

6th February 2014

MARUWA CO., LTD.

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Consolidated financial results for the Third quarter of Fiscal 2014

MARUWA CO., LTD. today announced its consolidated financial results for the third quarter of Fiscal 2014<1 April 2013 - 31 Dec 2013> as follows;

I. Summary of Consolidated Financial Results

(1) Summary of consolidated operating results

	JPY million		Change %
	3rd Quarter 1 April - 31 Dec 2012	3rd Quarter 1 April - 31 Dec 2013	
Net sales	15,849	24,157	52.4%
Operating income	1,710	2,321	35.7%
Income before income taxes	1,936	2,663	37.6%
Net income	1,233	1,890	53.3%
Net income per share:	JPY		
Basic	100.19	153.23	52.9%
Diluted	100.16	153.15	52.9%

(2) Summary of consolidated financial condition

	As of 31 March 2013	As of 31 Dec 2013	Change %
	Total assets	45,610	
Total net assets	37,141	39,484	6.3%
Equity ratio	81.4%	81.9%	0.5%
Total net assets per share	3,014.90	3,198.31	

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 - 31 Dec 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: 14companies.

Review of Operations

1. Review of Operations

In this third 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 24,179 million yen. (This is up 52.4% compared to the same period last year) Our operating income was 2,321 million yen. (This is up 35.8% compared to the same period last year) Ordinary profit was 2,680 million yen (This is up 34.7% compared to the same period last year). Net income was 1,890 million yen (This is up 53.3% 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 15,873 million yen. (This is up 9.8% compared to the same period last year).

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

Operating income was 2,959 million yen.

Lighting Equipment Division

The turnover was 8,284 million yen. This is a 492.5% increase over the same period last year. Operating income was 64 million yen. This is a 21.3% decrease over the same period last year. 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 improved a loss for the operating income.

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	
	3rd Quarter 1 April - 31 Dec 2012	3rd Quarter 1 April - 31 Dec 2013
Ceramic Components:		
Net sales	14,450	15,873
Operating income	2,265	2,959
Lighting Equipment:		
Net sales	1,398	8,284
Operating income	82	64
Total:		
Net sales	15,848	24,157
Operating income	2,347	3,023
Elimination:		
Net sales	--	--
Operating income	(637)	(702)
Consolidated:		
Net sales	15,848	24,157
Operating income	1,710	2,321

3. Financial Condition

Total assets as of the end of this second quarter were 48,227million yen, up 5.7% from the end of last fiscal year . Total liabilities were 8,743 million yen up 3.2% from the previous year-end.Total net assets were 39,484 million yen, up 6.3% from the end of last fiscal year.

Consolidated Balance Sheet

	JPY million	
	3rd Quarter	(Reference)
	As of 31 Dec 2013	As of 31 March 2013
ASSETS		
Current assets:		
Cash & deposits	12,525	11,312
Trade notes and accounts receivable	8,302	8,560
Electronically recorded monetary claims-operating	246	32
Inventories:	6,175	5,493
Deferred tax assets	416	260
Other current assets	766	619
Allowance for doubtful accounts	(23)	(23)
Total current assets	<u>28,407</u>	<u>26,253</u>
Property, plant & equipment:		
Land	3,515	3,625
Buildings & structures	4,148	4,039
Machinery & equipment	6,491	6,447
Other	592	622
Construction in progress	1,907	1,792
Total property, plant & equipment	<u>16,653</u>	<u>16,525</u>
Goodwill	789	1,006
Other	419	368
Net property, plant & equipment	<u>17,861</u>	<u>17,899</u>
Investment & other assets:		
Total investments & other assets	<u>1,959</u>	<u>1,458</u>
Total assets	<u><u>48,227</u></u>	<u><u>45,610</u></u>

LIABILITIES**Current liabilities:**

Trade notes & accounts payable	2,859	3,086
Current portion of long-term debt	339	339
Accrued income taxes	513	607
Accrued bonus	252	391
Accrued bonus to directors	2	5
Notes payable for property acquisitions	661	315
Other	1,846	1,718
Total current liabilities	6,472	6,461

Long-term liabilities:

Long-term debt	1,363	789
Diferred tax liabilities	286	104
Provision for retirement benefits	-	876
Provision for environmental measures	26	-
Other	596	239
Total long-term liabilities	2,271	2,008

Total liabilities	8,743	8,469
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NET ASSETS**Shareholders' equity:**

Common stock	8,647	8,647
Capital surplus	11,940	11,909
Retained earnings	18,677	17,181
Treasury stock, at cost	(62)	(134)
Total shareholders' equity	39,202	37,603

Valuation and translation adjustments:

Net unrealized gains(losses)on available-for-sale securities	66	16
Foreign currency translation adjustments	208	(511)
Total valuation and translation adjustments	274	(495)

A subscription warrant and Minority stockholders share	8	33
Total shareholders' equity	8	33
Total net assets	39,484	37,141
Total liabilities and net assets	48,227	45,610

Consolidated Statements of Income

	JPY million	
	3rd Quarter	3rd Quarter
	1 April - 31 Dec	1 April - 31 Dec
	2012	2013
Net sales	15,849	24,157
Cost of sales	11,387	15,997
Gross profit	4,462	8,160
Selling, general & administrative expenses	2,752	5,839
Operating income	1,710	2,321
Other income (expenses):		
Interest & dividend income	29	37
Interest expenses	(2)	(6)
Rent income	72	87
Rent expenses on real estates for investments	(39)	(43)
Environmental expenses	(19)	-
Foreign exchange gain (loss), net	213	258
Gain on sales of property, plant and equipment	1	1
Compensation income	-	65
Provision for environmental measures	-	(26)
Non operating expenses	-	(19)
Loss on disposal or sales of property, plant and equipment	(51)	(44)
Gain on valuation of inventories securities	2	7
State subsidy	207	-
Loss on reduction of noncurrent assets	(207)	-
Other, net	20	25
Other income (expenses), net	226	342
Income before income taxes	1,936	2,663
Income taxes:		
Current	585	840
Deferred	118	(67)
Total income taxes	703	773