

MARUWA CO., LTD.

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### Final Results for Fiscal Year 2014

MARUWA CO., LTD. has announced its consolidated business results for the full fiscal year ended 31th March, 2015 as follows;

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

\*US dollar amounts are converted by USD1 = JPY110.03 for your convenience only

\*Number of consolidated subsidiaries: 14 companies (Maruwa (Malaysia) Sdn. Bhd., Maruwa Melaka Sdn. Bhd., Maruwa Lightings 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 Electronic (India) Pvt.Ltd., MARUWA QUARTZ Co., Ltd., MARUWA SHOMEI Co., Ltd., Hokko Denshi Co., Ltd. and YAMAGIWA CORPORATION.

#### I. Summary of Consolidated Results

##### (1) Summary of consolidated statement of income

	million JPY		Change %	thousand USD
	For year ended 31th March 2014	<b>For year ended 31st March 2015</b>		For year ended 31th March 2015
Net sales	33,475	<b>32,811</b>	-2.0%	298,200
Operating income	3,350	<b>2,404</b>	-28.2%	21,858
Income before income taxes	3,614	<b>1,746</b>	-51.7%	15,715
Net income	2,586	<b>884</b>	-65.8%	7,881
		JPY		USD
Net income per share (Basic)	209.60	<b>71.59</b>	-65.8%	0.65
(Diluted)	209.50	<b>71.59</b>	--	--
*Average number of issued shares	12,336,985	<b>12,350,052</b>		

## (2) Summary of consolidated financial condition

	million JPY		Change %	thousand USD
	As of 31th	As of 31th		As of 31th
	March	March		March
	2014	2015		2015
Total Assets	49,569	<b>49,445</b>	-0.3%	437,427
Total net assets	40,015	<b>41,000</b>	2.5%	372,626
Equity ratio	80.7%	<b>82.9%</b>	2.2%	
		JPY		USD
Total net assets per share	3,239.88	<b>3,319.58</b>	2.5%	30.17
*Number of issued shares at the year end	12,350,117	<b>12,350,017</b>		

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

	million JPY		Change %	USD thousand
	For year	For year		For year ended
	ended	ended		For year ended
	31th March	31th March		31th March
	2014	2015		2015
Net cash provided by operating activities	4,056	<b>3,688</b>	-9.1%	33,365
Net cash used in investing activities	(1,927)	<b>(1,881)</b>	2.4%	(17,096)
Net cash used in financing activities	170	<b>(877)</b>	615.9%	(7,970)
Cash and cash equivalents at end of term	12,507	<b>13,684</b>	9.4%	124,213

## II. Dividends

	JPY per share	
	Fiscal 2013	Fiscal 2014 (forecast)
Interim	17	18
Year-end	17	18
Annual	34	36

## III. Outlook for FY2015 ending 31th March 2016

	million JPY	
	Half year	Full year
Net sales	<b>15,000</b>	<b>34,000</b>
Operating income	<b>1,110</b>	<b>3,400</b>
Net income	<b>500</b>	<b>2,200</b>
Net income per share	<b>40.49</b>	<b>202.43</b>

\*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.

## Review of Operations and Financial Condition

### I. Operating Results

	million JPY			
	Previous	Current		
	For year ended	For year ended		variance
	31th March 2014	31th March 2015	amount	%
Net sales	33,475	<b>32,811</b>	(664)	<b>-2.0%</b>
Operating income	3,350	<b>2,405</b>	(945)	<b>-28.2%</b>
Net income	2,586	<b>884</b>	(1,702)	<b>-65.8%</b>

#### (1) Review of Operations

In this fiscal year, the United States economy has gradually recovered due to a steady recovery of employment environment, a rising trend of share prices and an improvement of personal consumption. European financial market has also regained stability. Meanwhile, in Asian economy including China, its prospects have been uncertain by the slowdown in the growth rate and unstable political situation.

In the Japanese economy, signs of upturn from the long deflationary trend are gradually shown by economic and fiscal policy of 'Abenomics'. However, the economic condition has still been uncertain because of a stagnation of personal consumption by the raising of the consumption tax.

Under the uncertain market condition, the MARUWA Group's business results during this fiscal year has stayed firm especially in the field of ceramic products for power modules. About the product (NFC sheet) for our communication terminal production majors, our pressed profit decrease that customer included stock disposal by the withdrawal of the communication terminal business of the communication terminal maker and large production adjustment. In the field of lighting equipment apparatus business, the inquiry of the community-related illumination changed including a road light smoothly, and the YAMAGIWA came out to the result of the constitution reinforcement steadily, but changed in the situation severe at all by market environment change and a change of assumption business environment more than it that included a consumption tax increase.

As a result, our consolidated net sales were 32,811 million yen (this is down 2.0% compared to the same period last fiscal year). Our operating income was 2,404 million yen (this is down 28.2% compared to the same period last fiscal year). Ordinary profit was 2,841 million yen (this is down 22.1% compared to the same period last fiscal year). We were profit improvement initiatives after the next, were carried out, such as structural reforms to the proper of the production facilities. Net income was 884 million yen (this is down 65.8% compared to the same period last fiscal year).

(2) Operating Results by Business Division

million JPY

	Current	
	For year ended 31th March 2014	For year ended 31th March 2015
<b>Ceramic Components:</b>		
Net sales	21,279	21,389
Operating income	3,939	3,425
<b>Lighting Equipment:</b>		
Net sales	12,196	11,422
Operating income	426	(82)
<b>Total:</b>		
Net sales	33,475	32,811
Operating income	4,365	3,343
<b>Elimination:</b>		
Net sales	--	--
Operating income	(1,015)	(939)
<b>Consolidated:</b>		
Net sales	33,475	32,811
Operating income	3,350	2,404

1. The Ceramic Components Division

The total sales for this business segment was 21,389 million yen (this is up 0.5% compared to the same period last fiscal year).

Operating profit was 3,425 million yen (this is down 13.0% compared to the same period last fiscal year).

Energy saving market and environment-related products market are still brisk and the sales of ceramic products for HEV and LED remained strong. In the NFC Ferrite sheet, the customer (China) was the rise of low-cost communication terminals, such as the customer is carried out by the business withdrawal and significant production adjustment, our sales were lower than the expected.

With regard to profitability, energy saving, but for environment -related markets were the NFC ferrite sheets from the fact that it is assumed that continue to be severe in the future, as efforts to improve the profitability and reduction of excess facilities was carried out, we conducted a review of significant profitability aimed at improving profitability of time intention. The NFC ferrite sheet is progressing steadily even development projects on non- communication terminal market, we will continue to focus.

## 2. Lighting Equipment Division

The total sales for this business segment was 11,422 million yen (this is down 6.3% compared to the same period last fiscal year).

Operating profit loss was 82 million yen (426 million yen to the same period last fiscal year).

We've released the LED lighting equipment that private ceramic technology. Although orders for road lights equipment were strong, but total sales was decrease at assumption to the same period last fiscal year by a change of the business environment such as lack of a consumption tax increase and the construction material or the labor shortage of the construction site. The high value-added illumination of YAMAGIWA decreased by having been behind the original order plan.

We look forward to the expectations of the future, demand increased towards the redevelopment of the Tokyo Olympic Games and linear motor cars.

We are the development of new lighting equipment, we will focus on the reconstruction of the sales strategy that takes advantage of the strengths of the release and product.

### (3) Outlook for the next fiscal year

	million JPY		
	For year ended	For year ended	variance
	31th March 2015	<b>31th March 2016</b>	%
Net sales	32,811	34,000	3.6%
Operating income	2,404	3,400	41.4%
Net income	884	2,500	182.8%

Sales by segment	million JPY		
	For year ended	<b>For year ended</b>	variance
	31th March 2015	<b>31th March 2016</b>	%
Ceramic Components	21,389	23,700	10.8%
Lighting Equipment	11,422	10,300	-9.8%
Total	32,811	34,000	3.6%

\*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.

The outlook of the world economy is still uncertain because of economic slowdown of emerging markets including China and Ukraine crisis. It is anticipated that Japanese economy would still be under uncertain condition.

It is expected that an environment-related product market, which is identified as our growth strategy, would continue strong. Continuous expansion of LED lighting market and increasing demand in a luxury properties market, which is the most respective areas for YAMAGIWA, are also expected. We will continue to focus on development of new products and sales expansion by combining material and component technologies from MARUWA with brand power and solution providing from YAMAGIWA.

We forecast that consolidated net sales for the next fiscal year will be 34,000 million yen (up 3.6% compared to last fiscal year). In terms of operating income is expected to be 3,400 million yen (up 41.4% compared to last fiscal year), net income 2,500 million yen (up 182.8% compared to last fiscal year).

For capital investment, we will continue to invest energy saving, environmental-related, information, communication, medical and optical communication business to meet customers' needs. In addition, we have a plan to strengthen R&D with human resources and development of new value-added products. We will perform the reduction to the stakeholder including the stockholder in future that it promotes reinforcement and the profit improvement of the corporate culture by performing management to also support a change of the business environment in each business effectively quickly, and

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

(Cautionary statements about forecast)

The above forecasts are based on the present business environment and currently-available information, and including 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.

## II. Financial Results

	million JPY		million JPY	
	As of 31th March 2014	As of 31th March 2015	Change	
			Amount	%
Total assets	49,569	<b>49,445</b>	-124	-0.3%
Total liabilities	9,554	<b>8,445</b>	-1,108	-11.6%
Total net assets	40,015	<b>41,000</b>	984	2.5%
Equity ratio	80.7%	<b>82.9%</b>	2.2%	

  

	million JPY		million JPY	
	For year ended 31th March 2014	For year ended 31th March 2015	Change	
			Amount	%
Net cash provided by operating activities	4,056	<b>3,688</b>	-368	-9.1%
Net cash used in investing activities	(1,927)	<b>(1,881)</b>	46	2.4%
Net cash used in financing activities	170	<b>(877)</b>	-1,047	615.9%
Cash and cash equivalents at end of year	12,507	<b>13,684</b>	1,177	9.4%

  

Net sales	33,475	<b>32,811</b>	-664	-2.0%
Capital expenditure	3,237	3,032	-205	-6.3%
Depreciation	2,308	<b>2,137</b>	-171	-7.4%

Total assets as of this fiscal year were 49,445 million yen, down 0.3% compared to the end of last fiscal year. Total liabilities were 8,445 million yen, down 11.6% compared to the end of last fiscal year. The main factor is the decrease of accrued income tax. Total net assets were 41,000 million yen, up 2.5% compared to the end of last fiscal year.

As a result, capital ratio of this fiscal year were 82.9%, up 2.2points compared to the end of last fiscal year.

Cash from operating activities was 3,688 million yen, down 368 million yen compared to the end of last fiscal year. The main factor is the decrease of income before income tax.

Cash for investing activities was 1,881 million yen, down 45 million yen compared to the end of last fiscal year. The main factor is the decrease of purchase of tangible and fixed assets.

Cash from financing activities was 877 million yen (170 million yen income last fiscal year). The main factor is the increase of output of long-term debit.

As a result, the total cash from operating activities and investing activities exceeded cash for investing activities. Cash and cash equivalents by the end of fiscal year was 13,684 million yen, up 1,176 million yen compared to the end of last fiscal year.

	million JPY		
	For year ended 31th March 2013	For year ended 31th March 2014	<b>For year ended 31th March 2015</b>
Equity ratio	81.4%	80.7%	82.9%
Equity ratio at market value	71.4%	100.2%	71.1%
Interest-bearing debt to cash flows ratio (year)	0.2	0.4	0.4
Interest coverage ratio	925.1	368.7	212.8

	million JPY	million JPY		thousand USD
	As of 31th March	As of 31th March	variance	As of 31th March
	2014	2015		2015
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash & deposits	13,362	<b>14,225</b>	863	129,283
Trade notes and accounts receivable	8,870	<b>8,491</b>	(379)	77,170
Electronically recorded monetary claims-operating	374	<b>439</b>	65	0
Inventories	6,025	<b>7,132</b>	1,107	64,819
Deferred tax assets	439	<b>320</b>	(119)	2,908
Other current assets	727	<b>811</b>	84	7,371
Allowance for doubtful accounts	(15)	<b>(11)</b>	4	(100)
<b>Total current assets</b>	<b>29,782</b>	<b>31,406</b>	<b>1,625</b>	<b>281,451</b>
<b>Property, plant &amp; equipment:</b>				
Land	3,512	<b>3,518</b>	6	31,973
Buildings & structures	4,981	<b>4,635</b>	(346)	42,125
Machinery & equipment	6,169	<b>4,519</b>	(1,650)	41,071
Other	543	<b>534</b>	(9)	4,853
Construction in progress	1,539	<b>1,786</b>	247	16,232
<b>Total property, plant &amp; equipment</b>	<b>16,744</b>	<b>14,992</b>	<b>(1,752)</b>	<b>136,254</b>
<b>Intangible assets:</b>				
Goodwill	716	<b>426</b>		
Other	410	<b>450</b>		
<b>Total Intangible assets</b>	<b>1,126</b>	<b>877</b>		
<b>Investments &amp; other assets:</b>				
Investment securities	264	<b>432</b>	168	3,926
Deferred tax assets	218	<b>272</b>	54	2,472
Property & equipment for investments	1,021	<b>1,003</b>	(18)	9,116
Other	434	<b>482</b>	48	4,381
Allowance for doubtful accounts	(20)	<b>(19)</b>	1	(173)
<b>Total investments &amp; other assets</b>	<b>1,917</b>	<b>2,170</b>	<b>253</b>	<b>19,722</b>
<b>Total noncurrent assets</b>	<b>19,787</b>	<b>18,039</b>		
<b>Total assets</b>	<b>49,569</b>	<b>49,445</b>	<b>(124)</b>	<b>437,427</b>

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

Trade notes & accounts payable	3,639	<b>3,989</b>	350	36,254
Current portion of long-term debt	445	<b>993</b>	548	9,025
Accrued income taxes	896	<b>394</b>	(502)	3,581
Accrued bonus	436	<b>459</b>	23	4,172
Accrued bonus for directors	10	<b>5</b>	--	45
Notes payable for property acquisitions	453	<b>184</b>	(269)	1,672
Other current liabilities	1,727	<b>1,691</b>	(36)	15,369
Total current liabilities	7,606	<b>7,714</b>	109	70,118

**Long-term liabilities:**

Long-term debt	1,160	<b>253</b>	(907)	2,299
Deferred tax liabilities	175	-	--	-
Provision for environmental measures	26	<b>26</b>	--	236
Other	587	<b>451</b>	(136)	4,099
Total long-term liabilities	1,948	<b>731</b>	(1,217)	6,634

Total liabilities	9,554	<b>8,445</b>	(1,109)	76,752
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**NET ASSETS****Shareholders' equity:**

Common stock	8,647	<b>8,647</b>	--	78,588
Capital surplus	11,947	<b>11,947</b>	--	108,579
Retained earnings	19,372	<b>19,824</b>	452	180,169
Treasury stock, at cost	(47)	<b>(47)</b>	0	(427)
Total shareholders' equity	39,919	<b>40,371</b>	452	366,909

**Valuation and translation adjustments:**

Net unrealized gains (losses)	48	<b>131</b>	83	1,191
Foreign currency translation adjustment	46	<b>495</b>	449	4,499
Total valuation and translation adjustments	94	<b>626</b>	532	5,690
A subscription warrant and Minority stockholders share	3	<b>3</b>	-	27
Total shareholders' equity	3	<b>3</b>	0	27
Total net assets	40,016	<b>41,000</b>	984	372,626
Total liabilities & net assets	49,569	<b>49,445</b>	(124)	449,378

## Consolidated Statements of Income

	million JPY	million JPY		thousand USD
	For year ended	For year ended	variance	For year ended
	31th March	31th March		31th March
	2014	2015		2015
Net sales	33,475	<b>32,811</b>	(664)	298,200
Cost of sales	22,492	<b>22,983</b>	491	208,879
Gross profit	10,983	<b>9,827</b>	(1,156)	89,321
Selling, general & administrative expenses	7,633	<b>7,423</b>	(210)	67,463
Operating income	3,350	<b>2,404</b>	(945)	21,858
Other income (expenses):				
Interest and dividend income	60	<b>56</b>	(4)	509
Interest expenses	(12)	<b>(14)</b>	(2)	(127)
Rent income	104	<b>90</b>	(14)	818
Rent expenses on real estates for investments	(56)	<b>(38)</b>	18	(345)
Settlement package	(19)	-	-	-
Foreign exchange gain (loss), net	166	<b>283</b>	117	2,572
Gain on sales of property, plant and equipment	2	<b>1</b>	(1)	9
Loss on disposal or sales of property, plant and equipment	(54)	<b>(36)</b>	18	(327)
Gain on sales or valuation of investment securities	7	<b>27</b>	20	245
Loss on reduction of noncurrent assets	-	<b>(738)</b>	--	-
Compensation income	65	-	--	-
Impairment loss	(12)	<b>(950)</b>	--	(8,634)
Provision for environmental measures cancellation penalty	(26)	-	--	-
Subsidy income	-	<b>755</b>		
Other, net	51	<b>(95)</b>	(146)	(863)
Other income (expenses), net	264	<b>(659)</b>	(923)	(6,143)
Income before income taxes	3,614	<b>1,746</b>	(1,868)	15,715
Income tax expenses:				
Current	1,273	<b>987</b>	(286)	8,970
Deferred	(245)	<b>(125)</b>	120	(1,136)
Total income taxes	1,028	<b>862</b>	(166)	7,834
Net income	2,586	<b>884</b>	(1,702)	7,881

## Consolidated Statement of Cash Flows

	million JPY	million JPY		thousand USD
	For year ended	For year ended	variance	For year ended
	31th March	31th March		31th March
	2014	2015		2015
<b>Cash flows from operating activities:</b>				
Income before income taxes	3,614	<b>1,746</b>	(1,868)	15,715
Adjustments for:				
Depreciation	2,308	<b>2,137</b>	(171)	19,422
Amortization of negative goodwill	290	<b>290</b>	0	2,636
Increase (decrease) in provision for retirement benefits	(877)	-	0	-
Decrease in allowance for doubtful accounts	(28)	<b>(4)</b>	24	(36)
Loss on disposal of property, plant & equipment	52	<b>35</b>	(17)	318
Interest & dividend income	(63)	<b>(60)</b>	3	(545)
Foreign exchange (gain) loss	(19)	<b>(99)</b>	(79)	(872)
Loss on valuation of inventories	(7)	<b>(27)</b>	(20)	(245)
Decrease (increase) in trade notes & accounts receivable	(580)	<b>397</b>	977	3,608
Increase in inventories	(454)	<b>(1,049)</b>	(595)	(9,552)
Decrease in trade notes & accounts payable	519	<b>299</b>	(220)	2,717
Increase (decrease) in provision for environmental measures	26	-		-
Impairment loss	12	<b>950</b>	938	8,634
Loss on reduction of fixed asset	-	<b>738</b>	-	6,707
Other	135	<b>(222)</b>	(357)	(2,018)
Sub-total	4,928	<b>5,132</b>	204	46,489
Interest & dividend income received	64	<b>60</b>	(3)	554
Interest expenses paid	(11)	<b>(14)</b>	(3)	(127)
Income taxes paid	(925)	<b>(1,491)</b>	(566)	(13,551)
Net cash provided by operating activities	<b>4,056</b>	<b>3,688</b>	(368)	33,365

**Cash flows from investment activities:**

Payments into time deposits	(118)	<b>(314)</b>	(196)	(2,854)
Proceeds from withdrawal of time deposits	627	<b>718</b>	--	6,525
Payments for purchase of	(2,555)	<b>(2,139)</b>	416	(19,440)
Proceeds from sales of	302	<b>14</b>	(288)	127
Payments for purchase of	(4)	<b>(207)</b>	(203)	(1,881)
Proceeds from sales of	27	<b>168</b>	141	1,527
Purchase of intangible assets	(56)	<b>(69)</b>	(13)	(627)
Other	(150)	<b>(52)</b>	98	(473)
Net cash used in investing activities	<u>(1,927)</u>	<u><b>(1,881)</b></u>	46	<u>(17,096)</u>

**Cash flows from financing activities:**

Payments of long-term debt	(339)	<b>(445)</b>	(106)	(4,044)
Cash dividends paid	(394)	<b>(432)</b>	(38)	(3,926)
Proceeds from long-term loans payable	807	-	0	-
Payments for purchase of treasury stock	(1)	<b>0</b>	1	0
Proceeds from sales of treasury stock	97	-		-
Net cash used in financing activities	<u>170</u>	<u><b>(877)</b></u>	(1,047)	<u>(7,970)</u>

Effect of exchange rate	198	<b>247</b>	49	2,245
changes on cash & cash equivalents				
Net increase (decrease) in	2,497	<b>1,177</b>	(1,320)	10,544
cash & cash equivalents				
Cash and cash equivalents	10,010	<b>12,507</b>	2,497	113,669
at beginning of year				0
Cash and cash equivalents at end of year	<u>12,507</u>	<u><b>13,684</b></u>	1,177	<u><b>124,213</b></u>

## Consolidated Statements of Changes in Net Assets

million JPY

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at 31th March 2014	8,647	11,947	19,372	(47)	39,919
Increase in legal capital					
Cash dividends			(432)		(432)
Net income			884		884
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					
Other changes					
Total changes during the year	0	0	452	(0)	452
Balance at 31th March 2015	8,647	11,947	19,824	(47)	40,371

million JPY

	Valuation and translation adjustment			A subscription warrant and Minority stockholders share	Total net assets
	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustment		
Balance at 31th March 2014	48	46	94	3	40,016
Increase in legal capital					
Cash dividends					(432)
Net income					884
Purchase of treasury stock					(0)
Disposal of treasury stock					
Other changes	82	450	532	0	532
Total changes during the year	82	450	532	0	984
Balance at 31th March 2015	131	495	626	3	41,000

thousand USD

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at 31th March 2014	78,588	108,579	176,061	(427)	362,801
Increase in legal capital					
Cash dividends			(3,926)		(3,926)
Net income			8,034		8,034
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock					0
Other changes					0
Total changes during the year			4,108	(3)	4,105
Balance at 31th March 2015	78,588	108,579	180,169	(430)	366,906

thousand USD

	Valuation and translation adjustment			A subscription warrant and Minority stockholders share	Total net assets
	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustment		
Balance at 31th March 2014	436	418	854	27	363,683
Increase in legal capital					0
Cash dividends					(3,926)
Net income					8,034
Purchase of treasury stock					(3)
Disposal of treasury stock					0
Other changes	745	4,090	4,835	1	4,836
Total changes during the year	745	4,090	4,835	1	8,941
Balance at 31th March 2015	1,191	4,499	5,690	27	372,624