

MARUWA CO., LTD.

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Consolidated financial results for the first quarter of Fiscal 2011

MARUWA CO., LTD. today announced its consolidated financial results for the first quarter of Fiscal 2011<1 April 2010 - 30 June 2010> as follows;

I. Summary of Consolidated Financial Results

(1) Summary of consolidated operating results

	JPY million		Change %
	1st Quarter 1 April - 30 June 2009	1st Quarter 1 April - 30 June 2010	
Net sales	2,952	4,587	55.4%
Operating income	(72)	634	-%
Income before income taxes	(12)	554	-%
Net income	(20)	375	-%
Net income per share:	JPY		
Basic	(2.04)	34.90	-%
Diluted	-	--	--

(2) Summary of consolidated financial condition

	As of 31 March 2009	As of 30 June 2010
Total assets	30,689	30,241
Total net assets	26,561	26,506
Equity ratio	86.5%	87.6%
	JPY	
Total net assets per share	2,470.94	2,464.31

II. Dividends

	JPY per share	
	Fiscal 2010	Fiscal 2011 (forecast)
Interim	14	15
Year-end	14	15
Annual	28	30

III. Outlook for the fiscal 2011 <1 April 2010 - 31 March 2011>

The forecast figures for business results and dividends announced in 27 April 2010 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

In this first quarter, there are strong indications that the world economy is recovering from the global recession. This recovery is in part due to strong market expansion in emerging countries, including China, as well as to individual governments having implemented strong economic stimulus measures. However, because of unstable employment, sluggish personal consumption, deflation and the appreciation of the yen, there is still some uncertainty in the outlook of the both the Japanese and the world economy.

In these circumstances, demand for digital services market items, such as PCs and flat panel televisions, and for environmentally friendly hybrid cars has increased in Asian countries, particularly China.

Because of these factors, Maruwa's turnover for this first quarter was 4,587 million yen, an increase of 55.4% from the previous quarter. Similarly, our operating profit was 634 million yen, compared to a 72 million loss last year. This improvement has been due to increased demand and to restructuring countermeasures, including closing and merging factories and offices and reducing costs and inventory.

2. Operating Results by Business Division

The Ceramic Components Division

There is strong demand from China for ceramic substrates, EMC components and thin film circuit substrates, and from Asia for digital consumer products. There is also a large demand for hybrid cars, which use ceramic substrate for power modules.

The first quarter sales total for the Ceramic Components Division was 4,360 million yen. This is a 58.7% increase over the same period last year, a sign of upward momentum. The operating profit was 785 million yen. This exceeded expectations, and was due to improved productivity, cost reduction measures and to the contribution of new product offerings with high added value.

Lighting Equipment Division

Turnover for LED lighting devices has increased consistently in the public utilities markets, and Maruwa is continuing to press forward with the development of new LED lighting products. The total sales for the Lighting Equipment Division for this first quarter was 228 million yen, with an operating loss of 16 million yen.

Operating results by business segment

Review of operating results by segment

	JPY	
	1st Quarter 1 April - 30 2009	1st Quarter 1 April - 30 June 2010
Ceramic Components:		
Net sales	2,748	4,360
Operating income	100	785
Lighting Equipment:		
Net sales	204	228
Operating income	(41)	(16)
Total:		
Net sales	2,952	4,588
Operating income	59	769
Elimination:		
Net sales	--	--
Operating income	(131)	(135)
Consolidated:		
Net sales	2,952	4,588
Operating income	(72)	634

Quarterly sales results of Ceramic Components segment by product division

3. Financial Condition

Total assets as of the end of this first quarter were 30,241 million yen, down 1.5% from the end of last fiscal year. This reflected that sales from the Lighting Equipment segment tend to be posted at fiscal year-end. Total liabilities decreased 393 million yen to 3,735 million yen from the previous year-end. Total net assets decreased 54 million yen to 26,506 million yen because of an increase in foreign currency translation adjustments.

Cash and cash equivalents at the end of this first quarter were 8,385 million yen.

Net income before income taxes was 553 million yen, and depreciation was 370 million yen. As a result, net cash provided from operating activities was 118 million yen.

Net cash used in investing activities was 380 million yen due especially to payments for purchase of property, plant and equipment, 267 million yen.

Net cash used in financing activities was 142 million yen, mainly used for dividends paid by the parent company, 150 million yen.

Consolidated Balance Sheet

	JPY million	
	1st Quarter	(Reference)
	As of 30 June	As of 31st March
	2010	2010
ASSETS		
Current assets:		
Cash & deposits	8,924	9,305
Trade notes and accounts receivable	5,413	5,314
Inventories:	2,921	2,728
Deferred tax assets	223	294
Other current assets	182	114
Allowance for doubtful accounts	(11)	(12)
Total current assets	17,652	17,743
Property, plant & equipment:		
Land	3,154	3,161
Buildings & structures	3,865	3,941
Machinery & equipment	3,453	3,488
Other	284	280
Construction in progress	182	314
Total property, plant & equipment	10,938	11,184
Less, accumulated depreciation		
Net property, plant & equipment	10,938	11,184
Investment & other assets:		
Total investments & other assets	1,651	1,762
Total assets	30,241	30,689

LIABILITIES**Current liabilities:**

Trade notes & accounts payable	1,573	1,727
Current portion of long-term debt	5	5
Accrued income taxes	137	265
Accrued bonus	158	313
Accrued bonus to directors	2	11
Notes payable for property acquisitions	369	352
Other	974	918
Total current liabilities	3,218	3,591

Long-term liabilities:

Long-term debt	119	120
Diferred tax liabilities	138	158
Other	260	259
Total long-term liabilities	517	537

Total liabilities	3,735	4,128
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NET ASSETS**Shareholders' equity:**

Common stock	6,710	6,710
Capital surplus	9,747	9,747
Retained earnings	12,275	12,051
Treasury stock, at cost	(678)	(689)
Total shareholders' equity	28,054	27,819

Valuation and translation adjustments:

Net unrealized gains(losses)on available-for-sale securities	(58)	(128)
Foreign currency translation adjustments	(1,504)	(1,140)
Total valuation and translation adjustments	(1,562)	(1,268)

A subscription warrant and Minority stockholders share	14	10
Total shareholders' equity	14	10
Total net assets	26,506	26,561
Total liabilities and net assets	30,241	30,689

Consolidated Statement of Income

	JPY million	
	1st Quarter	1st Quarter
	1 April - 30 June	1 April - 30
	2009	June
		2010
Net sales	2,952	4,587
Cost of sales	2,298	3,033
Gross profit	654	1,554
Selling, general & administrative expenses	726	920
Operating income	(72)	634
Other income (expenses):		
Interest & dividend income	13	9
Interest expenses	0	1
Rent income	30	29
Rent expenses on real estates for investments	(12)	(12)
Foreign exchange gain (loss), net	20	27
Amortization of negative goodwill	14	-
Gain on sales of property, plant and equipment	2	0
Loss on disposal or sales of property, plant and equipment	(15)	(9)
Loss on valuation of inventories securities	-	(137)
Other, net	8	12
Other income (expenses), net	60	(80)
Income before income taxes	(12)	554
Income taxes:		
Current	11	121
Deferred	(3)	58
Total income taxes	8	179
Net income	(20)	375

Consolidated Statement of Cash Flows

	JPY million	
	For year ended 30th June 2009	For year ended 30th June 2010
Cash flows from operating activities:		
Income before income taxes	(12)	554
Adjustments for:		
Depreciation	396	370
Amortization of negative goodwill	(14)	-
Decrease in allowance for doubtful accounts	(2)	(2)
Gain (Loss) on Valuation investment securities	-	137
Gain on disposal or sales of property, plant & equipment	13	8
Interest & dividend income	(15)	(10)
Foreign exchange (gain) loss	(14)	7
Decrease (increase) in trade notes & accounts receivable	860	(167)
Increase in inventories	303	(243)
Decrease in trade notes & accounts payable	(412)	(126)
Other	(174)	(161)
Sub-total	929	367
Interest & dividend income received	15	13
Interest expenses paid		(1)
Income taxes paid	(8)	(261)
Net cash provided by operating activities	936	118
Cash flows from investment activities:		
Payments into time deposits	(18)	(137)
Payments for purchase of property, plant & equipment	(397)	(269)
Proceeds from sales of property, plant & equipment	49	2
Payments for purchase of investment securities	(118)	(48)
Payments for purchase of intangible assets	(1)	(1)
Other	143	72
Net cash used in investing activities	(342)	(381)
Cash flows from financing activities:		
Payments of long-term debt	-1	-1
Cash dividends paid	-150	-150
Payments for purchase of treasury stock	4	9
Net cash used in financing activities	(147)	(142)
Effect of exchange rate changes on cash & cash equivalents	56	-73
Net increase (decrease) in cash & cash equivalents	503	(478)
Cash and cash equivalents at beginning of year	7062	8864
Increase in cash and cash equivalents from newly consolidated subsidiary	-	-
Cash and cash equivalents at end of year	7,565	8,386