

MARUWA CO., LTD.

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Final Results for Fiscal Year 2011-2012

MARUWA CO., LTD. has announced its consolidated business results for the full fiscal year ended 31st March, 2012 as follows:

*The financial statements are prepared in accordance with the accounting principles generally accepted in Japan.

*US dollar amounts are converted by USD1 = JPY82.19 for your convenience only

*Number of consolidated subsidiaries: 13 companies (Maruwa (Malaysia) Sdn. Bhd., Maruwa Melaka Sdn. Bhd., Maruwa Lightings Sdn. Bhd., Taiwan Maruwa Co., Ltd., MARUWA Electronics (Taiwan) Co., Ltd., Maruwa Europe Ltd., Maruwa America Corp., Maruwa Korea Co., Ltd., Maruwa (Shanghai) Trading Co., Ltd., MARUWA Electronic (India) Pvt.Ltd., MARUWA QUARTZ Co., Ltd., MARUWA SHOMEI Co., Ltd., and Hokko Denshi Co., Ltd.)

I. Summary of Consolidated Results**(1) Summary of consolidated statement of income**

	million JPY		Change %	thousand USD
	For year ended 31st March 2011	For year 31st March 2012		For year ended 31st March 2012
Net sales	20.011	21.313	6.5%	259.314
Operating income	3.035	2.933	-3.4%	35.685
Income before income taxes	2.898	2.916	0.6%	35.479
Net income	2.012	2.105	4.6%	25.611
		JPY		USD
Net income per share (Basic)	102.97	187.14	81.7%	2.28
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*Average number of issued shares

10.749.267

11.653.284**(2) Summary of consolidated financial condition**

	JPY million		Change %	USD thousand
	As of 31st March 2011	As of 31st 2012		As of 31st March 2012
Total Assets	33.649	40.808	21.3%	493.820
Total net assets	28.105	34.407	22.4%	418.626
Equity ratio	83.5%	84.3%	0.8%	
		JPY		USD
Total net assets per share	2.470.94	2.611.82	5.7%	31.78
*Number of issued shares at the year end	10.749.937	12.304.913		

(3) Summary of consolidated statement of cash flows

	JPY million		Change %	USD thousand
	For year ended 31st March 2011	For year 31st March 2012		For year ended 31st March 2012
Net cash provided by operating activities	2.549	1.908	-25.1%	23.215
Net cash used in investing activities	(2.646)	(4.435)	-67.6%	(53.960)
Net cash used in financing activities	(307)	4.255	1486.0%	51.770
Cash and cash equivalents at end of term	8.380	10.074	20.2%	122.570

II. Dividends

	JPY per share	
	Fiscal 2011	Fiscal 2012 (forecast)
Interim	15	15
Year-end	15	15
Annual	30	30

III. Outlook for fiscal 2011 ending 31 March 2012

	JPY million	
	Half year	Full year
Net sales	9.600	23.100
Operating income	1.480	3.560
Net income	938	2.210
Net income per	87.26	205.58

*Cautionary statements: the above forecasts are forward-looking statements involving risks and uncertainties. Due to a number of factors, actual results may differ significantly from these estimates.

Review of Operations and Financial Condition

I. Operating Results

	million							
	FY 2011				FY 2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	4,587	4,989	4,894	5,541	5,355	5,621	5,127	5,210
Operating income	634	841	756	804	993	809	671	460
Net income	375	538	496	603	687	576	461	381

	million				
	Previous		Current		variance
	For year ended	For year ended	amount	%	
	31st March 2011	31st March 2012			
Net sales	20,011	21,313	1,302	6.5%	
Operating income	3,035	2,933	(102)	-3.4%	
Net income	2,012	2,105	93	4.6%	

(1) Review of Operations

In this fiscal year, the steady economic growth in China has begun to slow, and the damage caused by the flooding in Thailand has been a trigger in a decelerating trend in the Asian economy. After the second semester, the American economy has shown signs of an economic upturn due to a general increase in consumption, although economic risks due to the Middle East conflicts and Euro zone debt problem remain.

The Japanese economy has attempted to recover from the slump caused by the devastating Tohoku Earthquake, problems with nuclear power supply and flood damage in Thailand. However, the downward world economy and the strong yen have made recovery difficult.

In this severe economic situation, the MARUWA Group's business result during the first half of this fiscal year was extremely good due to an increase in the market for semiconductor machinery and an increase in the demand for digital equipment in the Asian market. But, in the second half of the semester, a drastic decline in the world economy influenced our business results, especially with respect to commodity products. Conversely, the MARUWA group saw an increase in the market for environment-related products, including ceramics for power modules, LED lighting and components for smart phones.

As a result, our consolidated sales were 21,313 million yen. (This is up 6.5% compared to the same period last year) Our operating income was 2,932 million yen. (This is down 3.4% compared to the same period last year) Ordinary profit was **3,264** million yen (**up 5.7%**). Net income was **2,105** million yen (**up 4.7%**).

(2) Review of operating results by business segment

	million JPY	
	Current	
	For year ended 31st March 2011	For year ended 31st March 2012
Ceramic Components:		
Net sales	18,061	19,024
Operating income	3,498	3,412
Lighting Equipment:		
Net sales	1,950	2,289
Operating income	136	247
Total:		
Net sales	20,011	21,313
Operating income	3,634	3,659
Elimination:		
Net sales	--	--
Operating income	(599)	(726)
Consolidated:		
Net sales	20,011	21,313
Operating income	3,035	2,933

(2) Operating Results by Business Division

1. The Ceramic Components Division

The total sales for this business segment was 19,024 million yen. (This is up 5.3% compared to the same period last year).

In the first half of this fiscal year, demand was very strong. Although this demand slowed down suddenly in the second half. The market for environment-related products, the power modules market and the smart phone market have remained strong.

Operating income was 3,411 million yen.

2. Lighting Equipment Division

The turnover was 2,289 million yen. This is a 17.3% increase over the same period last year.

Operating profit was 246 million yen, an **81.3%** increase. This improvement is due to a consistent increase in inquiries and orders for LED lighting devices in the public utilities markets. New types of product were very successful. MARUWA is continuing to press forward with the development and promotion of new LED lighting products.

(3) Outlook of the Full Fiscal 2011

	million JPY		
	For year ended 31st March 2012	For year ended 31st March 2013	variance %
Net sales	21,313	24,000	12.6%
Operating income	2,933	3,360	14.6%
Net income	2,105	2,200	4.5%

Sales by segment	million JPY		
	For year ended 31st March 2012	For year ended 31st March 2013	variance %
Ceramic Components	19,024	20,800	9.3%
Lighting Equipment	2,289	3,200	39.8%
Total	21,313	24,000	12.6%

*Cautionary statements: the above forecasts are forward-looking statements involving risks and uncertainties.

Due to a number of factors, actual results may differ significantly from these estimates.

3. Outlook for the next fiscal year

The outlook for the future economy is still uncertain because of the prolonged and on-going economic problems in Europe and the world-wide rate of consumption remaining stagnant. On the other hand, the reconstruction demands created by the Tohoku Earthquake, public investment, equipment investment, home investment and continuing upward momentum in America and economic growth in China and other emerging countries will contribute basic support for the world economy.

The energy saving, ecology related market in which we situate our growth strategy, is expected to grow at a solid rate. Furthermore, new products for smartphones and other information terminal markets are expected to expand rapidly.

For capital investment, we will continue to invest actively in the energy saving, ecology related market. We will also invest in new R&D, with increased staff, to work for the development of new products, with high added value.

We forecast that consolidated sales for the next fiscal year will be 24,000 million yen, up 12.6% compared to last year. In terms of operating income, net income is expected to be 3,360 million yen, up 14.6% compared to last year, 2,200 million yen (Up4.6% compared to last year).

We will strengthen the corporate structure and improve profitability, which will benefit all stakeholders, including shareholders.

Cautionary statements: The above forecasts are based on the present business environment and currently-available information, and include forward-looking statements involving risks and uncertainties. The reader is cautioned not to place reliance entirely on the above forecast for making investment decisions. Due to a number of factors, such as future economic situations and market environment changes, actual results may differ significantly from these estimates.

Financial

	million		million	
	As of 31st March 2011	As of 31st March 2012	Change Amount %	
Total assets	33,649	40,808	7,159	21.3%
Total liabilities	5,544	6,401	857	15.5%
Total net assets	28,105	34,407	6,302	22.4%
Equity ratio	83.5%	84.3%	0.8%	

	million		million	
	For year ended 31st March 2011	For year ended 31st March 2012	Change Amount %	
Net cash provided by	2,549	1,908	-641	-25.1%
Net cash used in	(2,646)	(4,435)	-1,789	-67.6%
Net cash used in	(307)	4,255	4,562	1486.0%
Cash and cash equivalents	8,380	10,074	1,694	20.2%
Net sales	20,011	21,313	1,302	6.5%
Capital expenditure	1,585	5,717	4,132	260.7%
Depreciation	1,570	1,813	243	15.5%

Trends of cash-flows indices

	million		
	For year ended 31st March 2010	For year ended 31st March 2011	For year ended 31st March 2012
Equity ratio	86.5%	83.5%	84.3%
Equity ratio at market value	69.5%	86.1%	110.8%
Interest-bearing debt to	0.0	0.0	0.0
Interest coverage ratio	1,419.8	1,217.8	1,141.9

Consolidated Balance Sheets

	million JPY	million JPY		thousand USD
	As of 31st March	As of 31st March	variance	As of 31st March
	2011	2012		2012
ASSETS				
Current assets:				
Cash & deposits	8,923	10,649	1,726	129,566
Trade notes and accounts receivable	6,540	6,373	(167)	77,540
Inventories	3,671	5,591	1,920	68,025
Deferred tax assets	221	219	(2)	2,665
Other current assets	311	716	405	8,712
Allowance for doubtful accounts	(12)	(2)	10	(24)
Total current assets	<u>19,654</u>	<u>23,546</u>	3,892	<u>286,484</u>
Property, plant & equipment:				
Land	3,155	3,789	634	46,100
Buildings & structures	3,782	3,965	183	48,242
Machinery & equipment	3,494	4,567	1,073	55,566
Other	384	533	149	6,485
Construction in progress	<u>1,525</u>	<u>2,747</u>	1,222	<u>33,423</u>
Net property, plant & equipment	<u>12,340</u>	<u>15,601</u>	3,261	<u>189,816</u>
	221	221		
Investments & other assets:				
Investment securities	337	318	(19)	3,869
Deferred tax assets	16	85	69	1,034
Property & equipment for investments	919	906	(13)	11,023
Other	175	136	(39)	1,655
Allowance for doubtful accounts	<u>(13)</u>	<u>(5)</u>	8	<u>(61)</u>
Total investments & other assets	<u>1,434</u>	<u>1,440</u>	6	<u>17,520</u>
Total assets	<u>33,649</u>	<u>40,808</u>	7,159	<u>493,820</u>

LIABILITIES**Current liabilities:**

Trade notes & accounts payable	2,105	2,230	125	27,132
Current portion of long-term debt	5	5	0	61
Accrued income taxes	598	739	141	8,991
Accrued bonus	345	322	(23)	3,918
Accrued bonus for directors	22	14	--	170
Notes payable for property acquisitions	669	1,457	788	17,727
Other current liabilities	1,229	1,270	41	15,452
Total current liabilities	<u>4,973</u>	<u>6,037</u>	1,064	<u>73,451</u>

Long-term liabilities:

Long-term debt	116	111	(5)	1,351
Deferred tax liabilities	201	17	(184)	207
Negative goodwill	-	-	-	0
Other	254	236	(18)	2,871
Total long-term liabilities	<u>571</u>	<u>364</u>	(207)	<u>4,429</u>
Total liabilities	<u>5,544</u>	<u>6,401</u>	857	<u>77,880</u>

NET ASSETS**Shareholders' equity:**

Common stock	6,710	8,647	--	105,207
Capital surplus	9,747	11,906	--	144,859
Retained earnings	13,750	15,510	1,760	188,709
Treasury stock, at cost	(679)	(141)	538	(1,716)
Total shareholders' equity	<u>29,528</u>	<u>35,922</u>	6,394	<u>437,059</u>

Valuation and translation adjustments:

Net unrealized gains (losses) on available-for-sale securities	(50)	13	63	158 0
Foreign currency translation adjustment	<u>(1,402)</u>	<u>(1,562)</u>	(160)	<u>(19,005)</u>
Total valuation and translation adjustments	<u>(1,452)</u>	<u>(1,549)</u>	(97)	<u>(18,847)</u>
A subscription warrant and Minority stockholders	29	34	-	414
Total shareholders' equity	<u>29</u>	<u>34</u>	5	<u>414</u>
Total net assets	<u>28,105</u>	<u>34,407</u>	6,302	<u>418,626</u>
Total liabilities & net assets	<u>33,649</u>	<u>40,808</u>	7,159	<u>496,506</u>

Consolidated Statements of Income

	million JPY	million JPY		thousand USD
	For year ended	For year ended	variance	For year ended
	31st March	31st March		31st March
	2011	2012		2012
Net sales	20,011	21,313	1,302	259,314
Cost of sales	13,318	14,567	1,249	177,236
Gross profit	6,693	6,746	53	82,078
Selling, general & administrative expenses	3,658	3,813	155	46,393
Operating income	3,035	2,933	(102)	35,685
Other income (expenses):				
Interest and dividend income	40	40	0	487
Interest expenses	(2)	(2)	0	(24)
Amortization of negative goodwill	--	--		0
Foreign exchange gain (loss), net	(89)	144	233	1,752
Gain on sales of property, plant and equipment	12	12		584
Loss on disposal or sales of property, plant and	(32)	(76)		(767)
Gain on sales or valuation of investment securities	0	0		0
Loss on valuation of investment securities	(150)	(278)		(3,382)
Early extra retirement payments	--	--		0
Loss by the disaster	(26)	--		0
Other, net	47	94	47	1,144
Other income (expenses), net	(137)	(17)	120	(206)
Income before income taxes	2,898	2,916	18	35,479
Income tax expenses:				
Current	750	1,071	321	13,031
Deferred	136	(260)	(396)	(3,163)
Total income taxes	886	811	(75)	9,868
Net income	2,012	2,105	93	25,611

Consolidated Statement of Cash Flows

	million JPY	million JPY		thousand USD
	For year ended 31st March 2011	For year ended 31st March 2012	variance	For year ended 31st March 2012
Cash flows from operating activities:				
Income before income taxes	2,898	2,916	18	35,479
Adjustments for:				
Depreciation	1,584	1,826	242	22,059
Amortization of negative goodwill	--	--	0	0
Impairment loss	--	--		0
Decrease in allowance for doubtful accounts	(13)	(18)	(5)	(219)
Loss on disposal of property, plant & equipment	20	63	43	925
Interest & dividend income	(48)	(47)	1	(572)
Foreign exchange (gain) loss	8	0	(8)	0
Gain on sales of investment securities	0	0	0	0
Loss on valuation of investment securities	150	86	(64)	1,046
Decrease (increase) in trade notes & accounts	(1,272)	125	1,397	1,521
Increase in inventories	(979)	(1,917)	(938)	(23,324)
Decrease in trade notes & accounts payable	409	187	(222)	2,275
Other	211	(603)	(814)	(4,915)
Sub-total	2,968	2,817	(151)	34,275
Interest & dividend income received	48	49	1	596
Interest expenses paid	(2)	(2)	0	(24)
Income taxes paid	(465)	(956)	(491)	(11,632)
The amount of corporation tax return	--	--	-	0
Net cash provided by operating activities	2,549	1,908	(641)	23,215
Cash flows from investment activities:				
Payments into time deposits	(165)	(66)	99	(803)
Proceeds from withdrawal of time deposits	35	0	--	0
Payments for purchase of fixed assets	(2,542)	(5,075)	(2,533)	(61,747)
Proceeds from sales of fixed assets	9	693	684	8,432
Payments for purchase of investment securities	(176)	(115)	61	(1,399)
Proceeds from sales of investment securities	196	109	(87)	1,326
Purchase of intangible assets	(9)	(18)	(9)	(219)
Other	6	37	31	450
Net cash used in investing activities	(2,646)	(4,435)	(1,789)	(53,960)
Cash flows from financing activities:				
Payments of long-term debt	(5)	(5)	0	(61)
Cash dividends paid	(312)	(346)	(34)	(4,210)
An income by the publication of the subscription	0	0	0	0
Payments for purchase of treasury stock	0	0	0	0
Proceeds from sales of treasury stock	10	4,606		0
Net cash used in financing activities	(307)	4,255	4,562	(4,271)
Effect of exchange rate changes on cash & cash equivalents	(79)	(34)	45	(414)
Net increase (decrease) in cash & cash equivalents	(483)	1,694	2,177	(35,430)
Cash and cash equivalents at beginning of year	8,863	8,380	(483)	101,959
Cash and cash equivalents at end of year	8,380	10,074	1,694	66,529

Consolidated Statements of Changes in Net Assets

	million JPY					million JPY				
	Shareholders' equity					Valuation and translation adjustment				
	Commo n stock	Capital surplus	Retain ed earnin gs	Treasu ry stock	Total shareh olders' equity	Net unrealized gains on available-fo r-sale securities	Foreign currenc y translat ion adjust ment	Total valuati on and translat ion adjust ment	A subscript ion warrant and Minority stockhol ders share	Total net assets
Balance at 31 March 2011	6,710	9,747	13,750	(679)	29,528	(50)	(1,402)	(1,452)	29	28,105
Increase in legal capital	1,937	1,937			3,874					3,874
Cash dividends			(346)		(346)					(346)
Net income			2,105		2,105					2,105
Change of scope of consolidation					0					0
Purchase of treasury stock				0	0					0
Disposal of treasury stock		223		538	761					761
Other changes					0	62	(160)	(98)	6	(92)
Total changes during the year	1,937	2,160	1,759	538	6,394	62	(160)	(98)	6	6,302
Balance at 31 March 2012	8,647	11,906	15,510	(141)	35,922	13	(1,562)	(1,549)	34	34,407

thousand USD

thousand

USD

	Shareholders' equity					Valuation and translation adjustment			A subs cript ion warr ant and Min ority stoc khol ders share	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total sharehold ers' equity	Net unreali zed gains on availab le-for- sale securit ies	Foreign currency translatio n adjustme nt	Total valuation and translatio n adjustme nt		
Balance at 31 March 2011	55,149	80,111	113,011	(5,581)	242,691	(411)	(11,523)	(11,934)	29	230,995
Increase in legal capital	23,567	23,567	0	0	47,135	0	0	0	0	47,135
Cash dividends	0	0	(4,210)	0	(4,210)	0	0	0	0	(4,210)
Net income	0	0	25,611	0	25,611	0	0	0	0	25,611
Change of scope of consolidation	0	0	0	0	0	0	0	0	0	0
Purchase of treasury stock	0	0	0	0	0	0	0	0	0	0
Disposal of treasury stock	0	2,713	0	6,546	9,259	0	0	0	0	9,259
Other changes	0	0	0	0	0	754	(1,947)	(1,192)	73	(1,119)
Total changes during the year										51,796
Balance at 31 March 2012	105,207	144,859	188,709	(1,716)	437,059	158	(19,005)	(18,847)	414	418,626