

MARUWA CO., LTD.

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Consolidated financial results for the first quarter of Fiscal 2010

MARUWA CO., LTD. today announced its consolidated financial results for the first quarter of Fiscal 2010<1 April 2009 - 30 June 2009> as follows;

I. Summary of Consolidated Financial Results

(1) Summary of consolidated operating results

	JPY million		Change %
	1st Quarter 1 April - 30 June 2008	1st Quarter 1 April - 30 June 2009	
Net sales	4,764	2,952	-38.0%
Operating income	195	(72)	--
Income before income taxes	244	(12)	-104.9%
Net income	132	(22)	-115.2%
Net income per share:	JPY		
Basic	12.25	(2.04)	--
Diluted	--	--	--

(2) Summary of consolidated financial condition

	JPY million	
	As of 30 June 2009	(Reference) As of 31 March 2009
Total net assets	28,096	28,749
Total assets	25,372	25,284
Equity ratio	90.3%	87.9%
Shareholders' equity per share	2366.18	2358.54

II. Dividends

	JPY per share	
	Fiscal 2009	Fiscal 2010 (forecast)
Interim	14	14
Year-end	14	14
Annual	28	28

III. Outlook for the fiscal 2009 <1 April 2009 - 31 March 2010>

The forecast figures for business results and dividends announced in 8 May 2009 were not changed.

*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

1. Review of Operations

The Japanese economy in this first quarter has begun recovering from the world wide recession, although it remains weaker than it was at the same period last year. This recovery is, in part, due to the **dissolving of inventory adjustments** in the semiconductor and automotive markets.

The world economy, with the exception of China, is still suffering despite governments having implemented strong economic stimulus measures.

In these circumstances, demand for the digital services market and for environmentally friendly hybrid cars has increased in Asian countries, including China. Because of this, **turnover** for this first quarter were 2,952 million yen, up from the last quarter. Similarly, operating loss was 72 million yen, due to increase demand and to restructuring countermeasures, including closing and merging factories and offices and reducing costs and inventory.

2. Operating Results by Business Sector

The Ceramic Components Sector

Total sales of this business segment was 2,748 million yen. This is up from the same period last year. Operating loss was 100 million yen. There was a sign of upward momentum, though costs due to rapid increase in production caused some stress to production productivity.

Circuit Ceramics

Total sales of the Circuit Ceramics division for this first quarter decreased 35.7% to 1,201 million yen from the last quarter of the previous year. This was due to an increase in orders of Alumina substrate for the chip resistors market in China and South East Asia, as well as to an increase in orders for power module substrate for hybrid cars in Japan.

Machinery Ceramics

Total sales for the Machinery Ceramics division for this first quarter decreased by 59.5% to 471 million yen from the last quarter of the previous year. The downturn of the semiconductor equipment market influenced the sales of quartz glass products.

Radio Frequency Products

Total sales of the Radio Frequency Products division for this first quarter increased 16.8% to 405 million yen from the last quarter of the previous year. Upward movement of the new 3G mobile system market in China influenced the turnover of these products.

EMC Components

Total sales of the Machinery Ceramics division for this first quarter decreased by 38.3% to 671 million yen from the last quarter of the previous year. Upward demand in the digital devices market, for example for PCs and flat screen televisions in China, Southeast Asia and Korea, influenced turnover in this area.

Lighting Equipment segment

Total sales of the Machinery Ceramics division for this first quarter was 204 million yen and operating loss was 41 million yen. Turnover for LED lighting devices has increased consistently in the public utilities markets. We are continuing to press forward with the development of new LED lighting products.

Review of Operations

Review of operating results by segment

	JPY million	
	1st Quarter	1st Quarter
	1 April - 30 June 2008	1 April - 30 June 2009
Ceramic Components:		
Net sales	4,607	2,748
Operating income	386	100
Lighting Equipment:		
Net sales	157	204
Operating income	(63)	(41)
Total:		
Net sales	4,764	2,952
Operating income	323	59
Elimination:		
Net sales	--	--
Operating income	(128)	(131)
Consolidated:		
Net sales	4,764	2,952
Operating income	195	(72)

Quarterly sales results of Ceramic Components segment by product division

	JPY million				
	For year ended 31 March				
	2008				2009
	1Q	2Q	3Q	4Q	1Q
Circuit Ceramics	1,868	1,907	1,239	813	1,201
Machinery Ceramics	1,164	1,116	865	473	471
RF Products	487	529	506	355	405
EMC Components	1,087	1,254	708	545	671
Total	4,606	4,806	3,318	2,186	2,748

3. Financial Condition

Total assets as of the end of this first quarter were 28,097 million yen, down 2.3 percent from the end of last fiscal year due especially to a decrease in current assets. Inventory assets decrease 290 million from the end of last fiscal year due to the improvement of production lead time. Total liabilities, especially due to a decrease in accounts payable, decreased 740 million yen to 2,725 million yen from the previous year-end. Total net assets increased 88 million yen to 25,372 million yen because of a decrease of retained earning caused by dividend payments. As a result, capital asset ratio became 90.3 percent

Capital expenditure in this quarter amounted to 245 million yen. Depreciation costs were 396 million yen.

Cash and cash equivalents at the end of this first quarter were 7,563 million yen.

Cash flows from operating activities was 934 million yen, increase 568 million yen compared to last fiscal year. The main reason for the increase cash was due to the decrease of accounts receivable. Cash flows from investment activities was 342 million yen. The main reason was due to the payment for the acquisition of tangible fixed assets. Cash flows financing activities was 147 million yen, due to the decrease of retained earning for dividend paid.

Consolidated Balance Sheet

	JPY million	
	1st Quarter	(Reference)
	As of 30 June	As of 31st March
	2009	2009
ASSETS		
Current assets:		
Cash & deposits	8,036	7,505
Trade notes and accounts receivable	3,461	4,304
Inventories:		
Merchandise and finished goods	963	1,105
Work-in-process	778	746
Raw materials	1,037	1,218
Deferred tax assets	144	156
Other current assets	245	264
Allowance for doubtful accounts	(7)	(8)
Total current assets	14,657	15,290
Property, plant & equipment:		
Land	3,177	3,160
Buildings & structures	7,420	7,370
Machinery & equipment	12,103	11,944
Other	2,793	2,826
Construction in progress	489	443
Total property, plant & equipment	25,982	25,743
Less, accumulated depreciation	(14,402)	(14,035)
Net property, plant & equipment	11,580	11,708
Investment & other assets:		
Total investments & other assets	1,859	1,750
Total assets	28,096	28,748

JPY million

	JPY million	
	1st Quarter As of 30 June 2008	(Reference) As of 31st March 2008
LIABILITIES		
Current liabilities:		
Trade notes & accounts payable	955	1,352
Current portion of long-term debt	5	5
Accrued income taxes	34	30
Accrued bonus	154	241
Accrued bonus to directors	2	3
Other	944	1,180
Total current liabilities	2,094	2,811
Long-term liabilities:		
Long-term debt	124	125
Negative goodwill]	43	57
Other	463	472
Total long-term liabilities	630	654
Total liabilities	2,724	3,465
NET ASSETS		
Shareholders' equity:		
Common stock	6,710	6,710
Capital surplus	9,747	9,747
Retained earnings	11,078	11,252
Treasury stock, at cost	(736)	(742)
Total shareholders' equity	26,799	26,967
Valuation and translation adjustments:		
Net unrealized gains(losses)on available-for-sale securities	(93)	(201)
Foreign currency translation adjustments	(1,334)	(1,482)
Total valuation and translation adjustments	(1,427)	(1,683)
Total net assets	25,372	25,284
Total liabilities and net assets	28,096	28,749

Consolidated Statements of Income

	JPY million	
	1st Quarter 1 April - 30 June 2008	1st Quarter 1 April - 30 June 2009
Net sales	4,764	2,952
Cost of sales	3,592	2,298
Gross profit	1,172	654
Selling, general & administrative expenses	977	726
Operating income	195	(72)
Other income (expenses):		
Interest & dividend income	14	13
Interest expenses	(1)	0
Rent income	29	30
Rent expenses on real estates for investments	(13)	(12)
Foreign exchange gain (loss), net	8	20
Amortization of negative goodwill	21	14
Gain on sales of property, plant and equipment	12	2
Loss on disposal or sales of property, plant and equipment	(5)	(15)
Loss on valuation of inventories	(28)	-
Other, net	12	8
Other income (expenses), net	49	60
Income before income taxes	244	(12)
Income taxes:		
Current	54	11
Deferred	58	(3)
Total income taxes	112	8
Net income	132	(20)

7. Consolidated Statement of Cash Flows

	JPY million	
	For year ended 30th June2008	For year ended 30th June2009
Cash flows from operating activities:		
Income before income taxes	244	(12)
Adjustments for:		
Depreciation	475	396
Amortization of negative goodwill	(21)	(14)
Decrease in allowance for doubtful accounts	40	(2)
Gain on disposal or sales of property, plant & equipment	(7)	13
Interest & dividend income	(17)	(15)
Foreign exchange (gain) loss	0	(14)
Decrease (increase) in trade notes & accounts receivable	384	860
Increase in inventories	(198)	303
Decrease in trade notes & accounts payable	(273)	(412)
Other	(210)	(174)
Sub-total	417	929
Interest & dividend income received	20	15
Interest expenses paid	(1)	
Income taxes paid	(70)	(8)
Net cash provided by operating activities	366	936
Cash flows from investment activities:		
Payments into time deposits	(146)	(18)
Proceeds from withdrawal of time deposits	2	0
Payments for purchase of property, plant & equipment	(797)	(397)
Proceeds from sales of property, plant & equipment	30	49
Payments for purchase of investment securities	(51)	(118)
Payments for purchase of intangible assets	(6)	(1)
Other	(6)	143
Net cash used in investing activities	(974)	(342)
Cash flows from financing activities:		
Payments of long-term debt	(1)	-1
Cash dividends paid	(108)	-150
Payments for purchase of treasury stock	(78)	4
Net cash used in financing activities	(187)	(147)

Effect of exchange rate changes on cash & cash equivalents	64	56
Net increase (decrease) in cash & cash equivalents	(731)	503
Cash and cash equivalents at beginning of year	6,146	7062
Increase in cash and cash equivalents		
from newly consolidated subsidiary	10	0
Cash and cash equivalents at end of year	5,425	7,565

Segment Information

(1) business segments

JPY million

For year ended 31 March 2009					
	Ceramic Components	Lighting Equipment	Total	Eliminations or corporate	Consolidated
Net sales:					
External customers	2,748	204	2,952	--	2,952
Inter-segment	6	--	6	(6)	--
Total net sales	2,754	204	2,958	(6)	2,952
Operating income (loss)	100	(41)	59	(131)	(72)

(2) Geographic segments

JPY million

For year ended 31 March 2009						
	Japan	Asia	Europe & America	Total	Eliminations or corporate	Consolidated
Net sales:						
External customers	2,355	487	110	2,952	--	2,952
Inter-segment	141	176	2	319	(319)	--
Total net sales	2,496	663	112	3,271	(319)	2,952
Operating income	125	(52)	(9)	64	(136)	(72)

(3) Net overseas sales by customer's geographic location

JPY million

For year ended 31 March 2009				
	Asia	Europe	Other	Total
Overseas sales	993	189	94	1,276
Consolidated net sales				2,952
Percentage (%)	33.6%	6.4%	3.2%	43.2%

*Countries are divided in geographical vicinity.

*Principal countries or jurisdictions in each geographic segment are as follows:

Asia: Malaysia, Taiwan, Korea, China, and India

Europe: Germany and the United Kingdom

Other: The United States