

MARUBUN CORPORATION

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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 <under Japanese GAAP>

(Millions of yen with fractional amounts discarded, under otherwise noted)

1. Consolidated Financial Results for Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended March 31, 2013	220,200	(9.3)	2,991	5.3	2,500	5.2	857	(15.7)
Year ended March 31, 2012	242,708	15.3	2,842	3.2	2,375	7.2	1,017	76.3

	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, 2013	32.82	-	2.5	2.4	1.4
Year ended March 31, 2012	38.94	-	3.1	2.1	1.2

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2013	104,743	37,547	32.2	1,291.94
As of March 31, 2012	121,045	36,295	27.5	1,272.08

(3) Cash Flows

	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended March 31, 2013	8,301	(406)	(9,261)	17,410
Year ended March 31, 2012	4,836	(5,824)	2,751	17,923

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			
Year ended March 31, 2012	-	5.00	-	7.00	12.00	313	30.8	0.9
Year ended March 31, 2013	-	6.00	-	9.00	15.00	392	45.7	1.2
Year ending March 31, 2014 (Forecast)	-	6.00	-	9.00	15.00		25.3	

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2014

	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, 2013	99,000	(3.9)	500	(3.4)	500	32.5	250	-
Year ending March 31, 2014	225,500	2.4	3,350	12.0	3,200	28.0	1,550	80.7

	Net Income Per Share
	Yen
Six months ending September 30, 2013	9.57
Year ending March 31, 2014	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, 2012 to March 31, 2013), the outlook for the Japanese economy remained uncertain due to concerns about downside risks in overseas economies, such as the prolonged European debt crisis and slower growth in the Chinese economy, although signs of a moderate recovery, driven by expectations for the economic and monetary policies after the change of government in December 2012, were in evidence.

In the electronics industry, where the Marubun Group is positioned, demand for smartphones and tablet PCs continued to grow. In contrast, demand for digital cameras lost momentum, while demand for TV sets and game consoles remained weak. The recovery in corporate investment in semiconductor manufacturing equipment was slow. In the semiconductor and electronic components markets, prices of DRAM and LCD panels remained weak.

In this environment, net sales of the Group during the consolidated fiscal year under review fell 9.3% year on year, to 220,200 million yen. Consolidated operating income increased 5.3% year on year, to 2,991 million yen, thanks to an improvement in gross profit and a fall in selling, general and administrative expenses, and consolidated ordinary income rose 5.2% year on year, to 2,500 million yen.

Consolidated net income declined 15.7% year on year, to 857 million yen, due to the special extra retirement payments and so on arising from a voluntary retirement of 352 million yen and settlement package payments to a supplier of 283 million yen as an extraordinary loss.

Operating results by business segment are as follows.

(Electronic Devices business)

In the Electronic Devices business, demand for semiconductor and electronic components for communication modules and smartphones was robust, and sales of semiconductors for automobiles increased, while sales of memory IC and LCD panels for PCs and consumer equipment declined. As a result, net sales in this segment fell 10.4% year on year, to 187,247 million yen, while segment income increased 4.6% year on year, to 1,619 million yen, reflecting an improvement in gross profit and the fall in selling, general and administrative expenses.

(Electronic Systems business)

In the Electronic Systems business, sales of space and defense electronics such as artificial satellite components and measurement instruments for aircrafts were strong, and demand for thin-film equipment for power semiconductor devices in scientific equipment increased. However, demand for measurement and inspection equipment decreased, reflecting a fall in corporate investment in equipment. As a result, net sales in this segment slipped 2.2% year on year, to 32,953 million yen, while segment income increased 6.1% year on year, to 1,381 million yen, due to the fall in selling, general and administrative expenses.

2. Qualitative information relating to consolidated financial forecasts

The economic outlook for fiscal 2013 are expected that the economic recovery in the United States and emerging countries, an improvement in the export environment reflecting the effects of the economic and monetary policies in Japan and a rise in corporate earnings, despite continued concerns such as the European debt crisis.

In the semiconductor and electronic components markets, demand for products for smartphones and tablet PCs is expected to remain intact, although a slow recovery in demand for products for PCs and consumer equipment is expected. A recovery in demand for products for automobiles and industrial equipment is also anticipated.

In this environment, for fiscal 2013, the Group expects a decline in semiconductor sales for communication modules in the Electronic Devices business but an increase in sales of measurement and inspection equipment and medical equipment in the Electronic Systems business. As a result, the Group forecasts net sales of 225,500 million yen, up 2.4% from the previous fiscal year. It expects operating income of 3,350 million yen, rising 12.0%, ordinary income of 3,200 million yen, up 28.0%, and net income of 1,550 million yen, an increase of 80.7% year on year.

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 93,799 million yen, declining 16,754 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease in notes and accounts receivable-trade of 18,311 million yen, partially offset by an increase in merchandise and finished goods of 2,711 million yen. Noncurrent assets were 10,943 million yen, an increase of 452 million yen from the end of the previous fiscal year. This primarily reflected an increase in investment securities of 275 million yen.

As a result, total assets came to 104,743 million yen, a decrease of 16,302 million yen from the end of the previous fiscal year.

Current liabilities at the end of the consolidated fiscal year under review were 49,042 million yen, a fall of 17,121 million yen from the end of the previous fiscal year. This figure chiefly reflects decreases in notes and accounts payable-trade of 8,982 million yen, short-term loans payable of 7,094 million yen, and the current portion of long-term loans payable of 1,500 million yen. Noncurrent liabilities were 18,153 million yen, a decrease of 433 million yen from the end of the previous fiscal year. This was mainly attributable to decreases of 247 million yen in the provision for directors' retirement benefits and of 141 million yen in the provision for retirement benefits.

As a result, total liabilities stood at 67,195 million yen, a fall of 17,554 million yen from the end of the previous fiscal year.

Total net assets at the end of the consolidated fiscal year under review were 37,547 million yen, a rise of 1,252 million yen from the end of the previous fiscal year. The increase was primarily attributable to rises of 733 million yen in minority interests and of 518 million yen in retained earnings.

As a result, the equity ratio stood at 32.2%, rising 4.7 points from 27.5% 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 17,410 million yen, down 512 million yen, or 2.9%, from the end of the previous consolidated fiscal year. This result reflected a decrease in notes and accounts payable-trades and other factors, despite a fall 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 8,301 million yen (compared with cash generated of 4,836 million yen for the previous fiscal year). The main factors include a decline in notes and accounts payable-trade of 9,678 million yen, an increase in inventories of 2,255 million yen, a decrease in notes and accounts receivable-trade of 19,256 million yen, and income before income taxes and minority interests of 1,892 million yen.

(Cash flows from investing activities)

Cash used for investing activities was 406 million yen (compared with cash used of 5,824 million yen for the previous fiscal year). This result was attributable principally to proceeds from sales of investment securities of 235 million yen, proceeds from withdrawal of time deposits of 200 million yen, purchase of investment securities of 379 million yen and purchase of property, plant and equipment of 268 million yen.

(Cash flows from financing activities)

Cash used for financing activities came to 9,261 million yen (compared with 2,751 million yen in cash generated from for the previous fiscal year). This was mainly attributable to a net decrease of 7,248 million yen in short-term loans payable and repayment of 1,534 million yen in 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 reverses 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 9 yen (an annual dividend combined with an interim dividend will be 15 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 Group is positioned, is expected to grow, backed by market expansion in emerging countries and increasing demand for products for smartphones, tablet PCs and automobiles, 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 through its efforts to strengthen the demand creation function and expand base businesses. 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 also refining its quality control by strengthening compliance systems such as security export control and information security, optimizing personnel distribution, and making business improvements.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	18,123	17,440
Notes and accounts receivable-trade	66,611	48,299
Lease receivables	17	29
Merchandise and finished goods	22,666	25,378
Work in process	51	47
Deferred tax assets	1,198	1,567
Other	1,917	1,068
Allowance for doubtful accounts	(31)	(31)
Total current assets	110,554	93,799
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,143	4,062
Accumulated depreciation	(2,663)	(2,666)
Buildings and structures, net	1,480	1,396
Machinery, equipment and vehicles	26	26
Accumulated depreciation	(21)	(23)
Machinery, equipment and vehicles, net	5	3
Tools, furniture and fixtures	2,261	2,048
Accumulated depreciation	(1,859)	(1,643)
Tools, furniture and fixtures, net	402	405
Land	2,466	2,466
Lease assets	26	41
Accumulated depreciation	(10)	(11)
Lease assets, net	16	29
Construction in progress	1	0
Total property, plant and equipment	4,372	4,302
Intangible assets		
Goodwill	7	4
Other	314	401
Total intangible assets	322	406
Investments and other assets		
Investment securities	1,468	1,744
Long-term loans receivable	5	4
Lease receivables	46	79
Deferred tax assets	1,575	1,617
Real estate for investment	3,076	3,059
Accumulated depreciation	(2,012)	(2,048)
Real estate for investment, net	1,064	1,010
Other	1,636	1,777
Total investments and other assets	5,796	6,234
Total noncurrent assets	10,491	10,943
Total assets	121,045	104,743

(Millions of Yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	42,506	33,523
Short-term loans payable	18,781	11,687
Current portion of long-term loans payable	1,534	34
Current portion of bonds	48	21
Lease obligations	22	38
Income taxes payable	326	109
Deferred tax liabilities	0	-
Provision for bonuses	718	808
Asset retirement obligations	-	12
Other	2,223	2,806
Total current liabilities	66,163	49,042
Noncurrent liabilities		
Bonds payable	21	-
Long-term loans payable	16,072	16,037
Lease obligations	57	102
Provision for retirement benefits	1,602	1,461
Provision for directors' retirement benefits	492	244
Asset retirement obligations	124	111
Other	215	196
Total noncurrent liabilities	18,586	18,153
Total liabilities	84,750	67,195
Net assets		
Shareholders' equity		
Capital stock	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	23,579	24,097
Treasury stock	(1,630)	(1,630)
Total shareholders' equity	34,517	35,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	176	213
Deferred gains or losses on hedges	(64)	(656)
Foreign currency translation adjustment	(1,381)	(826)
Total accumulated other comprehensive income	(1,269)	(1,269)
Minority interests	3,047	3,781
Total net assets	36,295	37,547
Total liabilities and net assets	121,045	104,743

(2) Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Net sales	242,708	220,200
Cost of sales	224,682	202,437
Gross profit	18,025	17,763
Selling, general and administrative expenses	15,183	14,771
Operating income	2,842	2,991
Non-operating income		
Interest income	7	12
Dividends income	28	29
Equity in earnings of affiliates	65	154
Purchase discounts	57	107
Rent of real estate for investment	188	174
Foreign exchange gains	26	-
Miscellaneous income	135	161
Total non-operating income	510	640
Non-operating expenses		
Interest expenses	546	337
Sales discounts	120	123
Rent expenses on real estate for investment	121	105
Foreign exchange losses	-	417
Miscellaneous loss	187	148
Total non-operating expenses	976	1,132
Ordinary income	2,375	2,500
Extraordinary income		
Gain on sales of noncurrent assets	19	0
Gain on sales of investment securities	78	111
Gain on sales of real estate for investment	-	2
Other	-	9
Total extraordinary income	97	124
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	39	72
Loss on valuation of investment securities	-	21
Settlement package	-	283
Special extra retirement payments and so on	-	352
Other	26	2
Total extraordinary losses	66	731
Income before income taxes and minority interests	2,407	1,892
Income taxes-current	585	611
Income taxes-deferred	454	(32)
Total income taxes	1,039	578
Income before minority interests	1,367	1,313
Minority interests in income	349	456
Net income	1,017	857

(Consolidated quarterly statements of comprehensive income)

Income before minority interests	1,367	1,313
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	29
Deferred gains or losses on hedges	65	(591)
Foreign currency translation adjustment	(316)	914
Share of other comprehensive income of associates accounted for using equity method	4	8
Total other comprehensive income	(290)	360
Comprehensive income	1,076	1,674
Comprehensive income attributable to		
Comprehensive income attributable to owners of the	857	858
Comprehensive income attributable to minority interests	219	815

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

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Shareholders' equity		
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	22,849	23,579
Changes of items during the period		
Dividends from surplus	(287)	(339)
Net income	1,017	857
Total changes of items during the period	730	518
Balance at the end of current period	23,579	24,097
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)
Total shareholders' equity		
Balance at the beginning of current period	33,787	34,517
Changes of items during the period		
Dividends from surplus	(287)	(339)
Net income	1,017	857
Purchase of treasury stock	-	(0)
Total changes of items during the period	730	517
Balance at the end of current period	34,517	35,035

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	216	176
Changes of items during the period		
Net changes of items other than shareholders' equity	(40)	37
Total changes of items during the period	(40)	37
Balance at the end of current period	176	213
Deferred gains or losses on hedges		
Balance at the beginning of current period	(129)	(64)
Changes of items during the period		
Net changes of items other than shareholders' equity	65	(592)
Total changes of items during the period	65	(592)
Balance at the end of current period	(64)	(656)
Foreign currency translation adjustment		
Balance at the beginning of current period	(1,196)	(1,381)
Changes of items during the period		
Net changes of items other than shareholders' equity	(185)	555
Total changes of items during the period	(185)	555
Balance at the end of current period	(1,381)	(826)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(1,109)	(1,269)
Changes of items during the period		
Net changes of items other than shareholders' equity	(160)	0
Total changes of items during the period	(160)	0
Balance at the end of current period	(1,269)	(1,269)
Minority interests		
Balance at the beginning of current period	2,936	3,047
Changes of items during the period		
Net changes of items other than shareholders' equity	111	733
Total changes of items during the period	111	733
Balance at the end of current period	3,047	3,781
Total net assets		
Balance at the beginning of current period	35,613	36,295
Changes of items during the period		
Dividends from surplus	(287)	(339)
Net income	1,017	857
Purchase of treasury stock	-	(0)
Net changes of items other than shareholders' equity	(48)	734
Total changes of items during the period	681	1,252
Balance at the end of current period	36,295	37,547

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,407	1,892
Depreciation and amortization	499	504
Amortization of goodwill	5	-
Increase (decrease) in allowance for doubtful accounts	3	(1)
Increase (decrease) in provision for bonuses	(25)	55
Increase (decrease) in provision for directors' retirement benefits	(71)	(247)
Increase (decrease) in provision for retirement benefits	(58)	(142)
Interest and dividends income	(35)	(42)
Interest expenses	546	337
Foreign exchange losses (gains)	(136)	(544)
Equity in (earnings) losses of affiliates	(65)	(154)
Rent of real estate for investment	(188)	(174)
Loss (gain) on sales of investment securities	(78)	(111)
Loss (gain) on valuation of investment securities	-	21
Loss (gain) on sales and retirement of noncurrent assets	19	71
Decrease (increase) in notes and accounts receivable-trade	(20,229)	19,256
Decrease (increase) in inventories	11,817	(2,255)
Increase (decrease) in notes and accounts payable-trade	10,148	(9,678)
Settlement package	-	283
Special extra retirement payments and so on	-	352
Other, net	1,253	474
Subtotal	5,811	9,896
Interest and dividends income received	82	108
Interest expenses paid	(548)	(351)
Income taxes paid	(553)	(751)
Income taxes refund	44	33
Settlement package paid	-	(283)
Payments for special extra retirement payments and so on	-	(352)
Net cash provided by (used in) operating activities	4,836	8,301
Net cash provided by (used in) investing activities		
Payments into time deposits	(40)	(29)
Proceeds from withdrawal of time deposits	96	200
Purchase of property, plant and equipment	(144)	(268)
Proceeds from sales of property, plant and equipment	88	1
Purchase of intangible assets	(81)	(180)
Purchase of investment securities	(82)	(379)
Proceeds from sales of investment securities	88	235
Proceeds from rental of real estate for investment	176	172
Payments for transfer of business	(5,777)	-
Payments for asset retirement obligations	(41)	(106)
Other, net	(107)	(51)
Net cash provided by (used in) investing activities	(5,824)	(406)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	8,209	(7,248)
Proceeds from long-term loans payable	15,000	-
Repayment of long-term loans payable	(20,034)	(1,534)
Redemption of bonds	(48)	(48)
Cash dividends paid	(287)	(339)
Cash dividends paid to minority shareholders	(82)	(81)
Other, net	(5)	(8)
Net cash provided by (used in) financing activities	2,751	(9,261)
Effect of exchange rate change on cash and cash equivalents	81	854
Net increase (decrease) in cash and cash equivalents	1,844	(512)
Cash and cash equivalents at beginning of period	16,078	17,923
Cash and cash equivalents at end of period	17,923	17,410

Consolidated Segment Information

(Business Segments)

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

Year ended March 31, 2013

(Millions of Yen)

	Business segments reported			Total	Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total			
Net Sales						
(1) Outside Customers	187,247	32,953	220,200	220,200	-	220,200
(2) Inter-segment	0	172	172	172	(172)	-
Total Sales	187,247	33,125	220,373	220,373	(172)	220,200
Segment Income	1,619	1,381	3,001	3,001	(9)	2,991