

MARUBUN CORPORATION

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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2011

1. Consolidated Financial Results for Fiscal Year Ended March 31, 2011 (April 1, 2010 - March 31, 2011)

(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, 2011	210,455	1.2	2,754	28.1	2,217	114.2	577	27.6
Year ended March 31, 2010	207,948	4.0	2,150	93.9	1,035	-	452	-

	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, 2011	22.09	-	1.8	2.0	1.3
Year ended March 31, 2010	17.32	-	1.4	1.0	1.0

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2011	106,554	35,613	30.7	1,250.27
As of March 31, 2010	110,665	35,819	29.7	1,258.17

(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, 2011	(6,792)	577	(1,733)	16,078
Year ended March 31, 2010	9,188	573	(5,223)	24,607

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, 2010	-	3.00	-	5.00	8.00	209	46.2	0.6
Year ended March 31, 2011	-	5.00	-	6.00	11.00	287	49.8	0.8
Year ending March 31, 2012 (Forecast)	-	5.00	-	7.00	12.00		26.1	

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2012

	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, 2011	101,000	(8.0)	350	(64.1)	100	(81.1)	(90)	-
Year ending March 31, 2012	243,500	15.7	3,250	18.0	2,800	26.3	1,200	107.8

	Net Income Per Share
	Yen
Six months ending September 30, 2011	(3.44)
Year ending March 31, 2012	45.91

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, 2010 to March 31, 2011), 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, which were reinforced by the impact of the Eastern Japan Great Earthquake Disaster, 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 the beginning of the second half, 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 fiscal year under review rose 1.2% from the previous year, to 210,455 million yen. Consolidated operating income was 2,754 million yen, a rise of 28.1% from the previous year, reflecting higher net sales and a decrease in selling, general and administrative expenses. Consolidated ordinary income in the fiscal year under review rose 114.2% from the previous year, to 2,217 million yen.

Consolidated net income for the fiscal year under review stood at 577 million yen, a rise of 27.6% from the previous fiscal year, reflecting an extraordinary loss from amortization of past service liabilities based on the revised retirement allowance system, a loss on valuation of investment securities, and other factors.

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 and LCD panels for TV and personal computers declined. Sales of semiconductors for industrial equipment and automobiles also increased. As a result, net sales of this segment rose 1.7% from the previous year, to 177,713 million yen, while operating income stood at 1,925 million yen, up 4.0%.

(Electronic Systems business)

In the Electronic Systems business, sales of IC handlers and semiconductor inspection equipment increased in measurement & inspection equipment, attributable to the recovery in capital spending. In contrast, sales of space and defense electronics, medical equipment, and scientific equipment were slow, while sales of laser equipment were almost level with the result for the previous year. As a result, net sales of this segment declined 1.5% from the previous year, to 32,742 million yen, while operating income increased 172.5% from the previous year to 847 million yen, thanks to an improved gross margin.

2. Qualitative information relating to consolidated financial forecasts

The economic outlook for fiscal 2011 suggests that overseas economies will improve, although the tone will remain weak for the foreseeable future given the impact of the Eastern Japan Great Earthquake Disaster.

In the semiconductor market, continuous growth is anticipated worldwide, especially in Asian regions, thanks to an expected rise in demand for smartphones and tablet PCs, despite concerns about restricted power supplies and delays in supply chains restoration in the aftermath of the disaster.

In this environment, for fiscal 2011, the Group expects contributions from the effects of the acquisition to take over the business of the sale of semiconductors and electronic components manufactured by Samsung and from the launch of new business resources in the Electronic Devices business. It also anticipates an increase in sales of measurement inspection equipment and scientific equipment in the Electronic Systems business. As a result, the Group anticipates net sales of 243,500 million yen, up 15.7% from the previous fiscal year. It also forecasts operating income of 3,250 million yen, rising 18.0%, ordinary income of 2,800 million yen, up 26.3%, and net income of 1,200 million yen, an increase of 107.8% from the year-ago period.

Impacts resulting from the Eastern Japan Great Earthquake Disaster are mostly unclear. This makes it difficult to make rational computation as of the current time.

If the potential effects of the disaster on the results of operation of the Company are determined, we will release such information on time according to disclosure standards.

3. Qualitative information relating to the consolidated financial position

(1) Assets, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review stood at 106,554 million yen, a decrease of 4,110 million yen from the end of the previous consolidated fiscal year. The decrease owed primarily to a fall in current assets of 3,924 million yen from the previous year (attributable mainly to an increase in inventories of 13,489 million yen, and declines in cash and deposits, notes and accounts receivable-trade and deferred tax assets of 9,257 million yen, 6,770 million yen and 481 million yen, respectively).

Liabilities decreased to 70,940 million yen, down 3,904 million yen from the end of the previous consolidated fiscal year, mainly because of a decrease in noncurrent liabilities of 18,719 million yen (long-term loans payable decreased 18,893 million yen), while current liabilities increased 14,814 million yen from the previous fiscal year (the current portion of long-term loans payable increased 20,034 million yen, while notes and accounts payable-trade, short-term loans payable, and the current portion of bonds decreased 2,754 million yen, 1,623 million yen and 1,000 million yen, respectively).

Net assets decreased 205 million yen from the end of the previous consolidated fiscal year, to 35,613 million yen. The decline was primarily attributable to a decrease in foreign currency translation adjustment of 461 million yen, while retained earnings increased 316 million yen.

As a result, the equity ratio stood at 30.7%, up 1.0 point from 29.7% at the end of the previous consolidated 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 16,078 million yen, down 8,528 million yen or 34.7% from the end of the previous consolidated fiscal year. This result reflected a rise in inventories, etc., despite expenditure factors such as an decrease in notes and accounts receivable-trade, etc.

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

(Cash flows from operating activities)

Cash used for operating activities came to 6,792 million yen (compared with an income of 9,188 million yen for the previous fiscal year). The main factors include income before income taxes and minority interests of 1,488 million yen, a fall of 6,013 million yen in notes and accounts receivable-trade and an increase of 13,867 million yen in inventories.

(Cash flows from investing activities)

Cash generated by investing activities were 577 million yen, up 0.7% year on year. This result was attributable mainly to payments into time deposits of 530 million yen and for the purchase of property, plant and equipment of 133 million yen, and proceeds from the withdrawal of time deposits of 1,243 million yen.

(Cash flows from financing activities)

Cash used for financing activities came to 1,733 million yen, up 66.8% from the previous fiscal year. This was mainly attributable to net decrease in short-term loans payable of 1,456 million yen.

4. Basic policy regarding earnings appropriation and dividends for fiscal 2010 and 2011

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 6 yen (an annual dividend combined with an interim dividend will be 11 yen) for the consolidated fiscal year under review.

For the next fiscal year, the Group plans to pay an annual dividend per share of 12 yen (including an interim dividend of 5 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 on the strength of expanding demand in emerging countries, 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 taking steps to boost sales and strengthen its earnings capabilities by establishing a stable growth base through the expansion of sales of analog semiconductors and the strengthening of the wireless equipment business and the in-vehicle equipment business. We are also stepping up sales of high value-added products for growth markets such as the environment, medical care, and information security. The Group is also bolstering its global sales system by strengthening overseas design-in functions and customer support functions, while seeking to enhance its competitive edge through collaborative ventures and affiliations with other companies.

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 strengthening its organization. We are also refining our systems of quality control and internal control.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2010	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	25,588	16,330
Notes and accounts receivable-trade	53,370	46,599
Lease receivables	5	6
Merchandise and finished goods	15,535	29,024
Work in process	16	9
Advance payments-trade	1,279	-
Deferred tax assets	1,709	1,228
Other	1,729	2,109
Allowance for doubtful accounts	(29)	(29)
Total current assets	<u>99,204</u>	<u>95,280</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,162	4,288
Accumulated depreciation	(2,589)	(2,690)
Buildings and structures, net	<u>1,572</u>	<u>1,598</u>
Machinery, equipment and vehicles	30	26
Accumulated depreciation	(28)	(21)
Machinery, equipment and vehicles, net	<u>1</u>	<u>5</u>
Tools, furniture and fixtures	2,311	2,317
Accumulated depreciation	(1,752)	(1,851)
Tools, furniture and fixtures, net	<u>559</u>	<u>466</u>
Land	2,528	2,520
Lease assets	10	18
Accumulated depreciation	(2)	(5)
Lease assets, net	<u>8</u>	<u>12</u>
Construction in progress	5	6
Total property, plant and equipment	<u>4,675</u>	<u>4,609</u>
Intangible assets		
Goodwill	12	10
Other	607	395
Total intangible assets	<u>620</u>	<u>405</u>
Investments and other assets		
Investment securities	1,513	1,550
Long-term loans receivable	7	6
Lease receivables	18	14
Deferred tax assets	1,431	1,997
Real estate for investment	3,080	3,083
Accumulated depreciation	(1,910)	(1,966)
Real estate for investment, net	<u>1,169</u>	<u>1,116</u>
Other	2,025	1,572
Total investments and other assets	<u>6,165</u>	<u>6,259</u>
Total noncurrent assets	<u>11,460</u>	<u>11,274</u>
Total assets	<u>110,665</u>	<u>106,554</u>

(Millions of Yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	35,233	32,478
Short-term loans payable	12,284	10,660
Current portion of long-term loans payable	-	20,034
Current portion of bonds	1,048	48
Lease obligations	7	10
Income taxes payable	145	210
Provision for bonuses	588	744
Asset retirement obligations	-	39
Other	1,537	1,432
Total current liabilities	50,845	65,660
Noncurrent liabilities		
Bonds payable	119	70
Long-term loans payable	21,500	2,606
Lease obligations	26	25
Provision for retirement benefits	1,578	1,659
Provision for directors' retirement benefits	551	564
Asset retirement obligations	-	121
Other	223	232
Total noncurrent liabilities	23,999	5,280
Total liabilities	74,845	70,940
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	22,533	22,849
Treasury stock	(1,630)	(1,630)
Total shareholders' equity	33,471	33,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	97	216
Deferred gains or losses on hedges	50	(129)
Foreign currency translation adjustment	(735)	(1,196)
Total accumulated other comprehensive income	(587)	(1,109)
Minority interests	2,935	2,936
Total net assets	35,819	35,613
Total liabilities and net assets	110,665	106,554

(2) Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Net sales	207,948	210,455
Cost of sales	191,014	193,422
Gross profit	16,933	17,033
Selling, general and administrative expenses	14,783	14,278
Operating income	2,150	2,754
Non-operating income		
Interest income	25	20
Dividends income	24	25
Equity in earnings of affiliates	57	92
Rent of real estate for investment	181	172
Miscellaneous income	139	334
Total non-operating income	429	645
Non-operating expenses		
Interest expenses	576	530
Foreign exchange losses	648	288
Miscellaneous loss	320	363
Total non-operating expenses	1,544	1,182
Ordinary income	1,035	2,217
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	-
Reversal of allowance for doubtful accounts	2	-
Other	-	8
Total extraordinary income	151	16
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	20	17
Loss on valuation of investment securities	17	184
Loss on liquidation of insurance funds	-	141
Amortization of prior service	-	302
Business structure improvement expenses	171	-
East earthquake-related losses	-	91
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	3
Other	14	3
Total extraordinary losses	223	744
Income before income taxes and minority interests	962	1,488
Income taxes-current	414	512
Refund of income taxes	(104)	-
Income taxes-deferred	(58)	37
Total income taxes	250	550
Income before minority interests	-	938
Minority interests in income	259	361
Net income	452	577

(Consolidated statements of comprehensive income)

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

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

(Millions of Yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous 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 end of previous 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 end of previous period	22,158	22,533
Changes of items during the period		
Dividends from surplus	(78)	(261)
Net income	452	577
Total changes of items during the period	374	316
Balance at the end of current period	22,533	22,849
Treasury stock		
Balance at the end of previous period	(1,629)	(1,630)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(1,630)	(1,630)
Total shareholders' equity		
Balance at the end of previous period	33,097	33,471
Changes of items during the period		
Dividends from surplus	(78)	(261)
Net income	452	577
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	373	315
Balance at the end of current period	33,471	33,787

	(Millions of Yen)	
	Year ended March 31, 2010	Year ended March 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(124)	97
Changes of items during the period		
Net changes of items other than shareholders' equity	222	118
Total changes of items during the period	222	118
Balance at the end of current period	97	216
Deferred gains or losses on hedges		
Balance at the end of previous period	(138)	50
Changes of items during the period		
Net changes of items other than shareholders' equity	188	(180)
Total changes of items during the period	188	(180)
Balance at the end of current period	50	(129)
Foreign currency translation adjustment		
Balance at the end of previous period	(862)	(735)
Changes of items during the period		
Net changes of items other than shareholders' equity	127	(461)
Total changes of items during the period	127	(461)
Balance at the end of current period	(735)	(1,196)
Total accumulated other comprehensive income		
Balance at the end of previous period	(1,125)	(587)
Changes of items during the period		
Net changes of items other than shareholders' equity	538	(522)
Total changes of items during the period	538	(522)
Balance at the end of current period	(587)	(1,109)
Minority interests		
Balance at the end of previous period	2,715	2,935
Changes of items during the period		
Dividends from surplus	-	(69)
Net changes of items other than shareholders' equity	220	70
Total changes of items during the period	220	0
Balance at the end of current period	2,935	2,936
Total net assets		
Balance at the end of previous period	34,686	35,819
Changes of items during the period		
Dividends from surplus	(78)	(331)
Net income	452	577
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	759	(451)
Total changes of items during the period	1,133	(205)
Balance at the end of current period	35,819	35,613

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	962	1,488
Depreciation and amortization	709	638
Amortization of goodwill	108	-
Increase (decrease) in allowance for doubtful accounts	(3)	0
Increase (decrease) in provision for bonuses	45	155
Increase (decrease) in provision for directors' retirement benefits	(14)	12
Increase (decrease) in provision for retirement benefits	449	81
Interest and dividends income	(50)	(45)
Interest expenses	576	530
Foreign exchange losses (gains)	67	476
Equity in (earnings) losses of affiliates	(28)	(92)
Loss on sales of real estate investment	(39)	-
Rent of real estate for investment	(181)	(172)
Loss (gain) on sales of investment securities	(109)	-
Loss (gain) on valuation of investment securities	17	184
Loss on valuation of golf club memberships	2	3
Loss (gain) on sales and retirement of noncurrent assets	20	9
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	(10,489)	6,013
Decrease (increase) in inventories	8,255	(13,867)
Increase (decrease) in notes and accounts payable-trade	9,354	(2,289)
Other, net	340	872
Subtotal	<u>9,993</u>	<u>(5,854)</u>
Interest and dividends income received	49	48
Interest expenses paid	(582)	(540)
Income taxes paid	(376)	(558)
Income taxes refund	104	112
Net cash provided by (used in) operating activities	<u>9,188</u>	<u>(6,792)</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(580)	(530)
Proceeds from withdrawal of time deposits	1,000	1,243
Purchase of property, plant and equipment	(169)	(133)
Proceeds from sales of property, plant and equipment	0	28
Purchase of intangible assets	(45)	(80)
Purchase of investment securities	(78)	(108)
Proceeds from sales of investment securities	213	-
Proceeds from sales of investments in real estates	47	-
Proceeds from rental of real estate for investment	178	186
Collection of loans receivable	1	-
Other, net	7	(30)
Net cash provided by (used in) investing activities	<u>573</u>	<u>577</u>
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	15,024	20,005
Decrease in short-term loans payable	(17,532)	(21,461)
Proceeds from long-term loans payable	1,500	1,106
Redemption of bonds	(48)	(1,048)
Redemption of bonds with subscription rights to shares	(4,000)	-
Cash dividends paid	(79)	(261)
Cash dividends paid to minority shareholders	(84)	(69)
Other, net	(2)	(3)
Net cash provided by (used in) financing activities	<u>(5,223)</u>	<u>(1,733)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(2)</u>	<u>(580)</u>
Net increase (decrease) in cash and cash equivalents	<u>4,535</u>	<u>(8,528)</u>
Cash and cash equivalents at beginning of period	<u>20,071</u>	<u>24,607</u>
Cash and cash equivalents at end of period	<u>24,607</u>	<u>16,078</u>

Consolidated Segment Information

Business Segments

Year ended March 31, 2010

(Millions of Yen)

	Electronic Devices	Electronic Systems	Total	Unallocated & Eliminations	Consolidated
Net Sales					
(1) Outside Customers	174,710	33,238	207,948	-	207,948
(2) Inter-segment	13	38	51	(51)	-
Total Sales	174,723	33,276	208,000	(51)	207,948
Operating Income(loss)	1,852	311	2,163	(12)	2,150

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(loss)	1,925	847	2,773	2,773	(18)	2,754