

MARUWA CO., LTD.

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Consolidated financial results for the third quarter of Fiscal 2012

MARUWA CO., LTD. today announced its consolidated financial results for the third quarter of Fiscal 2012<1 April 2011 - 31 December 2011> as follows;

I. Summary of Consolidated Financial Results

(1) Summary of consolidated operating results

	JPY million		Change %
	3rd Quarter As of 31 Dec. 2010	3rd Quarter As of 31 Dec. 2011	
Net sales	14,470	16,102	11.3%
Operating income	2,231	2,473	10.8%
Income before income taxes	2,167	2,436	12.4%
Net income	1,409	1,725	22.4%
Net income per share:	JPY		
Basic	131.08	150.80	15.0%
Diluted	-	150.57	--

(2) Summary of consolidated financial condition

	As of 31 March 2011	As of 31 Dec. 2011	Change %
	Total assets	33,649	
Total net assets	28,106	33,366	18.7%
Equity ratio	83.4%	85.1%	1.7%
Total net assets per share	2,611.82	2,709.23	3.7%

II. Dividends

	JPY per share	
	Fiscal 2011	Fiscal 2012 (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 2012<1 April 2011 - 31 March 2012>

The forecast figures for business results announced in 31 October 2011 were changed with current trend.

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

*Consolidated subsidiaries: 13companies.

Review of Operations

(1) Review of Operations

In this third quarter, the world economy has been suffering continuously with the expanding debt problem in Euro zone nations triggered by the situation in Greece, the record-breaking rise in the exchange rate of the yen due to concern over the financial situation in developed countries and the slump in stock prices. These concerns have slowed down growth in the overall world economy, including the economies in emerging countries and China.

The Japanese economy, due to an easing in the mood of consumer self-restraint and an increase in energy-saving electrical appliance and digital terrestrial television consumption, has rapidly recovered from the decline in personal consumption which resulted from the devastating Tohoku Earthquake. However, the future of the domestic economy is still unclear, and the situation is worsened by high unemployment and by the recent slowdown in personal consumption of electronic appliances. The ineffectiveness of the government's intervention against the record-breaking strong yen also a factor in the current climate of uncertainty.

In this severe economic situation, the Maruwa Group saw an increase in the market for environment-related products, including ceramics for power modules, LED lightings and components for smart phones. We are very optimistic that this trend will continue.

As a result, our consolidated sales were 16,102 million yen. (This is up 11.3% compared to the same period last year)

With respect to profit, we had improvements due to a production profitability program, which we have been operating within the group for two years, and also resulting from the contribution of new LED lighting products. As a result, consolidated operating income was 2,473 million yen (this is up 10.8% compared to same period last year). Ordinary profit was 2,570 million yen (this is up 10.5% compared to same period last year) and quarter net income was 1,725 million yen (this is up 22.4% compared to same period last year).

Operating Results by Business Division

1. The Ceramic Components Division

The third quarter turnover was 14,843 million yen. This is a 9.1% increase over the same period last year.

The sales for the market related to environment have been very good. The ceramic products for HEV and components for smart phones in particular have grown well.

Operating income was 2,955 million yen. This is up 9.7% compared to the same period last year, and was due

to improvement in cost reduction and manufacturing efficiency for existing products.

2. Lighting Equipment Division

The turnover during this third quarter was 1,259 million yen. This is a 45.5% increase over the same period last year.

Operating profit was 50 million yen, compared to a 32 million yen operation loss in the same period last year. This improvement is due to a consistent increase in inquiries and orders for LED lighting devices in the public utilities markets. MARUWA is continuing to press forward with the development and promotion of new LED lighting products.

Review of Operations

Review of operating results by segment

	JPY	
	3rd Quarter As of 31 2010	3rd Quarter As of 31 Dec. 2011
Ceramic Components:		
Net sales	13,605	14,843
Operating income	2,694	2,955
Lighting Equipment:		
Net sales	865	1,259
Operating income	(32)	50
Total:		
Net sales	14,470	16,102
Operating income	2,662	3,005
Elimination:		
Net sales	--	--
Operating income	(430)	(532)
Consolidated:		
Net sales	14,470	16,102
Operating income	2,232	2,473

(2) Financial Condition

Total assets as of the end of this third quarter were 39,153 million yen. This is a 16.4% increase compared to the end of the previous fiscal year. This is due to flotation to improve equipment.

Total liabilities were 5,787 million yen. This is up 4.4% compared to the previous year-end. This is due to an increase in notes payable related to improvements in equipment.

Total net assets were 33,366 million yen. This is up 18.7% compared to the previous year-end. This is due to an increase of funds, capital surplus and retained earnings due to flotation.

As a result, capital ratio is 85.1%.

(3) Forecast for Operation

The forecast for operation, which was published on October 31, 2011, has been modified based on the latest economic situation.

Consolidated Balance Sheet

	JPY million	
	(Reference)	3rd Quarter
	As of 31 March	As of 31 Dec.
	2011	2011
ASSETS		
Current assets:		
Cash & deposits	8,923	10,842
Trade notes and accounts receivable	6,540	6,463
Inventories:	3,671	5,184
Deferred tax assets	221	131
Other current assets	311	681
Allowance for doubtful accounts	(12)	(14)
Total current assets	19,654	23,287
Property, plant & equipment:		
Land	3,155	3,975
Buildings & structures	3,782	3,997
Machinery & equipment	3,494	4,497
Other	384	507
Construction in progress	1,525	1,357
Total property, plant & equipment	12,340	14,333
Intangible Assets	221	208
Net property, plant & equipment	12,561	14,541
Investment & other assets:		
Total investments & other assets	1,434	1,325
Total assets	33,649	39,153

LIABILITIES**Current liabilities:**

Trade notes & accounts payable	2,105	2,071
Current portion of long-term debt	5	5
Accrued income taxes	598	378
Accrued bonus	345	171
Accrued bonus to directors	22	2
Notes payable for property acquisitions	669	1,170
Other	1,229	1,541
Total current liabilities	4,973	5,338

Long-term liabilities:

Long-term debt	116	113
Diferred tax liabilities	201	91
Other	253	245
Total long-term liabilities	570	449

Total liabilities	5,543	5,787
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NET ASSETS**Shareholders' equity:**

Common stock	6,710	8,647
Capital surplus	9,747	11,903
Retained earnings	13,750	15,130
Treasury stock, at cost	(679)	(148)
Total shareholders' equity	29,528	35,532

Valuation and translation adjustments:

Net unrealized gains(losses)on available-for-sale securities	(50)	(31)
Foreign currency translation adjustments	(1,401)	(2,172)
Total valuation and translation adjustments	(1,451)	(2,203)

A subscription warrant and Minority stockholders share	29	37
Total shareholders' equity	29	37
Total net assets	28,106	33,366
Total liabilities and net assets	33,649	39,153

Consolidated Statement of Income

	JPY million	
	(Reference)	(Reference)
	As of 31 Dec.	As of 31 Dec.
	2010	2011
Net sales	14,470	16,102
Cost of sales	9,501	10,791
Gross profit	4,969	5,311
Selling, general & administrative expenses	2,738	2,838
Operating income	2,231	2,473
Other income (expenses):		
Interest & dividend income	38	21
Interest expenses	(1)	(2)
Rent income	83	82
Rent expenses on real estates for investments	(43)	(37)
Foreign exchange gain (loss), net	(26)	20
Stock issuance cost	-	(26)
Gain on sales of property, plant and equipment	4	12
Loss on disposal or sales of property, plant and equipment	(21)	(63)
Loss on valuation of inventories securities	(150)	(80)
Other, net	52	36
Other income (expenses), net	(64)	(37)
Income before income taxes	2,167	2,436
Income taxes:		
Current	529	711
Deferred	229	0
Total income taxes	758	711
Net income	1,409	1,725