

Consolidated financial results for the third quarter of Fiscal 2008

MARUWA CO., LTD. today announced its consolidated financial results for the third quarter of Fiscal 2008 <1 April 2007 - 31 December 2007> as follows;

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

*Consolidated subsidiaries: 10 companies (Maruwa (Malaysia) 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 QUARTZ Co., Ltd., MARUWA SHOMEI Co., Ltd., and Hokko Denshi Co., Ltd.)

1. Summary of Consolidated Financial Results

(1) Summary of consolidated operating results

	JPY million			
	3rd Quarter	3rd Quarter	Change %	(Reference)
	1 April - 31 Dec. 2006	1 April - 31 Dec. 2007		For year ended 31 March 2007
Net sales	15,407	15,102	-2.0%	21,062
Operating income	1,311	1,227	-6.4%	1,924
Income before income taxes	1,413	1,342	-5.0%	1,912
Net income	962	896	-6.9%	1,334
Net income per share:	JPY			
Basic	87.87	82.87	-5.7%	122.04
Diluted	87.41	82.62	-5.5%	121.45

(2) Summary of consolidated financial condition

	JPY million			
	As of 31 Dec.	As of 31 Dec.	Change %	(Reference)
	2006	2007		As of 31 March 2007
Total Assets	32,833	33,594	2.3%	33,872
Total net assets	27,553	28,447	3.2%	27,907
Equity ratio	83.9%	84.7%	+0.8%	82.4%
Net assets per share	JPY			
	2,526.97	2,633.87	4.2%	2,572.66

2. Outlook for fiscal 2008 ending 31 March 2008 (reference)

	JPY million	
	Full year	Change %
Net sales	21,280	1.0%
Operating income	2,120	10.2%
Net income	1,400	4.9%
Net income per share	129.43	

* The forecasts stated above are based on currently available information. Actual results may differ from these forecasts due to various factors.

Review of Operations

1. Review of Operations

Consolidated net sales for the third quarter of this fiscal year were 15,102 million yen, down 2.0% from the third quarter of the last year. For the Ceramic Components business, net sales increased 0.9% while the Lighting Equipment business sales decreased 30.2% compared to the same period last year.

Operating income for this third quarter was 1,227 million yen, down 6.4% from the previous third quarter. The profit was reduced due to an increase of depreciation costs and the transfer and reorganization of manufacturing equipment even though operating loss in the Lighting Equipment business slightly improved. Net income was 896 million yen, down 6.9% from the third quarter of the last year mainly because of 221 million yen of loss on sales and disposal of fixed assets.

2. Operating results by business segment

	JPY million	
	3rd Quarter 1 April - 31 Dec. 2006	3rd Quarter 1 April - 31 Dec. 2007
Ceramic Components:		
Net sales	13,997	14,118
Operating income	1,938	1,777
Lighting Equipment:		
Net sales	1,410	984
Operating income	(175)	(148)
Total:		
Net sales	15,407	15,102
Operating income	1,763	1,629
Elimination:		
Net sales	--	--
Operating income	(452)	(402)
Consolidated:		
Net sales	15,407	15,102
Operating income	1,311	1,227

Quarterly sales results of Ceramic Components segment by product division

	JPY million						
	For year ended 31 March 2007				2008		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Circuit Ceramics	1,778	1,908	2,227	1,690	1,692	1,868	1,936
Machinery Ceramics	1,148	1,189	1,354	1,255	1,325	1,330	1,258
RF Products	407	354	504	370	474	492	500
EMC Components	1,046	1,013	1,069	1,029	1,041	1,064	1,138
Total	4,379	4,464	5,154	4,344	4,532	4,754	4,832

	JPY million	
	Fiscal 2007	Fiscal 2008
	For 9-month period	For 9-month period
	1 Apr. - 31 Dec. 2006	1 Apr. - 31 Dec. 2007
Circuit Ceramics	5,913	5,496
Machinery Ceramics	3,691	3,913
RF Products	1,265	1,466
EMC Components	3,128	3,243
Total	13,997	14,118

Ceramic Components segment

Total sales for the Ceramic Components segment in this third quarter were 14,118 million yen, an increase of 0.9%; operating income was 1,777 million yen, a decrease of 8.3% from the third quarter of the last year. It was influenced by an increase of depreciation costs, and expenses for the reorganization of production equipment in the foreign manufacturing subsidiaries.

Circuit Ceramics

Total sales of the Circuit Ceramics division for the third quarter were 5,496 million yen, down 7.1% from the same period last year, mainly affected by a decrease of demands for glazed substrates and large ceramic substrates, for which demands had been solid in the first half of this year.

Machinery Ceramics

Total sales from the Machinery Ceramics division were 3,913 million yen, up 6.0%, pulled by the sales of quartz glass products for semiconductor equipment.

Radio Frequency Products

Total sales of the Radio Frequency Products increased 15.9% to 1,466 million yen because the sales of multilayer ceramic substrates for automotive parts have been counted since this fiscal year.

EMC Components

Total sales of the EMC Components were 3,243 million yen, up 3.7% from the same period last year. Sales of a group of products including EMI filters increased due to the growth of a flat panel TV market.

Lighting Equipment segment

Total sales from the Lighting Equipment segment declined 30.2% to 984 million yen over the third quarter of the last year, and operating loss was 148 million yen.

Although sales decreased due to the reduction of public works, the amount of operating loss was cut down compared to the same period last year as the business is now being shifted to the sales and manufacturing of LED lighting devices and also cost reduction efforts have progressed.

Financial Condition

Total assets at the end of this third quarter were 33,594 million yen, a decrease of 278 million yen from the end of the previous fiscal year as a result of operating activities for 9 months in this fiscal term.

Total liabilities were 5,147 million yen, a decrease of 818 million yen from the end of the last year mainly due to a decrease of trade notes and accounts payable. Total net assets increased 540 million yen to 28,447 compared to the end of the previous fiscal year, with an increase of retained earnings.

Capital expenditure in this 9-month period amounted to 2,498 million yen; depreciation costs were 1,386 million yen.

Consolidated Balance Sheet

	JPY million			
	3rd Quarter As of 31 Dec. 2006	3rd Quarter As of 31 Dec. 2007	Change %	(Reference) As of 31 March 2007
ASSETS				
Current assets:				
Cash & deposits	6,404	5,843	-8.8%	6,593
Trade notes & accounts receivable	7,181	7,041	-1.9%	7,797
Inventories	3,414	4,329	26.8%	3,559
Other	677	590	-12.9%	672
Total current assets	17,676	17,803	0.7%	18,621
Property, plant & equipment:				
Net property, plant & equipment	12,621	13,316	5.5%	12,726
Investment & other assets:				
Total investments & other assets	2,536	2,475	-2.4%	2,525
Total assets	32,833	33,594	2.3%	33,872
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade notes & accounts payable	1,833	1,626	-11.3%	2,289
Other	2,370	2,601	9.7%	2,594
Total current liabilities	4,203	4,227	0.6%	4,883
Long-term liabilities:				
Long-term debt	77	131	70.1%	135
Accrued retirement benefits	120	--	--	--
Other	880	789	-10.3%	947
Total long-term liabilities	1,077	920	-14.6%	1,082
Total liabilities	5,280	5,147	-2.5%	5,965
NET ASSETS				
Shareholders' equity:				
Common stock	6,710	6,710	--	6,710
Capital surplus	9,747	9,747	--	9,747
Retained earnings	11,152	12,219	9.6%	11,521
Treasury stock, at cost	(407)	(639)	57.0%	(537)
Advance on subscription of own shares	5	--	--	--
Total shareholders' equity	27,207	28,037	3.1%	27,441
Valuation and translation adjustments:				
Net unrealized gains on available-for-sale securities	10	(20)	--	8
Foreign currency translation adjustments	336	430	28.0%	458
Total valuation and translation adjustments	346	410	18.5%	466
Minority interests	--	0	--	--
Total net assets	27,553	28,447	3.2%	27,907
Total liabilities and net assets	32,833	33,594	2.3%	33,872

Consolidated Statement of Income

	JPY million			
	3rd Quarter	3rd Quarter		(Reference)
	1 April - 31 Dec.	1 April - 31 Dec.	Change %	For year ended
	2006	2007		31 March 2007
Net sales	15,407	15,102	-2.0%	21,062
Cost of sales	10,940	10,930	-0.1%	15,003
Gross profit	4,467	4,172	-6.6%	6,059
Selling, general & administrative expenses	3,156	2,945	-6.7%	4,135
Operating income	1,311	1,227	-6.4%	1,924
Other income (expenses):				
Interest & dividend income	35	59	68.6%	52
Interest expenses	(5)	(3)	-40.0%	(5)
Foreign exchange gain (loss), net	(117)	(31)	-73.5%	(196)
Other, net	189	90	-52.4%	137
Other income (expenses), net	102	115	12.7%	(12)
Income before income taxes	1,413	1,342	-5.0%	1,912
Income tax expenses (benefits)	451	446	-1.1%	578
Minority interests	0	0	--	(0)
Net income	962	896	-6.9%	1,334