

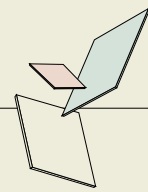
	Millions of yen			Thousands of U.S. dollars
	For year ended 31st March			For year ended 31st March
	2000	2001	2002	2002
Net sales	¥12,168	¥16,100	¥9,933	\$74,544
Cost of sales	8,671	10,481	8,946	67,137
Gross profit	3,497	5,619	987	7,407
Selling, general and administrative expenses (Notes 15 and 16)	1,701	1,986	2,187	16,413
Operating income (loss)	1,796	3,633	(1,200)	(9,006)
Other income (expenses):				
Interest and dividends income	64	45	114	856
Interest expenses	(4)	(12)	(17)	(128)
Foreign exchange gain (loss), net	(125)	127	49	368
Other, net	(191)	(221)	(234)	(1,756)
Other income, net	(256)	(61)	(88)	(660)
Income (loss) before income taxes	1,540	3,572	(1,288)	(9,666)
Income taxes (benefits) (Note 11):				
Current	639	986	16	120
Deferred	(12)	(46)	(65)	(488)
	627	940	(49)	(368)
Net income (loss)	¥913	¥2,632	¥(1,239)	(\$9,298)
		Yen		U.S. dollars
Net income (loss) per share	¥90.88	¥262.09	¥(112.70)	(\$0.85)
Cash dividends per share	¥12.00	¥12.00	¥14.00	\$0.11

The accompanying notes are an integral part of these financial statements.

	Millions of yen							
	Number of shares of common stock (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Foreign currency translation adjustment	Treasury stock, at cost	Total shareholders' equity
Balance at 31st March 1999	10,050	¥5,656	¥8,683	¥5,971	¥ -	¥ -	(¥74)	¥20,236
Cumulative effect of applying deferred tax accounting				25				25
Net income				913				913
Cash dividends				(210)				(210)
Directors' and statutory auditors' bonuses				(5)				(5)
Other				(13)				(13)
Changes in treasury stock							37	37
Balance at 31st March 2000	10,050	5,656	8,683	6,681	-	-	(37)	20,983
Net income				2,632				2,632
Cash dividends				(120)				(120)
Net unrealized gains on other securities					79			79
Translation adjustments						(659)		(659)
Directors' and statutory auditors' bonuses				(7)				(7)
Capital increase by issuance of shares	1,000	1,027	1,027					2,054
Changes in treasury stock							(165)	(165)
Balance at 31st March 2001	11,050	6,683	9,710	9,186	79	(659)	(202)	24,797
Net loss				(1,239)				(1,239)
Cash dividends				(143)				(143)
Net unrealized gains on other securities					7			7
Translation adjustments						830		830
Directors' and statutory auditors' bonuses				(7)				(7)
Changes in treasury stock							1	1
Balance at 31st March 2002	11,050	¥6,683	¥9,710	¥7,797	¥86	¥171	(¥201)	¥24,246

	Thousands of U.S.dollars						
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Foreign currency translation adjustment	Treasury stock, at cost	Total shareholders' equity
Balance at 31st March 2001	\$50,154	\$72,871	\$68,938	\$593	(\$4,946)	(\$1,516)	\$186,094
Net loss			(9,298)				(9,298)
Cash dividends			(1,073)				(1,073)
Net unrealized gains on other securities				52			52
Translation adjustments					6,229		6,229
Directors' and statutory auditors' bonuses			(53)				(53)
Changes in treasury stock						7	7
Balance at 31st March 2002	\$50,154	\$72,871	\$58,514	\$645	\$1,283	(\$1,509)	\$181,958

The accompanying notes are an integral part of these financial statements.



	Millions of yen			Thousands of U.S. dollars
	For year ended 31st March			For year ended 31st March
	2000	2001	2002	2002
Cash flows from operating activities:				
Income (loss) before income taxes	¥1,540	¥3,572	(¥1,288)	(\$9,666)
Adjustments for:				
Depreciation	866	1,133	1,540	11,557
Increase (decrease) in allowance for doubtful accounts	22	11	(31)	(233)
Decrease in accrued pension and severance costs	-	(22)	(7)	(53)
Gain on securities contributed to employee retirement benefit trust	-	(72)	-	-
Contribution of securities to employee retirement benefit trust	-	101	-	-
Loss on disposal of property, plant and equipment	34	136	47	353
Interest and dividends income	(64)	(45)	(114)	(856)
Foreign exchange (gain) loss	301	5	(59)	(443)
Write-down of investment securities	-	-	27	203
(Increase) decrease in notes and accounts receivable	(1,322)	(347)	1,610	12,083
(Increase) decrease in inventories	588	(1,611)	470	3,527
Increase (decrease) in accounts payable	657	433	(916)	(6,874)
Other	(106)	7	(281)	(2,108)
Sub-total	2,516	3,301	998	7,490
Interest and dividend income received	64	45	114	856
Interest expenses paid	(4)	(13)	(21)	(158)
Income taxes paid	(180)	(790)	(860)	(6,454)
Net cash provided by operating activities	2,396	2,543	231	1,734
Cash flows from investing activities:				
Payments for purchase of property, plant and equipment	(1,051)	(3,820)	(3,729)	(27,985)
Proceeds from sales of property, plant and equipment	10	122	84	630
Payments for purchase of investment securities	(88)	(25)	(172)	(1,291)
Proceeds from sales of investment securities	-	-	118	886
Payments for loans made	-	(2)	(60)	(450)
Proceeds from sales of marketable securities	86	-	-	-
Collection of from loan receivables	1	1	62	465
Increase intangible fix assets	-	(158)	(89)	(668)
Net cash used in investing activities	(1,042)	(3,882)	(3,786)	(28,413)
Cash flows from financing activities:				
Issuance of long-term debt	-	1,000	164	1,231
Payments of long-term debt	(56)	(152)	(200)	(1,501)
Cash dividends paid	(210)	(120)	(144)	(1,081)
Proceeds from issuances of common stock	-	2,054	-	-
Purchase of treasury stock	(10)	(195)	(1)	(8)
Sales of treasury stock	40	25	1	8
Net cash provided by (used in) financing activities	(236)	2,612	(180)	(1,351)
Effect of exchange rate changes on cash and cash equivalents	(25)	(28)	(27)	(202)
Net increase (decrease) in cash and cash equivalents	1,093	1,245	(3,762)	(28,232)
Cash and cash equivalents at beginning of year	6,780	8,009	9,254	69,448
Increased cash and cash equivalents due to the newly consolidated companies	219	-	-	-
Decreased cash and cash equivalents due to exclusion of the consolidated company	(83)	-	-	-
Cash and cash equivalents at end of year	¥8,009	¥9,254	¥5,492	\$41,216

The accompanying notes are an integral part of these financial statements.

1. Basis of presentation of consolidated financial statements:

The accompanying consolidated financial statements have been prepared based on the accounts maintained by MARUWA Co., Ltd. (the Company) and its subsidiaries (collectively, "MARUWA") in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25 = U.S.\$1, the rate of exchange on 29th March 2002 has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate. Therefore, amounts in U.S. dollars have not been audited.

2. Summary of significant accounting policies:

Consolidation

The consolidated financial statements include the accounts of the Company and its 4 significant subsidiaries. All significant intercompany balances and transactions have been eliminated. The unconsolidated subsidiaries are excluded from consolidation due to their insignificant effect on the consolidated financial statements.

The fiscal year end of Maruwa (Malaysia) Sdn. Bhd. has changed from 28th February to 31st March and 13 months of results of operation and cash flows are included in the consolidated financial statements.

Cash and cash equivalents

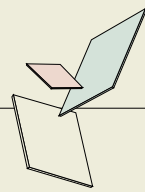
Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits and marketable securities both of which have original maturities of three months or less and which have minor risk of fluctuations in value.

Marketable securities and investment securities

Until the year ended 31st March 2000, listed securities are principally accounted for at the lower of cost or market. Other securities are stated at cost. The costs of securities are determined by the average cost.

Effective for the year ended 31st March 2001, MARUWA adopted new accounting standards for financial instruments that include accounting for marketable securities and investment in securities. The new accounting standards require MARUWA classify securities into four categories by intention of holdings: trading securities, held-to-maturity securities, other securities and investments in unconsolidated subsidiaries and affiliates. MARUWA does not have trading securities nor held-to-maturity securities as of 31st March 2001 and 2002.

Other securities with readily determinable fair values are stated at fair value based on market prices at end of the year. Unrealized gains and losses are included in "Net unrealized gains on other securities" at a net-of-tax amount as a separate



component of shareholders' equity. Cost of sales of such securities is determined by the moving average method. Other securities without readily determinable fair values are stated at cost, as determined by the moving average method.

The equity method is not applied to the unconsolidated subsidiaries nor affiliates due to the insignificant effect on the consolidated financial statements.

As a result of adoption of the new standards, total assets increased by ¥136 million and shareholders' equity increased by ¥79 million for the year ended 31st March 2001.

Inventories

Inventories held by the Company are stated at cost determined by a moving average method. Inventories held by its subsidiaries are principally stated at the lower of moving average cost or market value.

Property, plant and equipment and property and equipment for investments

Property, plant and equipment and property and equipment for investments are stated at cost. Depreciation is mainly computed using the declining-balance method, except for buildings acquired on or after 1st April 1998 which are depreciated using a straight-line method by the Company and Japanese subsidiary, and computed principally using the straight-line method by its subsidiaries, at rates based on estimated useful lives of the assets.

Allowance for doubtful accounts

Until the year ended 31st March 2000, the allowance for doubtful accounts was provided based on the aggregate amount of estimated credit losses for doubtful receivables and amount calculated based on the ratio stipulated under Japanese tax laws.

Effective for the year ended 31st March 2001, MARUWA adopted new accounting standards for financial instruments, and allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses for doubtful receivables plus an amount for receivables other than doubtful receivables calculated using historical write-off experience from certain prior periods.

Accrued bonus

Accrued bonuses to employees are provided for estimated amounts which MARUWA is obliged to pay to employees based on services provided until fiscal year end.

Accrued pension and severance costs

Under the terms of the employee retirement plans of the Company and its subsidiaries in Japan, substantially all employees are entitled to indemnities at the time of their severance. The amount of the benefit is, in general, based on the length of service, basic salary at the time of severance and the circumstances under which severance occurs.

Until the year ended 31st March 2000, the accrued pension and severance costs are provided, in accordance with Japanese tax regulations, at 40% of the amount that would be required if all eligible employees of the Company and applicable subsidiaries voluntarily retired at the balance sheet date.

Effective for the year ended 31st March 2001, MARUWA adopted new accounting standards for retirement benefits. Under the new accounting standards, accrued pension and severance costs are recorded at the amount that the estimated present value of projected benefit obligations are in excess of the fair value of plan assets.

The transition obligation arising from adoption of the new standards of ¥58 million at 1st April 2000 was charged to income in the current fiscal year. Actuarial gains and losses are amortized using the straight-line method over certain years less than the average remaining service period of employee (10 years) starting from following year.

As a result of adoption of the new standards, retirement benefit expenses increased by ¥88 million, ordinary income decreased by ¥23 million and income before income taxes decreased by ¥83 million for the year ended 31st March 2001.

Bond issuing expenses

Bond issuing expenses are charged to income as incurred.

Income taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes.

Until the year ended 31st March 1999, income taxes of the Company and its domestic subsidiaries were provided for at amount payable based on the tax returns filed with tax authorities.

Effective for the year ended 31st March 2000, the Company and its domestic subsidiaries adopted deferred tax accounting in accordance with the amended regulations for preparation of consolidated financial statements. Deferred income taxes were determined using the asset and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax base of assets and liabilities and those as reported in the financial statements. The cumulative effect of adopting deferred tax accounting at 1st April 1999 was directly charged to retained earnings. As a result of the adoption, deferred tax assets (current assets) of ¥39 million and investments and other assets of ¥8 million at 31st March 2000 were recognized, net income for the year ended 31st March 2000 increased by ¥12 million and retained earnings at 31st March 2000 increased by ¥37 million.

Lease transactions

Periodic lease payments under financing lease contracts are charged to income as incurred. Finance leases without an option to transfer ownership of leased assets to lessee are accounted for as operating leases.

Foreign currency translation

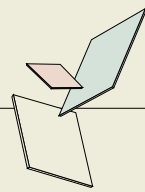
All assets and liabilities accounts of foreign subsidiaries and affiliates are translated into Japanese yen at appropriate year-end rates. Shareholders' equity of foreign subsidiaries are translated at historical rates. All income and expenses are translated at average rate.

Net income and dividends per share

Net income per share is computed based on the average number of common shares outstanding during each period. Diluted per share amount is not presented as there was no potential common stock for the years ended 31st March 2000 and 2001. Diluted per share amount is not presented for the year ended 31st March 2002 due to recording net loss although there is stock purchase warrant outstanding. Cash dividends per share shown for each year in the consolidated statements of income represent dividends approved by the shareholders and paid in the respective periods.

Consumption tax

The consumption tax under the Japanese Consumption Tax Law withheld by the Company and its domestic subsidiaries on sales of goods is not included in the amount of net sales in the accompanying consolidated statements of income, and the consumption tax paid by the Company and its domestic subsidiaries under the law on purchases of goods and services, and expenses is not included in the related amount.



3. Supplemental cash flow information:

Cash and cash equivalents at 31st March, comprise of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Cash and bank deposits	¥1,567	¥5,492	\$41,216
Marketable securities	7,687	-	-
Total	¥9,254	¥5,492	\$41,216

4. Marketable securities and investment securities:

Aggregate cost and market value (carrying value) of marketable securities and investment securities, which have market values, at 31st March 2001 and 2002 are as follows:

	At 31st March 2001		
	Millions of yen		
	Cost	Market value (Carrying amount)	Unrealized gain (loss)
Securities with the carrying amount exceeding acquisition costs			
Equity securities	¥115	¥263	¥148
Sub-total	115	263	148
Securities with the carrying amount not exceeding the cost			
Equity securities	62	50	(12)
Sub-total	62	50	(12)
Total	¥177	¥313	¥136

	At 31st March 2002		
	Millions of yen		
	Cost	Market value (Carrying amount)	Unrealized gain (loss)
Securities with the carrying amount exceeding acquisition costs			
Equity securities	¥185	¥336	¥151
Sub-total	185	336	151
Securities with the carrying amount not exceeding the cost			
Equity securities	35	32	(3)
Sub-total	35	32	(3)
Total	¥220	¥368	¥148

	At 31st March 2002		
	Thousands of U.S. dollars		
	Cost	Market value (Carrying amount)	Unrealized gain (loss)
Securities with the carrying amount exceeding the cost			
Equity securities	\$1,388	\$2,522	\$1,134
Sub-total	1,388	2,522	1,134
Securities with the carrying amount not exceeding the cost			
Equity securities	263	240	(23)
Sub-total	263	240	(23)
Total	\$1,651	\$2,762	\$1,111

Proceeds from sales of investment securities and contribution of securities to employee retirement benefit trust were ¥101 million and ¥118 million (\$886 thousand) for the years ended 31st March 2001 and 2002, respectively. On those sales, gross realized gains for the years ended 31st March 2001 and 2002 were ¥72 million and ¥15 million (\$113 thousand) and gross realized losses for the year ended 31st March 2002 were ¥84 million (\$630 thousand).

The carrying amount of marketable securities, which do not have market value, at 31st March 2001 is as follows:

	Millions of yen
Marketable securities:	
Money management fund	¥7,687

5. Inventories:

Inventories at 31st March 2001 and 2002 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Finished products	¥1,022	¥1,319	\$9,899
Work in process	1,521	1,303	9,778
Raw materials	996	498	3,737
Supplies	311	382	2,867
Total	¥3,850	¥3,502	\$26,281

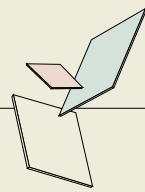
6. Bank loans and long-term debt:

Borrowings at 31st March 2001 and 2002 are comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Secured loans, representing obligations principally to banks, due 2004 to 2036 with a weighted-average interest at 31st March 2001 of 1.8% per annum and 31st March 2002 of 1.8% per annum, respectively	¥1,062	¥1,026	\$7,700
Less-Current portion due within one year	(199)	(204)	(1,531)
Total	¥863	¥822	\$6,169

The aggregate amounts of annual maturities of long-term debt are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending 31st March:		
2003	¥204	\$1,531
2004	191	1,433
2005	148	1,111
2006	148	1,111
2007	148	1,111
2008 and thereafter	187	1,403
Total	¥1,026	\$7,700



7. Assets pledged as collateral:

Assets pledged as collateral at 31st March 2002 are as follows:

	Millions of yen	Thousands of U.S. dollars
Land	¥532	\$3,992
Buildings and structures	269	2,019
Investment securities	59	443
Total	¥860	\$6,454

Secured liabilities at 31st March 2002 are as follows:

	Millions of yen	Thousands of U.S. dollars
Current portion of long-term debt	¥61	\$458
Long-term debt	203	1,523
Total	¥264	\$1,981

8. Investments in unconsolidated subsidiaries:

Investments in unconsolidated subsidiaries for the years ended 31st March 2001 and 2002 areas follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Investment securities	¥190	¥190	\$1,426
Other	7	7	53

9. Related party transactions:

The Company purchased land at ¥52 million (\$390 thousand) from K Maruwa Co.,Ltd. for the year ended 31st March 2002. K Maruwa Co.,Ltd.'s 67% shares are owned by chairman and president of the Company. This transaction is performed on arms-length basis.

10. Accounting for notes receivable and notes payable maturing at year-end date:

Notes receivable and notes payable maturing at year-end are accounted as if they were settled at the clearing date of notes. Consequently, as the year-end date of the year ended 31st March 2001 and 2002 were a holiday for banking institutions, the following notes receivables and notes payable maturing at year-end date included in the ending balance of notes and accounts receivable, trade, notes and accounts payable, trade, and notes payable, other.

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Notes receivable	¥85	¥66	\$495
Notes payable, trade	162	35	263
Notes payable, other	444	40	300

11. Income taxes:

Significant components of the deferred tax assets and liabilities at 31st March 2001 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Deferred tax assets:			
Enterprise tax	¥57	¥ -	\$ -
Accrued pension and severance costs	37	37	278
Allowance for bonus payable	20	35	263
Operating loss carry forwards for tax purposes	-	260	1,951
Investment securities	-	11	82
Other	27	70	525
Total deferred tax assets	141	413	3,099
Valuation allowance	-	(199)	(1,493)
Total deferred tax assets, net of valuation allowance	141	214	1,606
Deferred tax liabilities:			
Net unrealized holding gains on other securities	(57)	(62)	(466)
Gain on securities contributed to employee retirement benefit trust	(30)	(30)	(225)
Allowance for doubtful accounts	(23)	(29)	(218)
Other	(2)	(3)	(22)
Total deferred tax liabilities	(112)	(124)	(931)
Net deferred tax assets	¥29	¥90	\$675

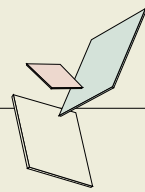
Reconciliation of differences between the statutory rate of income taxes and the effective rate of income taxes for the year ended 31st March 2001 is as follows:

	2001
Statutory rate of income taxes	41.75%
Addition (reduction) in taxes resulting from:	
Tax exemptions due to incentives on investments in foreign subsidiaries	(10.36)
Differences in statutory rates of income taxes between the company and foreign subsidiaries	(5.57)
Other	0.51
Effective rate of income taxes	26.33%

Since loss before income taxes were resulted, above table is not disclosed for the year ended 31st March 2002.

12. Shareholders' equity:

Under the Commercial Code of Japan, a company is required to appropriate an amount equal to at least 10% of cash dividends paid and other cash distributions from retained earnings to legal reserve. This appropriation is continued until when total amount of capital surplus, which is included in additional paid-in capital, and legal reserve becomes 25% of the common stock amount. The legal reserve is not available for dividends but may be used to reduce a deficit with shareholder approval or can be capitalised by resolution of the Board of Directors. Retained earnings presented in the accompanying consolidated financial statements included such legal reserves of ¥1,414 million as at 31st March 2000 and 2001 and ¥1,671 million (\$12,540 thousand) as at 31st March 2002, respectively.



The following appropriations of retained earnings at 31st March 2002 were approved at the general meeting of shareholders held on 26th June 2002. These appropriations were not recorded in the consolidated financial statements for the year ended 31st March 2002.

	Millions of yen	Thousands of U.S. dollars
Appropriation for:		
Cash dividends ¥7(\$0.05) per common share	¥77	\$578

On 20th March 2001, the Company issued shares (1,000,000 share). Consequently common stock and additional paid-in capital increased by ¥1,027 million, respectively.
On 16th October 2001, the Company issued bonds due 2005 with detachable stock purchase warrants. Principal portion of bonds was purchased by consolidated subsidiary and eliminated on consolidated basis. Stock purchase warrants allow the holder to purchase the common stock of the Company at ¥2,400 (\$18). Issuance amount of stock purchase warrants is recorded as a liability in amount of ¥11 million (\$83 thousand).

13. Contingent liabilities:

Contingent liabilities for notes discounted amounted to ¥9 million (\$68 thousand) at 31st March 2002.

At 31st March 2002, the Company and its consolidated subsidiaries had no material litigation or claims outstanding, nor was there any pending or threatened against them.

14. Leased assets:

Periodic lease payments under finance lease contracts totaled ¥14 million and ¥8 million (\$60 thousand) for the years ended 31st March 2001 and 2002, respectively and were charged to income.
Committed future lease payments at 31st March 2001 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Within one year	¥8	¥7	\$53
Later years	21	14	105
Total	¥29	¥21	\$158

An analysis of amounts, as if they had been capitalized, related to leased assets under finance lease contracts which were not capitalized at 31st March 2001 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Machinery and equipment	¥84	¥84	\$630
Accumulated depreciation	(55)	(63)	(472)
Net amount	¥29	¥21	\$158

Depreciation and interest expenses relating to these leased assets, if they had been capitalized, for the years ended 31st March 2001 and 2002 are estimated ¥14 million and ¥8 million (\$60 thousand).

Depreciation is computed using a straight-line method over the term of the underlying lease contracts.

15. Selling, general and administrative expense:

Selling, general and administrative expense for the years ended 31st March 2000, 2001 and 2002 comprise the following:

	Millions of yen			Thousands of U.S. dollars
	2000	2001	2002	2002
Distribution costs	¥230	¥214	¥142	¥1,066
Directors' remuneration	89	71	114	856
Salaries and bonuses	417	561	529	3,970
Provision for bonuses	23	30	41	308
Retirement benefit expenses	4	7	13	98
Traveling expenses	110	117	117	878
Depreciation	161	185	212	1,591
Research and development costs	63	91	496	3,722
Other	604	710	523	3,924
Total	¥1,701	¥1,986	¥2,187	¥16,413

16. Research and development costs:

Research and development costs charged to selling, general and administrative expenses were ¥63 million, ¥91 million and ¥496 million (\$3,722 thousand) for the years ended 31st March 2000, 2001 and 2002, respectively.

17. Derivative financial instruments:

The only derivatives used by the Company and its consolidated subsidiaries are foreign exchange forward contracts in order to manage exposures resulting from fluctuations in foreign currency exchange associated with certain assets and liabilities denominated in foreign currencies. The Company and its consolidated subsidiaries do not use derivative transactions for speculative or trading purposes.

The company established credit guidelines and only enters into transactions with financial institutions of investment grade or better. The Company and its subsidiaries consider the risk of counter-party default to be minimal.

The execution and control of foreign exchange forward contracts are managed by the financial department applying internal policies which regulate the authorisation and credit limit amount.
The Company and its consolidated subsidiaries have no outstanding foreign exchange forward contracts at 31st March 2000, 2001 and 2002.

18. Retirement benefits:

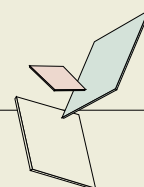
The Company maintains tax qualified pension plans and lump-sum indemnities plans both of which are non-contributory defined benefit pension plans. In addition, domestic subsidiaries maintain lump-sum indemnities plans. Also, the Company established employee retirement benefit trust.

Lump-sum indemnities plans of both the Company and a consolidated subsidiary (MARUWA KCK) were adopted at establishment of companies. Tax qualified pension plan was adopted by the Company in 1992.

Components of accrued pension and severance costs as of 31st March 2001 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	2002	2002
Benefit obligations	¥200	¥204	\$1,531
Plan assets	(133)	(135)	(1,013)
Unfunded benefit obligations	67	69	518
Unrecognized actuarial losses	(42)	(54)	(405)
Net amount recognized on the balance sheet	25	15	113
Prepaid pension expenses	(0)	(2)	(15)
Accrued pension and severance costs	¥25	¥17	\$128

MARUWA KCK, a consolidated subsidiary, uses a simplified method of calculation.



Components of retirement benefit expenses for the year ended 31st March 2001 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Service cost	¥33	¥37	\$278
Interest cost	5	5	37
Expected return on plan assets	(2)	(2)	(15)
Amortization of transition obligation	58	-	-
Amortization of actuarial gains and losses	-	4	30
Retirement benefit expenses			
Net amount	¥94	¥44	\$330

Retirement expenses under the simplified method are included in service cost.

Assumptions used for calculation of retirement benefits for the year ended 31st March 2001 and 2002 are as follows:

	2001	2002
Discount rate	3.0%	2.5%
Expected return on plan assets	3.5%	3.5%

Method of attribution of estimated retirement benefits to periods of employee service

Straight-line method Straight-line method

	2001	2002
Amortization period of unrecognized actuarial gains or losses	10 years	10 years
Amortization period of net transition obligation	one year	-

19. Segment information:

The Company and its consolidated subsidiaries operate as one business segment that represents manufacturing and selling electronic components and ceramics for electronic parts in Japan and foreign countries. Geographical segment information for the years ended 31st March 2000, 2001 and 2002 are as follows:

	For the year ended 31st March 2000				
	Millions of yen				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers	¥8,291	¥3,306	¥571	¥ -	¥12,168
Intersegment	980	927	9	(1,916)	-
Total net sales	9,271	4,233	580	(1,916)	12,168
Operating expenses	7,539	3,682	582	(1,431)	10,372
Operating income (loss)	¥1,732	¥551	(¥2)	(¥485)	¥1,796
Assets	¥14,508	¥4,667	¥171	¥4,595	¥23,941

	For the year ended 31st March 2001				
	Millions of yen				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers	¥10,791	¥4,420	¥889	¥ -	¥16,100
Intersegment	881	1,214	7	(2,102)	-
Total net sales	11,672	5,634	896	(2,102)	16,100
Operating expenses	8,950	4,248	882	(1,613)	12,467
Operating income	¥2,722	¥1,386	¥14	(¥489)	¥3,633
Assets	¥19,478	¥7,531	¥633	¥3,301	¥30,943

	For the year ended 31st March 2002				
	Millions of yen				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers	¥7,151	¥2,608	¥174	¥ -	¥9,933
Intersegment	429	723	3	(1,155)	-
Total net sales	7,580	3,331	177	(1,155)	9,933
Operating expenses	7,679	3,762	227	(535)	11,133
Operating loss	(¥99)	(¥431)	(¥50)	(¥620)	(¥1,200)
Assets	¥22,718	¥7,092	¥715	(¥3,795)	¥26,730

	For the year ended 31st March 2002				
	Thousands of U.S.dollars				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers	\$53,666	\$19,572	\$1,306	\$ -	\$74,544
Intersegment	3,219	5,426	23	(8,668)	-
Total net sales	56,885	24,998	1,329	(8,668)	74,544
Operating expenses	57,628	28,233	1,704	(4,015)	83,550
Operating loss	(\$743)	(\$3,235)	(\$375)	(\$4,653)	(\$9,006)
Assets	\$170,491	\$53,223	\$5,366	(\$28,480)	\$200,600

Principal countries or jurisdictions in each geographic segment are as follows:

"Asia" includes Malaysia and Taiwan.

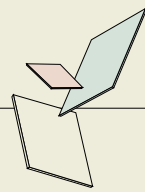
"Europe and America" includes the United Kingdom.

Operating expenses of ¥492 million, ¥558 million and ¥651 million (\$4,886 thousand) included in "Elimination or corporate" for the years ended 31st March 2000, 2001 and 2002, respectively, are unallocatable amounts related mainly to cost of administrative and management division in the Company.

The amount of corporate assets included in "Eliminations or corporate" are ¥9,354 million, ¥9,500 million and ¥5,753 million (\$43,174 thousand) at 31st March 2000, 2001 and 2002, respectively, and mainly consisted of surplus funds (cash and marketable securities) and long-term investment funds (investment securities and others) owned by the Company.

As described in Note 2, effective for the year ended 31st March 2001, the new accounting standards for retirement benefits have been applied. As a result, operating expenses in Japan increased by ¥23 million.

Also, as described in Note 2, effective for the year ended 31st March 2001, the new accounting standards for financial instruments have been applied. As a result, assets in Japan increased by ¥136 million.



Overseas sales for the years ended 31st March 2000, 2001 and 2002 are as follows:

	For the year ended 31st March 2000			
	Millions of yen			
	Asia	Europe	Other	Total
Sales to overseas	¥5,955	¥654	¥189	¥6,798
Total consolidated Sales				12,168
Percentage	48.9%	5.4%	1.6%	55.9%

	For the year ended 31st March 2001			
	Millions of yen			
	Asia	Europe	Other	Total
Sales to overseas	¥7,385	¥972	¥350	¥8,707
Total consolidated Sales				16,100
Percentage	45.9%	6.0%	2.2%	54.1%

	For the year ended 31st March 2002			
	Millions of yen			
	Asia	Europe	Other	Total
Sales to overseas	¥4,743	¥228	¥166	¥5,137
Total consolidated Sales				9,933
Percentage	47.7%	2.3%	1.7%	51.7%

	For the year ended 31st March 2002			
	Thousands of U.S.dollars			
	Asia	Europe	Other	Total
Sales to overseas	\$35,595	\$1,711	\$1,246	\$38,552
Total consolidated Sales				74,544
Percentage	47.7%	2.3%	1.7%	51.7%

Principal countries or jurisdictions in each geographic segment are as follows:

"Asia" includes Malaysia, Taiwan and Hong Kong.

"Europe" includes Germany and the United Kingdom.

"Other" includes the United States of America.

ChuoAoyama Audit Corporation



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3-28-12, Meieki, Nakamura-ku
Nagoya, 450-8565 Japan
Telephone 81-52-551-3001
Facsimile 81-52-551-3005

Report of Independent Accountants

To the Board of Directors of
MARUWA Co., Ltd.

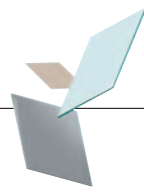
We have audited the accompanying consolidated balance sheets of MARUWA Co., Ltd. and its subsidiaries as of 31st March 2001 and 2002, and the consolidated statements of income, shareholders' equity, and cash flows for the three years in the period ended 31st March 2002, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of MARUWA Co., Ltd. and its subsidiaries as of 31st March 2001 and 2002, and the consolidated results of their operations and their cash flows for the three years in the period ended 31st March 2002 in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

26th June, 2002



Corporate Data (As of March 31, 2002)

MARUWA CO., LTD.

Established
April 5, 1973

Paid-in Capital
¥6,683,450,000

Head office

3-83, Minamihonjigahara-cho, Owariasahi-city,
Aichi Prefecture 488-0044, Japan
Phone: 81-561-51-0841 Fax: 81-561-51-0845
URL: <http://www.maruwacera.co.jp/>

Sales base locations

Tokyo Sales Office (Yokohama-city, Kanagawa Prefecture)
Kansai Sales Office (Suita-city, Osaka Prefecture)
Kyushu Sales Office (Fukuoka-city, Fukuoka Prefecture)
Niigata Sales Office (Joetsu-city, Niigata Prefecture)

Plant base locations

Toki Plant (Toki-city, Gifu Prefecture)
Yamanota Plant (Seto-city, Aichi Prefecture)
MARUWA KCK Co., Ltd.
-Kasugayama Plant (Joetsu-city, Niigata Prefecture)
-Naoetsu Plant (Joetsu-city, Niigata Prefecture)

International base locations

Maruwa (Malaysia) Sdn. Bhd. (Malaysia)
Taiwan Maruwa Co., Ltd. (Taiwan)
Maruwa Europe Ltd. (UK)
Korea Maruwa Co., Ltd. (Korea)
Maruwa America Corporation (U.S.A)
MARUWA ELECTRONICS (HK) CO., LTD. (Hong Kong)



Management (As of June 26, 2002)

Board of Directors

Chairman and Representative Director
Yoshiki Kanbe

President and Representative Director
Sei Kanbe

Senior Managing Director
Kazunari Kawabata

Executive Managing Director
Tetsuya Nagamitsu

Directors
Akio Kato
Kenji Okumura
Akira Uchida
Chunting Li
Manimaran Anthony

Corporate Auditors

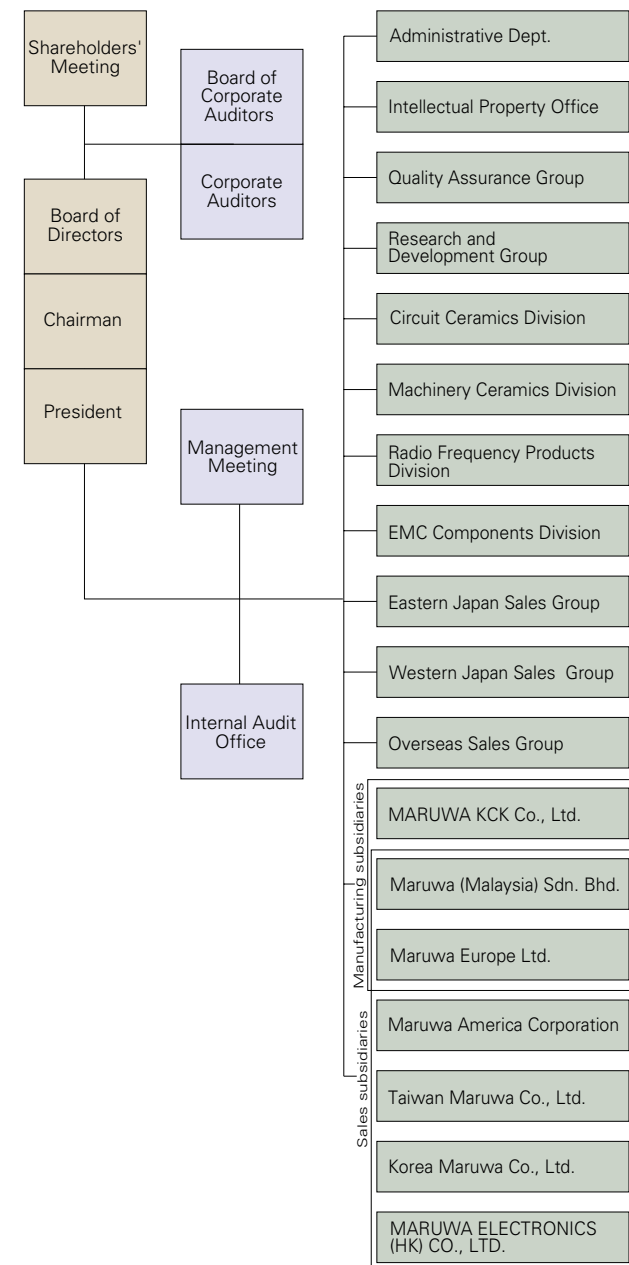
Koji Chujo (standing)
Toshihiro Yamanaka*
Katsuhiko Muranaka*
* Outside corporate auditor

Operating Officers

Executive Operating Officer
Akira Mizoguchi

Operating Officers
Hideharu Ito
Tadashi Nishihara
Yukio Nagano

Corporate Structure



Stock Information

Common Stock
Authorized: 26,000,000 shares
Issued: 11,050,000 shares

Number of shareholders
5,941

Principle Shareholders

Percentage of total number of shares in issue

K Maruwa Co., Ltd.	28.25%
Japan Trustee Service Bank, Ltd.	2.99
Yoshiki Kanbe	2.79
Sei Kanbe	2.60
Setsuya Kanbe	1.95
Mitsui Asset Trust and Banking Company, Limited	1.86
CBLN General UK Resident Treaty JAS	1.83
UFJ Trust Bank Limited	1.74
Trust & Custody Services Bank, Ltd.	1.66
The Nomura Trust and Banking Co., Ltd.	1.29

Transfer Agent

UFJ Trust Bank Limited

Stock Exchange Listings

Tokyo, Nagoya, London, Singapore.

