

MARUWA CO., LTD.

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Consolidated financial results for the first quarter of Fiscal 2012

MARUWA CO., LTD. today announced its consolidated financial results for the first quarter of Fiscal 2012<1 April 2011 -

I. Summary of Consolidated Financial Results

(1) Summary of consolidated operating results

	JPY million		Change %
	1st Quarter	1st Quarter	
	1 April - 30 June 2010	1 April - 30 June 2011	
Net sales	4,587	5,355	16.7%
Operating income	634	993	56.6%
Income before income taxes	554	1,023	84.7%
Net income	375	687	83.2%
Net income per share:	JPY		
Basic	34.90	63.92	83.2%
Diluted	-	--	--

(2) Summary of consolidated financial condition

	As of 31 March	As of 30 June	Change %
	2011	2011	
Total assets	33,649	33,733	1.1%
Total net assets	28,105	28,428	0.2%
Equity ratio	83.4%	84.2%	0.7%
Total net assets per share	2,611.82	2,641.36	1.1%

II. Dividends

	JPY per share	
	Fiscal 2011	Fiscal 2012 (forecast)
Interim	15	15
Year-end	15	15
Annual	30	30

*Cautionary statements: the above forecasts are forward-looking statements involving risks and

II. Outlook for the fiscal 2012<1 April 2011 - 31 March 2012>

The forecast figures for business results and dividends announced in 28 April 2011 are not changed.

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

*Consolidated subsidiaries: 11 companies.

Review of Operations

1. Review of Operations

In this first quarter, the world economy tended in general toward recovery due to improvement of US corporate performances and ongoing strong market expansion in emerging countries, including China. But on the other hand, the political instability in North Africa and the Middle East and the financial crisis in Euro zone nations triggered credit impairment. The emergence of energy problems related to the nuclear power station crisis in Japan also contributed to uncertainty in the global business market.

There are indications that the Japanese economy is steadily recovering from the devastating Tohoku Earthquake on March 11th, although radioactive pollution, electricity restriction and distrust of politicians exert a negative impact on the recovery of the economy.

The Maruwa Group is seeing an increase in demand for its electronic components, in both domestic and global markets. This is due to 1) strong consumer demand for digital electric items, particularly for smart phones in China and other Asian countries, 2) continuous growth of high power modules for environmentally-friendly HEV/HV, windmills and LED lighting, and 3) a recovery in the demand for semiconductor manufacturing equipment.

In these circumstances, because of an increased demand for ceramic substrate products for the electric items market and for quartz glass products for semiconductor manufacturing equipment, consolidated turnover for this quarter was 5,355 million yen. (This is up 16.7% compared to last year)

We have been improving production profitability in order to be able to take appropriate countermeasures against rapid changes in the market climate. This was achieved through improvement of production yield, lead time and cost reduction. As a result, our consolidated operating income was 993 million yen. (This is up 56.5% compared to last year) Income before income taxes was 1,023 million yen. (This is up 84.7% compared to last year). Net income was 687 million yen. (This is up 83.2% compared to last year)

2. Operating Results by Business Division

The Ceramic Components Division

The first quarter turnover was 5,124 million yen. This is a 17.5% increase over the same period last year.

The demand for ceramic substrate products, EMC component products and thin film circuit products has grown in the market of digital electric items, especially smart phones in China and other Asian countries and high power modules for environmentally friendly HEV/HV, windmills.

Demand for quartz glass products for semiconductor manufacturing equipment has also increased.

Operation income was 1,199 million yen. This is up 50.0% compared to last year, and is due to improvement of production profitability and the addition of new high-value products.

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 turnover during this first quarter was 231 million yen. This is a 1.5% increase over the same period last year. Operating loss was 35 million yen.

Review of Operations

Review of operating results by segment

	JPY	
	1st Quarter 1 April - 30 2010	1st Quarter 1 April - 30 June 2011
Ceramic Components:		
Net sales	4,360	5,124
Operating income	799	1,199
Lighting Equipment:		
Net sales	228	231
Operating income	(16)	(35)
Total:		
Net sales	4,587	5,355
Operating income	784	1,164
Elimination:		
Net sales	--	--
Operating income	(150)	(171)
Consolidated:		
Net sales	4,587	5,355
Operating income	634	993

3. Financial Condition

Total assets as of the end of this first quarter were 33,733 million yen, up 0.2% 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 238 million yen to 5,306 million yen from the previous year-end. Total net assets increased 322 million yen to 28,428 million yen because of an increase in retained earnings.

Consolidated Balance Sheet

Consolidated Balance Sheet

	JPY million	
	1st Quarter	(Reference)
	As of 30 June	As of 31 March
	2011	2011
ASSETS		
Current assets:		
Cash & deposits	8,154	8,923
Trade notes and accounts receivable	6,271	6,540
Inventories:	4,264	3,671
Deferred tax assets	135	221
Other current assets	299	311
Allowance for doubtful accounts	(12)	(12)
Total current assets	19,111	19,654
Property, plant & equipment:		
Land	3,984	3,155
Buildings & structures	4,115	3,782
Machinery & equipment	3,604	3,494
Other	415	384
Construction in progress	886	1,525
Total property, plant & equipment	13,004	12,340
Intangible Assets		
	218	221
Net property, plant & equipment	13,222	12,561
Investment & other assets:		
Total investments & other assets	1,400	1,434
Total assets	33,733	33,649

LIABILITIES**Current liabilities:**

Trade notes & accounts payable	2,034	2,105
Current portion of long-term debt	5	5
Accrued income taxes	220	598
Accrued bonus	171	345
Accrued bonus to directors	2	22
Notes payable for property acquisitions	754	669
Other	1,546	1,229
Total current liabilities	4,732	4,973

Long-term liabilities:

Long-term debt	115	116
Diferrred tax liabilities	206	201
Other	252	253
Total long-term liabilities	573	570

Total liabilities	5,305	5,543
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NET ASSETS**Shareholders' equity:**

Common stock	6,710	6,710
Capital surplus	9,747	9,747
Retained earnings	14,276	13,750
Treasury stock, at cost	(679)	(679)
Total shareholders' equity	30,054	29,528

Valuation and translation adjustments:

Net unrealized gains(losses)on available-for-sale	(62)	(50)
Foreign currency translation adjustments	(1,598)	(1,401)
Total valuation and translation adjustments	(1,660)	(1,451)

A subscription warrant and Minority stockholders	34	29
Total shareholders' equity	34	29
Total net assets	28,428	28,106
Total liabilities and net assets	33,733	33,649

Consolidated Statement of Income

	JPY million	
	1st Quarter	1st Quarter
	1 April - 30 June	1 April - 30
	2010	June
	2010	2011
Net sales	4,587	5,355
Cost of sales	3,033	3,435
Gross profit	1,554	1,920
Selling, general & administrative expenses	920	927
Operating income	634	993
Other income (expenses):		
Interest & dividend income	9	8
Interest expenses	1	0
Rent income	29	27
Rent expenses on real estates for investments	(12)	(13)
Foreign exchange gain (loss), net	27	9
Gain on sales of property, plant and equipment	0	8
Loss on disposal or sales of property, plant and equipment	(9)	(17)
Loss on valuation of inventories securities	(137)	-
Other, net	12	8
Other income (expenses), net	(80)	30
Income before income taxes	554	1,023
Income taxes:		
Current	121	238
Deferred	58	98
Total income taxes	179	336
Net income	375	687