

30 July 2015

MARUWA CO., LTD.

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## Consolidated financial results for the first quarter of Fiscal 2015

MARUWA CO., LTD. today announced its consolidated financial results for the first quarter of Fiscal 2015<1 April 2014 - 30 June 2015> as follows;

### I. Summary of Consolidated Financial Results

#### (1) Summary of consolidated operating results

	JPY million		
	1st Quarter	1st Quarter	Change %
	1 April - 30 June	1 April - 30 June	
	2014	2015	
Net sales	7,516	<b>7,189</b>	-4.3%
Operating income	450	<b>651</b>	44.7%
Income before income taxes	564	<b>737</b>	30.7%
Net income	358	<b>442</b>	23.6%
Net income per share:		JPY	
Basic	28.98	<b>35.81</b>	23.6%
Diluted	28.97	<b>35.81</b>	23.6%

#### (2) Summary of consolidated financial condition

	JPY million		
	As of 31 March	As of 30 June	Change %
	2014	2015	
Total assets	49,445	<b>47,500</b>	-3.9%
Total net assets	41,000	<b>41,334</b>	0.8%
Equity ratio	82.9%	<b>87.0%</b>	4.1%
Total net assets per share	3,319.58	<b>3,346.71</b>	0.8%

## II. Dividends

	JPY per share	
	Fiscal 2014	Fiscal 2015 (forecast)
Interim	18	19
Year-end	18	19
Total	36	38

\*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.

## III. Outlook for the fiscal 2015<1 April 2015 - 30 June 2015>

The forecast figures for business results and dividends announced in 28th April 2015 are not changed.

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

\*Consolidated subsidiaries: 15companies.

## **Review of Operations**

### **1. Review of Operations**

In this consolidated cumulative 1st quarter, the United States economy has gradually recovered due to a steady recovery of employment environment, Europe, a gradual recovery was seen by the personal consumption. However, Greece issues such as remain, such as is now in a state of insecurity remain. Also, in the emerging countries, including China and Southeast Asian countries, we have remained firm despite slowdown of economic growth is continuing.

In the Japanese economy, became a gradual economic recovery and improvement of income environment associated with the upturn in corporate earnings due to weaker yen progression. However, emerging economic stagnation, such as due to high levels of raw material prices due to sluggish growth and the yen stable clothes for export, it is still a situation where anxiety remains in the future.

Under the uncertain market condition, the MARUWA Group's business results during this quarter has stayed firm especially in ceramic products for power modules related to energy-savings and environment and communication-related ceramic products which were one of our differentiated products in the ceramic components division. In the lighting equipment division, inquiries of public related lighting, including the road lamp has been strong, we have remained generally as expected.

As a result, our consolidated sales were 7,189 million yen (decrease 4.3% year on year). Our operating income was 651 million yen (increase 44.7% year on year). Ordinary profit was 744 million yen (increase 35.4% year on year). Net income was 442 million yen (increase 23.6% year on year).

### **2. Operating Results by Business Division**

#### **The Ceramic Components Division**

The total sales for this business segment was 5,383 million yen (decrease 4.5% year on year). This decrease is something that has been assumed in the due review of constitution of significant NFC ferrite sheet business in the previous fiscal year.

An operating loss was 1,120 million yen (increase 10.7% year on year).

#### **Lighting Equipment Division**

The total sales for this business segment was 1,807 million yen (decrease 3.8% year on year). MARUWA SHOMEI, orders for public-related lighting, including the road lights were strong. YAMAGIWA, such as the construction period delay due to shortage of soaring and the

construction site of construction materials due to the yen's depreciation, but we have followed from the previous fiscal year, actively perform the PR to the customer in the showroom that trimmed the previous fiscal year, continued to take advantage of below.

An operating loss was 316 million yen (compared with an operating profit 96 million yen of the previous year).

Regarding profits, we are further strengthening the structure of YAMAGIWA and it steadily produces results. We will continue to develop and expand sales of ceramic LED modules and lighting equipment.

### Review of Operations

Review of operating results by segment

	JPY million	
	1st Quarter 1 April - 30 June 2014	1st Quarter 1 April - 30 June 2015
<b>Ceramic Components:</b>		
Net sales	5,637	<b>5,384</b>
Operating income	1,012	<b>1,120</b>
<b>Lighting Equipment:</b>		
Net sales	1,879	<b>1,807</b>
Operating income	(316)	<b>(221)</b>
<b>Total:</b>		
Net sales	7,516	<b>7,191</b>
Operating income	696	<b>899</b>
<b>Elimination:</b>		
Net sales	--	--
Operating income	(245)	<b>(248)</b>
<b>Consolidated:</b>		
Net sales	7,516	<b>7,191</b>
Operating income	450	<b>651</b>

### 3. Financial Condition

Total assets as of the end of this first quarter were 47,500 million yen, decrease 3.9% from end of the fiscal year. Total liabilities were 6,166 million yen, decrease 27.0% from the end of last fiscal year. Total net assets were 41,334 million yen ,increase 0.8% from the end of last fiscal year.

#### Consolidated Balance Sheet

	JPY million	
	1st Quarter	(Reference)
	As of 30 June 2015	As of 31 March 2015
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash & deposits	12,799	14,225
Trade notes and accounts receivable	7,721	8,491
Electronically recorded monetary claims-operating	429	439
Inventories	7,395	7,132
Deferred tax assets	222	320
Other current assets	1,073	811
Allowance for doubtful accounts	(12)	(11)
Total current assets	29,628	31,407
<b>Property, plant &amp; equipment:</b>		
Land	3,531	3,518
Buildings & structures	4,723	4,635
Machinery & equipment	4,463	4,519
Other	539	534
Construction in progress	1,687	1,786
Total property, plant & equipment	14,944	14,992
Goodwill	354	426
Other	456	450
Total Intangible assets	810	876
<b>Investment &amp; other assets:</b>		
Total investments & other assets	2,119	2,170
Total assets	47,500	49,445

**LIABILITIES****Current liabilities:**

Trade notes & accounts payable	<b>2,803</b>	3,989
Current portion of long-term debt	<b>308</b>	993
Accrued income taxes	<b>164</b>	394
Accrued bonus	<b>236</b>	459
Accrued bonus to directors	<b>2</b>	5
Notes payable for property acquisitions	<b>223</b>	184
Other	<b>1,858</b>	1,691
Total current liabilities	<b>5,594</b>	7,715

**Long-term liabilities:**

Long-term debt	<b>219</b>	253
Provision for environmental measures	<b>26</b>	26
Other	<b>327</b>	451
Total long-term liabilities	<b>572</b>	730

Total liabilities	<b>6,166</b>	8,445
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**NET ASSETS****Shareholders' equity:**

Common stock	<b>8,647</b>	8,647
Capital surplus	<b>11,947</b>	11,947
Retained earnings	<b>20,044</b>	19,824
Treasury stock, at cost	<b>(47)</b>	(47)
Total shareholders' equity	<b>40,591</b>	40,371

**Valuation and translation adjustments:**

Net unrealized gains(losses)on available-for-sale securities	<b>149</b>	131
Foreign currency translation adjustments	<b>592</b>	495
Total valuation and translation adjustments	<b>741</b>	626

A subscription warrant and Minority stockholders share	<b>2</b>	3
Total shareholders' equity	<b>2</b>	3
Total net assets	<b>41,334</b>	41,000
Total liabilities and net assets	<b>47,500</b>	49,445

## Consolidated Statements of Income

	JPY million	
	1st Quarter	1st Quarter
	1 April - 30 June	1 April - 30 June
	2014	2015
Net sales	7,516	<b>7,189</b>
Cost of sales	5,157	<b>4,682</b>
Gross profit	2,359	<b>2,508</b>
Selling, general & administrative expenses	1,909	<b>1,856</b>
Operating income	450	<b>651</b>
Other income (expenses):		
Interest & dividend income	8	7
Interest expenses	(3)	(3)
Rent income	22	23
Rent expenses on real estates for investments	(8)	(7)
Foreign exchange gain (loss), net	74	55
Gain on sales of noncurrent assets	0	0
Subsidy income	755	-
Loss on disposal or sales of property, plant and equipment	(2)	-
Loss on sales of inventories securities	-	(7)
Loss on reduction of noncurrent assets	(738)	-
Other, net	7	18
Other income (expenses), net	115	<b>86</b>
Income before income taxes	564	<b>737</b>
Income taxes:		
Current	93	<b>216</b>
Deferred	113	79
Total income taxes	<b>206</b>	<b>295</b>
Minority interests in income	<b>0</b>	<b>(0)</b>
Net income	<b>358</b>	<b>442</b>