

12 September 2013

MARUWA CO., LTD.

3-83, Minamihonjigahara-cho, Owariasahi-city, Aichi-pref., 488-0044 JAPAN

Consolidated financial results for the Second quarter of Fiscal 2014

MARUWA CO., LTD. today announced its consolidated financial results for the second quarter of Fiscal 2014<1 April 2013

- 30 September 2013> as follows;

I. Summary of Consolidated Financial Results

(1) Summary of consolidated operating results

	JPY million		
	2nd Quarter	2nd Quarter	Change %
	1 April - 30 Sep	1 April - 30 Sep	
	2012	2013	
Net sales	10,703	15,347	43.4%
Operating income	1,243	1,314	5.7%
Income before income taxes	1,061	1,406	32.5%
Net income	656	1,081	64.8%
Net income per share:		JPY	
Basic	53.27	87.66	64.6%
Diluted	53.26	87.60	64.5%

(2) Summary of consolidated financial condition

	As of 31 March	As of 30 Sep	Change %
	2013	2013	
Total assets	45,610	46,481	1.9%
Total net assets	37,141	38,221	2.9%
Equity ratio	81.4%	82.2%	0.9%
Total net assets per share	3,014.90	3,095.90	

II. Dividends

	JPY per share	
	Fiscal 2013	Fiscal 2014
Interim	15	17
Year-end	15	(forecast) 17
Total	30	(forecast) 34

*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.

II. Outlook for the fiscal 2014<1 April 2013 - 30 Sep 2013>

The forecast figures for business results and dividends announced in 15 May 2013 are not changed.

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

*Consolidated subsidiaries: 14 companies.

Review of Operations

1. Review of Operations

In this second quarter, the growth of the world economy has slowed due to the little clear expanded Eurozone debt problem and to the rapidly developing economies in emerging countries, including China, rapidly losing steam, and in spite of an indication of economic recovery in the United States.

The Japanese economy has attempted after new government appointment, the drop in the value of the yen and the positive stock market makes Japanese economy recover slowly.

In this severe economic situation, the MARUWA Group's business results during this first quarter of this fiscal year were in line with our plans due to a strong demand for ceramic substrate for power modules, new products for smart phone devices and LED lighting.

As a result, our consolidated sales were 15,347 million yen. (This is up 43.4% compared to the same period last year) Our operating income was 1,955 million yen. (This is up 19.4% compared to the same period last year) Ordinary profit was 1,395 million yen (This is up 27.6% compared to the same period last year). Net income was 1,081 million yen (This is up 64.5% compared to the same period last year).

2. Operating Results by Business Division

The Ceramic Components Division

The total sales for this business segment was 10,344 million yen. (This is up 3.8% compared to the same period last year).

The market for environment-related products, the power modules market and the smart phone market have remained strong.

Operating income was 1,955 million yen.

Lighting Equipment Division

The turnover was 5,003 million yen. This is a 577.3% increase over the same period last year. Operating loss was 196 million yen. The consolidated sales in this business is large by YAMAGIWA which became the subsidiary in last December having been connected. included a review of transportation, the distribution, an office, a warehouse, the rationalization expense including the showroom move that the new YAMAGIWA system started in April and planned earnings structure reinforcement. Therefore we will press profit temporarily.

This improvement is due to a consistent increase in inquiries and orders for LED lighting devices in the public utilities markets. New types of products were very successful. MARUWA is continuing to press forward with the development and promotion of new LED lighting products.

Review of Operations

Review of operating results by segment

	JPY million	
	2nd Quarter 1 April - 30 Sep 2012	2nd Quarter 1 April - 30 Sep 2013
Ceramic Components:		
Net sales	9,964	10,344
Operating income	1,638	1,955
Lighting Equipment:		
Net sales	739	5,003
Operating income	43	(196)
Total:		
Net sales	10,703	15,347
Operating income	1,681	1,759
Elimination:		
Net sales	--	--
Operating income	(438)	(445)
Consolidated:		
Net sales	10,703	15,347
Operating income	1,243	1,314

3. Financial Condition

Total assets as of the end of this second quarter were 46,481 million yen, up 1.9% from the end of last fiscal year. Total liabilities decreased 209 million yen to 8,260 million yen from the previous year-end. Total net assets increased 1,079 million yen to 38,220 million yen because of an increase in retained earnings.

Consolidated Balance Sheet

	JPY million	
	2ndQuarter	(Reference)
	As of 30 Sep 2013	As of 31 March 2013
ASSETS		
Current assets:		
Cash & deposits	11,546	11,312
Trade notes and accounts receivable	7,848	8,560
Electronically recorded monetary claims-operating	106	32
Inventories:	5,743	5,493
Deferred tax assets	360	260
Other current assets	659	619
Allowance for doubtful accounts	(24)	(23)
Total current assets	26,238	26,253
Property, plant & equipment:		
Land	3,632	3,625
Buildings & structures	4,061	4,039
Machinery & equipment	6,444	6,447
Other	628	622
Construction in progress	2,036	1,792
Total property, plant & equipment	16,801	16,525
Goodwill	934	1,006
Other	368	368
Net property, plant & equipment	18,103	17,899
Investment & other assets:		
Total investments & other assets	1,476	1,458
Total assets	45,817	45,610

Long-term liabilities:

Long-term debt	697	789
Diferred tax liabilities	285	104
Provision for retirement benefits	-	876
Provision for environmental measures	26	-
Other	597	239
Total long-term liabilities	<u>1,605</u>	<u>2,008</u>
Total liabilities	<u>7,864</u>	<u>8,469</u>

NET ASSETS**Shareholders' equity:**

Common stock	8,647	8,647
Capital surplus	11,940	11,909
Retained earnings	17,675	17,181
Treasury stock, at cost	(61)	(134)
Total shareholders' equity	<u>38,201</u>	<u>37,603</u>

Valuation and translation adjustments:

Net unrealized gains(losses)on available-for-sale securities	32	16
Foreign currency translation adjustments	(288)	(511)
Total valuation and translation adjustments	<u>(256)</u>	<u>(495)</u>
A subscription warrant and Minority stockholders share	<u>8</u>	<u>33</u>
Total shareholders' equity	<u>8</u>	<u>33</u>
Total net assets	<u>37,953</u>	<u>37,141</u>
Total liabilities and net assets	<u>45,817</u>	<u>45,610</u>

Consolidated Statements of Income

	JPY million	
	2nd Quarter	2nd Quarter
	1 April - 30 Sep	1 April - 30 Sep
	2012	2013
Net sales	10,703	15,347
Cost of sales	7,621	10,128
Gross profit	3,082	5,219
Selling, general & administrative expenses	1,839	3,905
Operating income	1,243	1,314
Other income (expenses):		
Interest & dividend income	24	26
Interest expenses	(1)	(4)
Rent income	50	60
Rent expenses on real estates for investments	(25)	(28)
Foreign exchange gain (loss), net	(210)	(5)
Gain on sales of property, plant and equipment	1	1
Compensation income	-	65
Provision for environmental measures	-	(26)
Loss on disposal or sales of property, plant and equipment	(19)	(22)
Gain on valuation of inventories securities	-	7
State subsidy	207	-
Loss on reduction of noncurrent assets	(207)	-
Impairment loss	-	(12)
Other, net	(2)	30
Other income (expenses), net	(182)	92
Income before income taxes	1,061	1,406
Income taxes:		
Current	399	585
Deferred	6	(260)
Total income taxes	405	325
Net income	656	1,081