(7)	1,004

Nine Months ended December 31, 2010

(Millions of Yen)

	Business segments reported			Total	Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total			
Net Sales						
(1) Outside Customers	138,944	21,576	160,520	160,520	-	160,520
(2) Inter-segment	9	86	95	95	(95)	-
Total Sales	138,953	21,662	160,616	160,616	(95)	160,520
Segment Income(loss)	1,426	165	1,591	1,591	(20)	1,570