

MARUWA CO., LTD.  
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## Consolidated financial results for the third quarter of Fiscal 2007

MARUWA CO., LTD. today announced its consolidated financial results for the third quarter of Fiscal 2007 <1 April 2006 - 31 December 2006> as follows;

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

\*Consolidated subsidiaries: 8 companies (Maruwa (Malaysia) Sdn. Bhd., Taiwan Maruwa Co., Ltd., MARUWA Electronics (Taiwan) Co., Ltd., Maruwa Europe Ltd., Maruwa America Corp., MARUWA QUARTZ Co., Ltd., MARUWA SHOMEI Co., Ltd., and Hokko Denshi Co., Ltd.)

### I. 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. 2005		For year ended 31 March 2006
Net sales	15,407	14,087	9.4%	20,278
Operating income	1,311	1,241	5.6%	1,693
Income before income taxes	1,413	1,122	25.9%	1,669
Net income	962	681	41.3%	1,135
Net income per share:	JPY			
Basic	87.87	62.67	40.2%	103.82
Diluted	87.41	62.31	40.3%	103.21

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

	JPY million			
	As of 31 Dec.	As of 31 Dec.	Change %	(Reference)
	2006	2005		As of 31 March 2006
Total Assets	32,833	31,740	3.4%	33,044
Shareholders' equity	27,553	26,015	5.9%	26,557
Shareholders' equity ratio	83.9%	82.0%	+1.9%	80.4%
Shareholders' equity per share	JPY			
	2,526.97	2,373.03	6.5%	2,423.40

### II. Outlook for the fiscal 2007 <1 April 2006 - 31 March 2007>

	JPY million
Net sales	21,600
Net income	1,300
Net income per share (JPY)	119.23

\* The forecasts stated above are based on currently available information as of the date of announcement of this document. Actual results may differ from these forecasts due to various factors.

## Review of Operations

Net sales of this third quarter period were 15,407 million yen, up 9.4% compared to the previous third quarter. Ceramic components sales increased 12.5% compared to the same period, reflecting strong demand in the electronic components market.

As for profits, operating income increased 5.6% to 1,311 million yen compared to the previous third quarter thanks to a revenue increase and cost reduction efforts. Net income was 962 million yen, up 41.4% compared to the same period last year.

### Review of operating results by business segment

	JPY million	
	3rd Quarter 1 April - 31 Dec. 2005	3rd Quarter 1 April - 31 Dec. 2006
<b>Ceramic Components:</b>		
Net sales	12,445	13,997
Operating income	1,851	1,938
<b>Lighting Equipment:</b>		
Net sales	1,642	1,410
Operating income	(228)	(175)
<b>Total:</b>		
Net sales	14,087	15,407
Operating income	1,623	1,763
<b>Elimination:</b>		
Net sales	--	--
Operating income	(382)	(452)
<b>Consolidated:</b>		
Net sales	14,087	15,407
Operating income	1,241	1,311

### Quarterly sales results of Ceramic Components segment by product division

	JPY million						
	For year ended 31 March 2006				2007		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Circuit Ceramics	1,649	1,576	1,519	1,601	1,778	1,908	2,227
Machinery Ceramics	1,129	1,117	1,135	1,063	1,148	1,189	1,354
Radio Frequency Products	344	364	417	464	407	354	504
EMC Components	1,096	1,024	1,075	1,055	1,046	1,013	1,069
Total	4,218	4,081	4,146	4,183	4,379	4,464	5,154

	JPY million	
	Fiscal 2006 For 9-month period 1 Apr. - 31 Dec. 2005	Fiscal 2007 For 9-month period 1 Apr. - 31 Dec. 2006
Circuit Ceramics	4,744	5,913
Machinery Ceramics	3,381	3,691
Radio Frequency Products	1,125	1,265
EMC Components	3,195	3,128
Total	12,445	13,997

## **Review of operations by product division**

### **Ceramic Components segment**

#### **Circuit Ceramics**

Total sales of Circuit Ceramics were 5,913 million yen, an increase of 24.6% compared to the previous third quarter, enjoying active demand in substrate products; ceramic substrates for chip resistors, Alumina large substrates, Aluminum Nitride substrates, and other products generally increased revenues.

#### **Machinery Ceramics**

Total sales of Machinery Ceramics increased 9.2% to 3,691 million yen compared to the third quarter last year. Our sales of quartz glass products increased due to a favorable semiconductor equipment-related market since the first half of this year and acquisition of new customers.

#### **Radio Frequency Products**

Total sales of Radio Frequency Products were 1,265 million yen, up 12.4% from the same period last year. Due to growth of the products for base stations, sales of dielectric ceramics and device products including band pass filters increased.

#### **EMC Components**

Total sales of EMC Components were 3,128 million yen, down 2.1% from the third quarter last year.

Inventory adjustments in digital home electronics including flat screen TVs began from the second half of this year; a part of our products were adversely affected by inventory adjustments at our customers. On the other hand, sales expansion has been steadily promoted for new customers and applications through developing our product lineups.

### **Lighting Equipment segment**

Total sales of Lighting Equipment decreased 14.1% to 1,410 million yen compared to the third quarter last year, influenced by reduction of construction in public works.

### **Consolidated financial condition**

Total assets at the end of the third quarter were 32,833 million yen, a decrease of 211 million yen compared to the end of the previous fiscal year as a result of 9-month operating activities.

Total liabilities were 5,280 million yen, down 1,207 million yen from the previous fiscal year-end due mainly to a decrease of trade notes and accounts payable. Total shareholders' equity increased 996 million yen to 27,553 million yen due to an increase of retained earnings.

Capital expenditures in this third quarter were 1,745 million yen, and depreciation cost was 1,219 million yen.

## Consolidated Balance Sheet

	JPY million			
	3rd Quarter As of 31 Dec. 2006	3rd Quarter As of 31 Dec. 2005	Change %	(Reference) As of 31st March 2006
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash & deposits	6,404	7,340	-12.8%	7,899
Trade notes & accounts receivable	7,181	6,242	15.0%	7,003
Inventories	3,414	2,959	15.4%	2,869
Other	677	411	64.7%	817
Total current assets	<u>17,676</u>	<u>16,952</u>	4.3%	<u>18,588</u>
<b>Property, plant &amp; equipment:</b>				
Net property, plant & equipment	<u>12,621</u>	12,107	4.2%	<u>12,087</u>
<b>Investment &amp; other assets:</b>				
Total investments & other assets	<u>2,536</u>	2,681	-5.4%	<u>2,369</u>
Total assets	<u>32,833</u>	<u>31,740</u>	3.4%	<u>33,044</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Trade notes & accounts payable	1,833	1,983	-7.6%	2,590
Other	<u>2,370</u>	<u>2,188</u>	8.3%	<u>2,391</u>
Total current liabilities	<u>4,203</u>	<u>4,171</u>	0.8%	<u>4,981</u>
<b>Long-term liabilities:</b>				
Long-term debt	77	224	-65.6%	188
Accrued retirement benefits	120	320	-62.5%	300
Other	<u>880</u>	<u>1,010</u>	-12.9%	<u>1,018</u>
Total long-term liabilities	<u>1,077</u>	<u>1,554</u>	-30.7%	<u>1,506</u>
<b>Shareholders' equity:</b>				
Common stock, no par value; authorized: 26,000,000 shares; issued & outstanding: 11,050,000 shares in 2005 and 11,072,000 shares in 2006	6,710	6,710	--	6,710
Capital surplus	9,747	9,747	--	9,747
Retained earnings	11,152	10,068	10.8%	10,522
Net unrealized gains on available-for-sale securities	10	85	-88.2%	38
Foreign currency translation adjustment	336	(361)	--	(206)
Advance on subscription of own shares	5	1	--	--
Treasury stock, at cost	<u>(407)</u>	<u>(235)</u>	--	<u>(254)</u>
Total shareholders' equity	<u>27,553</u>	<u>26,015</u>	5.9%	<u>26,557</u>
Total liabilities & shareholders' equity	<u>32,833</u>	<u>31,740</u>	3.4%	<u>33,044</u>

## Consolidated Statements of Income

	JPY million			
	<b>3rd Quarter</b>	3rd Quarter		(Reference)
	<b>1 April - 31 Dec.</b>	1 April - 31 Dec.	Change %	For year ended
	<b>2006</b>	2005		31 March 2006
Net sales	<b>15,407</b>	14,087	9.4%	20,278
Cost of sales	<b>10,940</b>	9,927	10.2%	14,494
Gross profit	<b>4,467</b>	4,160	7.4%	5,784
Selling, general & administrative expenses	<b>3,156</b>	2,919	8.1%	4,091
Operating income	<b>1,311</b>	1,241	5.6%	1,693
Other income (expenses):				
Interest & dividend income	<b>35</b>	28	25.0%	39
Interest expenses	<b>(5)</b>	(6)	--	(8)
Foreign exchange gain (loss), net	<b>(117)</b>	(89)	--	(158)
Other, net	<b>189</b>	(52)	--	103
Other income (expenses), net	<b>102</b>	(119)	--	(24)
Income before income taxes	<b>1,413</b>	1,122	25.9%	1,669
Income tax expenses (benefits):				
Current	<b>402</b>	248	62.1%	299
Deferred	<b>49</b>	193	-74.6%	235
Net income	<b>962</b>	681	41.3%	1,135