

8 August 2007

MARUWA CO., LTD.

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Consolidated financial results for the first quarter of Fiscal 2008

MARUWA CO., LTD. today announced its consolidated financial results for the first quarter of Fiscal 2008 <1 April 2007 - 30 June 2007> as follows;

I. Summary of Consolidated Financial Results

(1) Summary of consolidated operating results

	1st Quarter 1 April - 30 June 2006	1st Quarter 1 April - 30 June 2007	Change %	JPY million (Reference) For year ended 31 March 2007
Net sales	4,878	4,719	-3.3%	21,062
Operating income	420	359	-14.5%	1,924
Income before income taxes	519	411	-20.8%	1,912
Net income	357	272	-23.8%	1,334
Net income per share:				JPY
Basic	32.55	25.12	-22.8%	122.04
Diluted	32.36	25.03	-22.7%	121.45

(2) Summary of consolidated financial condition

	As of 31 Dec. 2006	As of 31 Dec. 2007	Change %	JPY million (Reference) As of 31 March 2006
Total net assets	26,624	28,383	6.6%	27,907
Total liabilities and net assets	32,006	33,616	5.0%	33,872
Equity ratio	83.2%	84.4%	+1.2%	82.4%
Shareholders' equity per share	2,429.96	2,625.41	8.0%	2,572.66

II. Outlook for the fiscal 2008 <1 April 2007 - 31 March 2008>

The forecast figures announced in 11 May 2007 is not changed.

*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.)

Review of Operations

1. Review of Operations

Consolidated net sales for the first quarter of this fiscal year were 4,719 million yen, 3.3% down from the same period last year. A large decrease of sales in the Lighting Equipment business caused the decline in consolidated net sales, even though the sales of the Ceramic Components business increased 3.5% compared to the first quarter of the previous year.

Operating income for the first quarter was 359 million yen, down 14.5% from the same period last year. The profit was weighed down as a result of the transfer and reorganization of manufacturing equipment mainly in the Machinery Ceramics division. Net income was 272 million yen, down 23.8% from the same period last year due to a loss of 94 million yen on sales and disposal of equipment.

The results of this first quarter stated above were just as we expected at the beginning of this fiscal year; the outlook for the current fiscal year is not changed from the forecast figures announced on 11 May 2007.

2. Operating results by business segment

Ceramic Components segment

Circuit Ceramics

Total sales of the Circuit Ceramics division for this first quarter decreased 4.8% to 1,692 million yen from the first quarter of the previous year.

This division was slow in recovery from the adjustment phase of the ceramic components market in the previous fourth quarter period. The sales of mainstay ceramic substrates for chip resistors decreased due to this market adjustment which continued to affect our operation in the first quarter.

Machinery Ceramics

Total sales of the Machinery Ceramics division were 1,325 million yen, up 15.4% from the same period last year.

The sales of quartz glass products have continued to increase since the previous year due to a solid demand in the semiconductor-equipment related market.

Radio Frequency

Total sales from the Radio Frequency division increased 16.5% to 474 million yen compared to the same period last year.

Dielectric ceramics extended sales channels in the North America; automotive ceramic substrates began to report sales from this year.

EMC Components

Total sales of the EMC Components division were 1,041 million yen, down 0.5% from the first quarter of the previous year.

This division was affected by a slow recovery of the electronic components market while the sales of EMI filters and inductors increased especially for thin screen TVs.

Lighting Equipment segment

Total sales from the Lighting Equipment segment decreased 62.5% to 187 million yen compared to the same period last year. The sales posted a big drop compared to the sales in the previous first quarter which included a large amount of orders originally occurred in the year before last.

Operating results by business segment

	JPY million	
	1st Quarter 1 April - 30 June 2006	1st Quarter 1 April - 30 June 2007
Ceramic Components:		
Net sales	4,379	4,532
Operating income	662	596
Lighting Equipment:		
Net sales	499	187
Operating income	(61)	(71)
Total:		
Net sales	4,878	4,719
Operating income	601	525
Elimination:		
Net sales	--	--
Operating income	(181)	(166)
Consolidated:		
Net sales	4,878	4,719
Operating income	420	359

Quarterly sales results of Ceramic Components segment by product division

	JPY million				
	For year ended 31 March 2007				2008
	1Q	2Q	3Q	4Q	1Q
Circuit Ceramics	1,778	1,908	2,227	1,690	1,692
Machinery Ceramics	1,148	1,189	1,354	1,255	1,325
Radio Frequency Products	407	354	504	370	474
EMC Components	1,046	1,013	1,069	1,029	1,041
Total	4,379	4,464	5,154	4,344	4,532

Financial Condition

Total liabilities and net assets as of the end of this first quarter were 33,616 million yen, down 256 million yen from the end of last year due especially to a decrease in current assets. This reflected the sales trend of the Lighting Equipment that sales are likely to occur at the end of fiscal year. Total liabilities decreased 732 million yen from the previous year end. Total net assets increased 476 million yen because of an increase in retained earnings.

Capital expenditure in this quarter amounted to 910 million yen. Depreciation costs were 411 million yen.

New consolidation

Maruwa Korea Co., Ltd. and Maruwa (Shanghai) Trading Co., Ltd. have been included in the consolidated results since this first quarter.

Consolidated Balance Sheet

	JPY million			
	1st Quarter As of 30 June 2006	1st Quarter As of 30 June 2007	Change %	(Reference) As of 31st March 2007
ASSETS				
Current assets:				
Cash & deposits	7,180	6,577	-8.4%	6,593
Trade notes & accounts receivable	6,560	6,734	2.7%	7,797
Inventories	2,940	4,020	36.7%	3,559
Other	368	574	56.0%	672
Total current assets	<u>17,048</u>	<u>17,905</u>	5.0%	<u>18,621</u>
Property, plant & equipment:				
Net property, plant & equipment	<u>12,192</u>	<u>13,214</u>	8.4%	<u>12,726</u>
Investment & other assets:				
Total investments & other assets	<u>2,766</u>	<u>2,497</u>	-9.7%	<u>2,525</u>
Total assets	<u>32,006</u>	<u>33,616</u>	5.0%	<u>33,872</u>
LIABILITIES				
Current liabilities:				
Trade notes & accounts payable	1,880	1,815	-3.5%	2,289
Other	<u>2,227</u>	<u>2,384</u>	7.0%	<u>2,594</u>
Total current liabilities	<u>4,107</u>	<u>4,199</u>	2.2%	<u>4,883</u>
Long-term liabilities:				
Long-term debt	151	138	-8.6%	135
Accrued retirement benefits	165	--	--	--
Other	<u>959</u>	<u>896</u>	-6.6%	<u>947</u>
Total long-term liabilities	<u>1,275</u>	<u>1,034</u>	-18.9%	<u>1,082</u>
Total liabilities	<u>5,382</u>	<u>5,233</u>	-2.8%	<u>5,965</u>
NET ASSETS				
Shareholders' equity:				
Common stock	6,710	6,710	--	6,710
Capital surplus	9,747	9,747	--	9,747
Retained earnings	10,743	11,724	9.1%	11,521
Treasury stock, at cost	<u>(254)</u>	<u>(623)</u>	--	<u>(537)</u>
Total shareholders' equity	<u>26,946</u>	<u>27,558</u>	2.3%	<u>27,441</u>
Valuation and translation adjustments:				
Net unrealized gains on available-for-sale securities	0	15	--	8
Foreign currency translation adjustments	<u>(322)</u>	<u>810</u>	--	<u>458</u>
Total valuation and translation adjustments	<u>(322)</u>	<u>825</u>	--	<u>466</u>
Total net assets	<u>26,624</u>	<u>28,383</u>	6.6%	<u>27,907</u>
Total liabilities and net assets	<u>32,006</u>	<u>33,616</u>	5.0%	<u>33,872</u>

Consolidated Statement of Income

	JPY million			
	1st Quarter	1st Quarter		(Reference)
	1 April - 30 June	1 April - 30 June	Change %	For year ended
	2006	2007		31 March 2007
Net sales	4,878	4,719	-3.3%	21,062
Cost of sales	3,438	3,352	-2.5%	15,003
Gross profit	1,440	1,367	-5.1%	6,059
Selling, general & administrative expenses	1,020	1,008	-1.2%	4,135
Operating income	420	359	-14.5%	1,924
Other income (expenses):				
Interest & dividend income	10	17	70.0%	52
Interest expenses	(2)	(1)	--	(5)
Foreign exchange gain (loss), net	49	(10)	--	(196)
Other, net	42	46	9.5%	137
Other income (expenses), net	99	52	-47.5%	(12)
Income before income taxes	519	411	-20.8%	1,912
Income tax expenses	162	139	-14.2%	578
Net income	357	272	-23.8%	1,334