

30 October 2012

MARUWA CO., LTD.

3-83, Minamihonjigahara-cho, Owariasahi-city, Aichi-pref., 488-0044 JAPAN

## Consolidated financial results for the second quarter of Fiscal 2013

MARUWA CO., LTD. today announced its consolidated financial results for the second quarter of Fiscal

### I. Summary of Consolidated Financial Results

#### (1) Summary of consolidated operating results

	JPY million		
	2nd Quarter	2nd Quarter	Change %
	1 April - 30 Sep.	1 April - 30 Sep.	
	2011	2012	
Net sales	10,976	<b>10,703</b>	-2.5%
Operating income	1,802	<b>1,243</b>	-31.0%
Income before income taxes	1,852	<b>1,061</b>	-42.7%
Net income	1,263	<b>656</b>	-48.1%
Net income per share:		JPY	
Basic	114.81	<b>53.27</b>	-53.6%
Diluted	114.64	<b>53.26</b>	--

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

	As of 31 March	As of 30 Sep.	Change %
	2012	2012	
Total assets	40,808	<b>39,077</b>	-4.2%
Total net assets	34,407	<b>34,490</b>	0.2%
Equity ratio	84.2%	<b>88.2%</b>	3.9%
Total net assets per share	2,793.36	<b>2,759.24</b>	

### II. Dividends

	JPY per share	
	Fiscal 2012	Fiscal 2013 (forecast)
Interim	15	15
Year-end	15	15
Total	30	30

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

### II. Outlook for the fiscal 2013<1 April 2012 - 31 March 2013>

The forecast figures for business results and dividends announced in 26 April 2012 are not changed.

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

\*Consolidated subsidiaries: 13companies.

## **Review of Operations**

### **1. Review of Operations**

In this second quarter, the growth of the world economy has slowed due to the expanded Eurozone debt problem and to the rapidly economies in emerging countries, including China, rapidly losing steam even though there is an indications of USA economy recovery.

Despite a strong automotive market and the need for the reconstruction of the Tohoku area, the Japanese economy still has some uncertainty in its outlook because of unstable employment, sluggish personal consumption, unstable electric power supply, deflation, the appreciation of the yen and diplomatic problem.

In this severe economic situation, the MARUWA Group's business results during this half of this fiscal year was in line with our plan due to strong demand for ceramic substrate for power modules and for new products for smart phone devices.

As a result, our consolidated sales were 10,703 million yen. (This is down 2.5% compared to the same period last year) Our operating income was 1,243 million yen. (This is down 31.0% compared to the same period last year) Ordinary profit was 1,093 million yen (down 42.3%). Net income was 656 million yen (down 48.1%).

### **2. Operating Results by Business Division**

#### **The Ceramic Components Division**

The total sales for this business segment was 9,964 million yen. (This is down 3.2% compared to the same period last year).

The market for environment-related products, the power modules market and the smart phone market have remained strong.

Operating income was 1,638 million yen.

#### **Lighting Equipment Division**

The turnover was 739 million yen. This is a 8.3% increase over the same period last year. Operating profit was 43 million yen compared to a 7 million loss last year. This improvement is due to a consistent increase in inquiries and orders for LED lighting devices in the public utilities markets. New types of products were very successful. MARUWA is continuing to press forward with the development and promotion of new LED lighting

products.

forward with the development and promotion of new LED lighting products.

### Review of Operations

Review of operating results by segment

	JPY million	
	2nd Quarter	2nd Quarter
	1 April - 30 Sep.	1 April - 30 Sep.
	2011	2012
<b>Ceramic Components:</b>		
Net sales	10,294	9,964
Operating income	2,147	1,638
<b>Lighting Equipment:</b>		
Net sales	682	739
Operating income	(7)	43
<b>Total:</b>		
Net sales	10,976	10,703
Operating income	2,141	1,681
<b>Elimination:</b>		
Net sales	--	--
Operating income	(339)	(438)
<b>Consolidated:</b>		
Net sales	10,976	10,703
Operating income	1,802	1,243

### 3. Financial Condition

Total assets as of the end of this second quarter were 39,077million yen. This is a 4.2%down compared to the end of last fiscal year.

Total liabilities were 4,586 million yen. This is down to 28.4% compared to the previous year-end. Total net assets were 34,490 million yen. This is down to 0.2% compared to previous year-end. This is due to increase of funds, capital surplus and retained earnings by flotation. As a result, capital ratio is 88.2%

## Consolidated Balance Sheet

	JPY million	
	2nd Quarter	(Reference)
	As of 30 Sep.	As of 31 March
	2012	2012
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash & deposits	9,311	10,649
Trade notes and accounts receivable	6,549	6,373
Inventories:	5,294	5,591
Deferred tax assets	205	219
Other current assets	574	716
Allowance for doubtful accounts	(2)	(2)
Total current assets	21,931	23,546
<b>Property, plant &amp; equipment:</b>		
Land	3,573	3,789
Buildings & structures	3,856	3,965
Machinery & equipment	5,613	4,567
Other	547	533
Construction in progress	1,982	2,747
Total property, plant & equipment	15,571	15,601
Intangible Assets	220	221
Net property, plant & equipment	15,791	15,822
<b>Investment &amp; other assets:</b>		
Total investments & other assets	1,355	1,440
Total assets	39,077	40,808

**LIABILITIES****Current liabilities:**

Trade notes & accounts payable	1,654	2,230
Current portion of long-term debt	5	5
Accrued income taxes	434	739
Accrued bonus	353	322
Accrued bonus to directors	5	14
Notes payable for property acquisitions	529	1,457
Other	1,252	1,270
Total current liabilities	<u>4,232</u>	<u>6,037</u>

**Long-term liabilities:**

Long-term debt	109	111
Diferrred tax liabilities	4	17
Other	242	236
Total long-term liabilities	<u>355</u>	<u>364</u>

Total liabilities	<u>4,587</u>	<u>6,401</u>
-------------------	--------------	--------------

**NET ASSETS****Shareholders' equity:**

Common stock	8,647	8,647
Capital surplus	11,909	11,906
Retained earnings	15,981	15,510
Treasury stock, at cost	(134)	(141)
Total shareholders' equity	<u>36,403</u>	<u>35,922</u>

**Valuation and translation adjustments:**

Net unrealized gains(losses)on available-for-sale	(40)	13
Foreign currency translation adjustments	(1,905)	(1,562)
Total valuation and translation adjustments	<u>(1,945)</u>	<u>(1,549)</u>

A subscription warrant and Minority stockholders	<u>32</u>	<u>34</u>
Total shareholders' equity	<u>32</u>	<u>34</u>
Total net assets	<u>34,490</u>	<u>34,407</u>
Total liabilities and net assets	<u>39,077</u>	<u>40,808</u>

## Consolidated Statements of Income

	JPY million	
	2nd Quarter	2nd Quarter
	1 April - 30 Sep.	1 April - 30 Sep.
	2011	2012
Net sales	10,976	<b>10,703</b>
Cost of sales	7,304	<b>7,621</b>
Gross profit	3,672	<b>3,082</b>
Selling, general & administrative expenses	1,870	<b>1,839</b>
Operating income	1,802	<b>1,243</b>
Other income (expenses):		
Interest & dividend income	13	<b>24</b>
Interest expenses	(1)	<b>(1)</b>
Rent income	54	<b>50</b>
Rent expenses on real estates for investments	(26)	<b>(25)</b>
Foreign exchange gain (loss), net	56	<b>(210)</b>
Amortization of negative goodwill	(24)	-
Gain on sales of property, plant and equipment	10	<b>1</b>
Other, net	17	<b>(1)</b>
Other income (expenses), net	50	<b>(182)</b>
Income before income taxes	1,852	<b>1,061</b>
Income taxes:		
Current	581	<b>399</b>
Deferred	8	<b>6</b>
Total income taxes	589	<b>405</b>
Net income	1,263	<b>656</b>

## Consolidated Statement of Cash Flows

	JPY million	
	For year ended 30th Sep. 2011	For year ended 30th Sep. 2012
<b>Cash flows from operating activities:</b>		
Income before income taxes	1,852	1,061
Adjustments for:		
Depreciation	843	944
Amortization of negative goodwill	-	
Decrease in allowance for doubtful accounts	(4)	2
Gain (Loss) on Valuation investment securities	6	-
Gain on disposal or sales of property, plant & equipment	35	19
Interest & dividend income	(13)	(24)
Foreign exchange (gain) loss	6	6
Decrease (increase) in trade notes & accounts receivable	(343)	(272)
Increase in inventories	(1,060)	168
Decrease in trade notes & accounts payable	(10)	(523)
Other	(116)	597
Sub-total	<u>1,196</u>	<u>1,978</u>
Interest & dividend income received	15	28
Interest expenses paid	(1)	(1)
Income taxes paid	<u>(587)</u>	<u>(715)</u>
Net cash provided by operating activities	<u>623</u>	<u>1,290</u>
<b>Cash flows from investment activities:</b>		
Payments into time deposits	(95)	(1)
Proceeds from withdrawal of time deposits	-	-
Payments for purchase of property, plant & equipment	(1,872)	(2,574)
Proceeds from sales of property, plant & equipment	67	218
Payments for purchase of investment securities	(112)	(2)
Proceeds from sales of investment securities	109	-
Payments for purchase of intangible assets	(8)	(15)
Other	38	25
Net cash used in investing activities	<u>(1,873)</u>	<u>(2,349)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans payable	0	-
Proceeds from long-term loans payable	1	-
Payments of long-term debt	(2)	(2)
Proceeds from clearance of treasury stock	745	11
Proceeds from issuance of common stock	3,850	-
Purchase of treasury stock	(1)	(1)
Cash dividends paid	(161)	(184)
Payments for purchase of treasury stock	-	-
Net cash used in financing activities	<u>4,432</u>	<u>(176)</u>
Effect of exchange rate changes on cash & cash	<u>(171)</u>	<u>(71)</u>
Net increase (decrease) in cash & cash equivalents	3,011	(1,306)
Cash and cash equivalents at beginning of year	8,380	10,074
Increase in cash and cash equivalents from newly consolidated subsidiary	-	-
Cash and cash equivalents at end of year	<u>11,391</u>	<u>8,768</u>