

MARUWA CO., LTD.

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**Final Results for Fiscal Year 2012-2013**

MARUWA CO., LTD. has announced its consolidated business results for the full fiscal year ended 31st March, 2013 as follows;

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

\*US dollar amounts are converted by USD1 = JPY94.05 for your convenience only

\*Number of consolidated subsidiaries: 14 companies (Maruwa (Malaysia) Sdn. Bhd., Maruwa Melaka Sdn. Bhd., Maruwa Lightings Sdn. Bhd.,

**I. Summary of Consolidated Results****(1) Summary of consolidated statement of income**

	million JPY		Change %	thousand USD
	For year ended	<b>For year</b>		For year ended
	31st March	<b>31st March</b>		31st March
	2012	<b>2013</b>		2013
Net sales	21,313	<b>24,399</b>	14.5%	259,426
Operating income	2,933	<b>2,287</b>	-22.0%	24,317
Income before income taxes	2,916	<b>3,119</b>	7.0%	31,057
Net income	2,105	<b>2,040</b>	-3.1%	19,585
		JPY		USD
Net income per share (Basic)	180.67	<b>165.76</b>	-8.3%	1.76
	180.41	<b>165.70</b>	--	--

\*Average number of issued shares 11,653,284 **12,308,175****(2) Summary of consolidated financial condition**

	million JPY		Change %	thousand USD
	As of 31st March	<b>As of 31st</b>		As of 31st March
	2012	<b>2013</b>		2013
Total Assets	40,808	<b>45,610</b>	11.8%	470,343
Total net assets	34,407	<b>37,141</b>	7.9%	394,906
Equity ratio	84.3%	<b>81.4%</b>	-2.9%	
		JPY		USD
Total net assets per share	2,793.36	<b>3,014.90</b>	7.9%	32.06
*Number of issued shares at the year end	12,308,327	<b>12,304,913</b>		

**(3) Summary of consolidated statement of cash flows**

	million JPY		Change %	USD thousand
	For year ended	<b>For year</b>		For year ended
	31st March	<b>31st March</b>		31st March
	2012	<b>2013</b>		2013
Net cash provided by operating activities	1,908	<b>4,146</b>	117.3%	43,125
Net cash used in investing activities	(4,435)	<b>(3,438)</b>	22.5%	(40,521)
Net cash used in financing activities	4,255	<b>(947)</b>	122.3%	(10,069)
Cash and cash equivalents at end of term	10,074	<b>10,010</b>	-0.6%	101,509

**II. Dividends**

	JPY per share	
	Fiscal 2012	Fiscal 2013
		(forecast)
Interim	15	15
Year-end	15	17
Annual	30	32

**III. Outlook for FY 2012 ending 31 March 2013**

	million JPY	
	<b>Half year</b>	<b>Full year</b>
Net sales	<b>16,000</b>	<b>34,000</b>
Operating income	<b>1,500</b>	<b>3,700</b>
Net income	<b>950</b>	<b>2,650</b>
Net income per	<b>77.18</b>	<b>215.30</b>

\*Cautionary statements: the above forecasts are forward-looking statements involving risks and uncertainties. Due to a number of factors, actual

## Review of Operations and Financial Condition

### I. Operating Results

	million							
	FY 2012				FY 2013			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	5,355	5,621	5,127	5,210	<b>5,310</b>	<b>5,393</b>	<b>5,146</b>	<b>8,551</b>
Operating income	993	809	671	460	<b>625</b>	<b>618</b>	<b>467</b>	<b>78</b>
Net income	687	576	461	381	<b>334</b>	<b>322</b>	<b>578</b>	<b>807</b>

	million				
	Previous		Current		variance
	For year ended	For year ended	amount	%	
	31st March 2012	31st March 2013			
Net sales	21,313	<b>24,399</b>	3,086	<b>14.5%</b>	
Operating income	2,933	<b>2,287</b>	(646)	<b>-22.0%</b>	
Net income	2,105	<b>2,040</b>	(65)	<b>-3.1%</b>	

#### (1) Review of Operations

In this fiscal year, the growth of the world economy has slowed due to the expanded Eurozone debt problem and to the rapidly developing economies in emerging countries, including China, rapidly losing steam, and in spite of an indication of economic recovery in the United States.

The Japanese economy has attempted to recover from the slump caused by the devastating Tohoku Earthquake and after new government appointment, the drop in the value of the yen and the positive stock market makes Japanese economy recover slowly.

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

As a result, our consolidated sales were 24,399 million yen. (This is up 14.5% compared to the same period last year) Our operating income was 2,287million yen. (This is down 22.0% compared to the same period last year) Ordinary profit was 3,136million yen (down 3.9%). Net income was 2,040 million yen (down 3.1%).

MARUWA acquired 100% of outstanding shares of Yamagiwa Corporation, which is one of the leading lighting solution companies in Japan. As a result of this share acquisition, Yamagiwa will become a consolidated subsidiary of the Company. By welcoming Yamagiwa as one of the core companies of the Group and utilizing its strong brand recognition and its position as a leading company in the area of lighting solutions, the Company aims to further expand its business base in the booming LED lighting market and enhance its global business growth.

## (2) Review of operating results by business segment

	million JPY	
	<b>Current</b>	
	For year ended 31st March	<b>For year ended 31st March</b>
<b>Ceramic Components:</b>		
Net sales	19,024	<b>19,250</b>
Operating income	3,412	<b>2,963</b>
<b>Lighting Equipment:</b>		
Net sales	2,289	<b>5,150</b>
Operating income	247	<b>190</b>
<b>Total:</b>		
Net sales	21,313	<b>24,400</b>
Operating income	3,659	<b>3,153</b>
<b>Elimination:</b>		
Net sales	--	--
Operating income	(726)	<b>(866)</b>
<b>Consolidated:</b>		
Net sales	21,313	<b>24,400</b>
Operating income	2,933	<b>2,287</b>

## (2) Operating Results by Business Division

### 1. The Ceramic Components Division

The total sales for this business segment was 19,250 million yen. (This is up 1.2% compared to the same period last year).

In the general electric device market such as PC, flat TV and home electronics market was very slow. But the market for environment-related products, the power modules market and the smart phone market have remained strong.

### 2. Lighting Equipment Division

The turnover was 5,150 million yen. This is a 125.0% increase over the same period last year.

Operating profit was 190 million yen, an 23.0% decrease.

This improvement is due to a consistent increase in inquiries and orders for LED lighting devices in the public utilities markets. New types of product were very successful. MARUWA is continuing to press forward with the development and promotion of new LED lighting products. In the last forth quarter, Yamagiwa results was added to consolidated account.

### (3) Outlook of the Full Fiscal 2012

	million JPY		
	For year ended 31st March 2012	For year <b>31st March</b>	variance %
Net sales	24,399	34,000	39.3%
Operating income	2,287	3,700	61.8%
Net income	2,040	2,650	29.9%

  

Sales by segment	million JPY		
	For year ended 31st March 2012	For year <b>31st March</b>	variance %
Ceramic Components	19,250	21,400	11.2%
Lighting Equipment	5,150	12,600	144.7%
Total	24,400	34,000	39.3%

\*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.

### 3. Outlook for the next fiscal year

The outlook for the future economy is still uncertain because of the prolonged and on-going economic problems in Europe and the world-wide rate of consumption remaining stagnant. On the other hand, the reconstruction demands created by the Tohoku Earthquake, public investment, equipment investment, home investment and continuing upward momentum in America and economic growth in China and other emerging countries will contribute basic support for the world economy.

The energy saving, ecology related market in which we situate our growth strategy, is expected to grow at a solid rate. Furthermore, new products for smartphones and other information terminal markets are expected to expand rapidly.

For capital investment, we will continue to invest actively in the energy saving, ecology related market. We will also invest in new R&D, with increased staff, to work for the development of new products, with high added value.

We forecast that consolidated sales for the next fiscal year will be 34,000million yen, up 39.3% compared to last year. In terms of operating income, net income is expected to be 3,700 million yen, up 61.8% compared to last year, 2,650 million yen (Up29.9% compared to last year).

We will strengthen the corporate structure and improve profitability, which will benefit all stakeholders, including shareholders.

Cautionary statements: The above forecasts are based on the present business environment and currently-available information, and include forward-looking statements involving risks and uncertainties. The reader is cautioned not to place reliance entirely on the above forecast for making investment decisions. Due to a number of factors, such as future economic situations and market environment changes, actual results may differ significantly from these estimates.

**Financial**

	million		million	
	As of 31st March 2012	As of 31st March 2013	Change Amount %	
Total assets	40,808	<b>45,610</b>	4,802	11.8%
Total liabilities	6,401	<b>8,469</b>	2,068	32.3%
Total net assets	34,407	<b>37,141</b>	2,734	7.9%
Equity ratio	84.3%	<b>81.4%</b>	-2.9%	

	million		million	
	For year ended 31st March 2012	For year ended 31st March 2013	Change Amount %	
Net cash provided by	1,908	<b>4,146</b>	2,238	117.3%
Net cash used in	(4,435)	<b>(3,438)</b>	997	22.5%
Net cash used in	4,255	<b>(947)</b>	-5,202	122.3%
Cash and cash equivalents	10,074	<b>10,010</b>	-64	-0.6%
Net sales	21,313	<b>24,399</b>	3,086	14.5%
Capital expenditure	5,717	3,237	-2,480	-43.4%
Depreciation	1,813	<b>1,958</b>	145	8.0%

**Trends of cash-flows indices**

	million		
	For year ended 31st March 2011	For year ended 31st March 2012	For year ended 31st March 2013
Equity ratio	83.5%	84.3%	81.4%
Equity ratio at market value	86.1%	110.8%	71.4%
Interest-bearing debt to	0.0	0.0	0.2
Interest coverage ratio	1,217.8	1,141.9	925.1

## Consolidated Balance Sheets

	million JPY	million JPY		thousand USD
	As of 31st March	As of 31st March	variance	As of 31st March
	2012	2013		2013
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash & deposits	10,649	<b>11,312</b>	663	120,276
Trade notes and accounts receivable	6,373	<b>8,560</b>	2,187	91,015
Inventories	5,591	<b>5,493</b>	(98)	58,405
Deferred tax assets	219	<b>260</b>	41	2,764
Other current assets	716	<b>652</b>	(64)	6,932
Allowance for doubtful accounts	(2)	<b>(23)</b>	(21)	(245)
<b>Total current assets</b>	<b>23,546</b>	<b>26,254</b>	2,708	279,147
<b>Property, plant &amp; equipment:</b>				
Land	3,789	<b>3,625</b>	(164)	38,543
Buildings & structures	3,965	<b>4,039</b>	74	42,945
Machinery & equipment	4,567	<b>6,447</b>	1,880	68,549
Other	533	<b>622</b>	89	6,614
Construction in progress	2,747	<b>1,792</b>	(955)	19,054
<b>Total property, plant &amp; equipment</b>	<b>15,601</b>	<b>16,525</b>	924	175,705
<b>Intangible assets:</b>				
Goodwill	-	<b>1,006</b>		
Other	221	<b>368</b>		
<b>Total Intangible assets</b>	<b>221</b>	<b>1,374</b>		
<b>Investments &amp; other assets:</b>				
Investment securities	318	<b>243</b>	(75)	2,584
Deferred tax assets	85	<b>73</b>	(12)	776
Property & equipment for investments	906	<b>900</b>	(6)	9,569
Other	136	<b>282</b>	146	2,998
Allowance for doubtful accounts	(5)	<b>(41)</b>	(36)	(436)
<b>Total investments &amp; other assets</b>	<b>1,440</b>	<b>1,457</b>	17	15,491
<b>Total noncurrent assets</b>	<b>17,262</b>	<b>19,356</b>		
<b>Total assets</b>	<b>40,808</b>	<b>45,610</b>	4,802	470,343
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Trade notes & accounts payable	2,230	<b>3,086</b>	856	32,812
Current portion of long-term debt	5	<b>339</b>	334	3,604
Accrued income taxes	739	<b>607</b>	(132)	6,454
Accrued bonus	322	<b>391</b>	69	4,157
Accrued bonus for directors	14	<b>5</b>	--	53
Notes payable for property acquisitions	1,457	<b>315</b>	(1,142)	3,349
Other current liabilities	1,270	<b>1,718</b>	448	18,267
<b>Total current liabilities</b>	<b>6,037</b>	<b>6,461</b>	424	68,696
<b>Long-term liabilities:</b>				
Long-term debt	111	<b>789</b>	678	8,389
Deferred tax liabilities	17	<b>104</b>	87	1,106
Provision for retirement benefits	-	<b>876</b>	-	0
Other	236	<b>239</b>	3	2,541
<b>Total long-term liabilities</b>	<b>364</b>	<b>2,008</b>	1,644	12,036
<b>Total liabilities</b>	<b>6,401</b>	<b>8,469</b>	2,068	80,732

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

Common stock	8,647	<b>8,647</b>	--	91,940
Capital surplus	11,906	<b>11,909</b>	--	126,624
Retained earnings	15,510	<b>17,181</b>	1,671	182,679
Treasury stock, at cost	(141)	<b>(134)</b>	7	(1,425)
Total shareholders' equity	35,922	<b>37,603</b>	1,681	399,818

**Valuation and translation adjustments:**

Net unrealized gains (losses)	13	<b>16</b>	3	170
Foreign currency translation adjustment	(1,562)	<b>(511)</b>	1,051	(5,433)
Total valuation and translation adjustments	(1,549)	<b>(495)</b>	1,054	(5,263)

A subscription warrant and Minority stockholders	34	<b>33</b>	-	351
Total shareholders' equity	34	<b>33</b>	(1)	351
Total net assets	34,407	<b>37,141</b>	2,734	394,906
Total liabilities & net assets	40,808	<b>45,610</b>	4,802	475,638

**Consolidated Statements of Income**

	million JPY	million JPY		thousand USD
	For year ended	<b>For year ended</b>	variance	For year ended
	31st March	<b>31st March</b>		31st March
	2012	<b>2013</b>		2013
Net sales	21,313	<b>24,399</b>	3,086	259,426
Cost of sales	14,567	<b>17,418</b>	2,851	185,199
Gross profit	6,746	<b>6,981</b>	235	74,227
Selling, general & administrative expenses	3,813	<b>4,694</b>	881	49,910
Operating income	2,933	<b>2,287</b>	(646)	24,317
Other income (expenses):				
Interest and dividend income	40	<b>45</b>	5	478
Interest expenses	(2)	<b>(4)</b>	(2)	(43)
Rent income	105	<b>93</b>	(12)	
Rent expenses on real estates for investments				
Environmental expenses				
Foreign exchange gain (loss), net	144	<b>703</b>	559	7,475
Stock issuance cost				
Gain on sales of property, plant and equipment	(48)	<b>(53)</b>		(564)
Loss on disposal or sales of property, plant and	(63)	<b>(135)</b>		(1,435)
Loss on valuation of inventories	(278)	<b>18</b>		191
Environmental expenses	-	<b>(23)</b>		
Pension plan change benefit	-	<b>128</b>		
Other, net	37	<b>60</b>	23	638
Other income (expenses), net	(17)	<b>832</b>	849	6,740
Income before income taxes	<b>2,916</b>	<b>3,119</b>	203	31,057
Income tax expenses:				
Current	1,071	<b>892</b>	(179)	9,484
Deferred	(260)	<b>187</b>	447	1,988
Total income taxes	811	<b>1,079</b>	268	11,472
Net income	2,105	<b>2,040</b>	(65)	19,585

## Consolidated Statement of Cash Flows

	million JPY	million JPY		thousand USD
	For year ended 31st March 2011	For year ended 31st March 2013	variance	For year ended 31st March 2013
<b>Cash flows from operating activities:</b>				
Income before income taxes	2,916	<b>3,119</b>	203	31,057
Adjustments for:				
Depreciation	1,813	<b>1,958</b>	145	20,819
Amortization of negative goodwill	--	<b>73</b>	0	0
Increase (decrease) in provision for retirement	--	<b>(181)</b>		0
Decrease in allowance for doubtful accounts	(18)	<b>2</b>	20	21
Loss on disposal of property, plant & equipment	76	<b>135</b>	59	1,435
Interest & dividend income	(47)	<b>(51)</b>	(4)	(542)
Foreign exchange (gain) loss	0	<b>(25)</b>	(25)	(266)
Gain on sales of investment securities	0		0	0
Loss on valuation of inventories	86	<b>(15)</b>	(101)	(159)
Decrease (increase) in trade notes & accounts	125	<b>(327)</b>	(452)	(3,477)
Increase in inventories	(1,917)	<b>873</b>	2,790	9,282
Decrease in trade notes & accounts payable	187	<b>101</b>	(86)	1,074
Other	(404)	<b>(426)</b>	(22)	(4,530)
Sub-total	<u>2,817</u>	<u><b>5,236</b></u>	<u>2,419</u>	<u>54,714</u>
Interest & dividend income received	49	<b>53</b>	4	564
Interest expenses paid	(2)	<b>(5)</b>	(3)	(53)
Income taxes paid	(956)	<b>(1,138)</b>	(182)	(12,100)
The amount of corporation tax return	--	<b>--</b>	-	0
Net cash provided by operating activities	<u>1,908</u>	<u><b>4,146</b></u>	<u>2,238</u>	<u>43,125</u>
<b>Cash flows from investment activities:</b>				
Payments into time deposits	(66)	<b>(610)</b>	(544)	(6,486)
Proceeds from withdrawal of time deposits	0	<b>30</b>	--	319
Payments for purchase of	(5,075)	<b>(3,721)</b>	1,354	(39,564)
Proceeds from sales of	693	<b>366</b>	(327)	3,892
Payments for purchase of	(115)	<b>(4)</b>	111	(43)
Proceeds from purchase of investments in	-	<b>373</b>		0
Proceeds from sales of	109	<b>109</b>	0	1,159
Purchase of intangible assets	(18)	<b>(16)</b>	2	(170)
Other	37	<b>35</b>	(2)	372
Net cash used in investing activities	<u>(4,435)</u>	<u><b>(3,438)</b></u>	<u>997</u>	<u>(40,521)</u>
<b>Cash flows from financing activities:</b>				
Payments of long-term debt	(5)	<b>(1,688)</b>	(1,683)	(17,948)
Cash dividends paid	(346)	<b>(369)</b>	(23)	(3,923)
Proceeds from long-term loans payable	0	<b>1,100</b>	0	11,696
Payments for purchase of treasury stock	0		0	0
Proceeds from sales of treasury stock	4,606	<b>10</b>		106
Net cash used in financing activities	<u>4,255</u>	<u><b>(947)</b></u>	<u>(5,202)</u>	<u>(10,069)</u>
Effect of exchange rate	<u>(34)</u>	<u><b>175</b></u>	<u>209</u>	<u>1,861</u>
changes on cash & cash equivalents				
Net increase (decrease) in	1,694	<b>(64)</b>	(1,758)	(5,604)
cash & cash equivalents				
Cash and cash equivalents	8,380	<b>10,074</b>	1,694	107,113
at beginning of year				0
Cash and cash equivalents at end of year	<u>10,074</u>	<u><b>10,010</b></u>	<u>(64)</u>	<u><b>101,509</b></u>



**Consolidated Statements of Changes in Net Assets**

	million JPY					million JPY				
	Shareholders' equity					Valuation and translation adjustment			A	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustment	subscription warrant and Minority stockholders share	
Balance at 31 March 2012	8,647	11,906	15,510	(141)	35,922	13	(1,562)	(1,549)	34	34,407
Increase in legal capital					0					0
Cash dividends			(369)		(369)					(369)
Net income			2,040		2,040					2,040
Change of scope of consolidation					0					0
Purchase of treasury stock				0	0					0
Disposal of treasury stock		3		7	10					10
Other changes					0	4	1,051	1,055	(3)	1,052
Total changes during the year	0	3	1,671	7	1,681	4	1,051	1,055	(3)	2,733
Balance at 31 March 2013	8,647	11,909	17,181	(134)	37,603	16	(511)	(495)	33	37,141

	thousand USD					thousand USD				
	Shareholders' equity					Valuation and translation adjustment			A	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustment	subscription warrant and Minority stockholders share	
Balance at 31 March 2012	91,940	126,592	164,912	(1,499)	381,946	138	(16,608)	(16,470)	362	365,837
Increase in legal capital	0	0	0	0	0	0	0	0	0	0
Cash dividends	0	0	(3,923)	0	(3,923)	0	0	0	0	(3,923)
Net income	0	0	21,691	0	21,691	0	0	0	0	21,691
Change of scope of consolidation	0	0	0	0	0	0	0	0	0	0
Purchase of treasury stock	0	0	0	0	0	0	0	0	0	0
Disposal of treasury stock	0	32	0	74	106	0	0	0	0	106
Other changes	0	0	0	0	0	43	11,175	11,217	(32)	11,186
Total changes during the year	0	32	17,767	74	17,873	43	11,175	11,217	(32)	29,059
Balance at 31 March 2013	91,940	126,624	182,679	(1,425)	399,818	170	(5,433)	(5,263)	351	394,906