MARUWA

Building a solid platform for sustainable growth

Annual Report 2005

For the Year Ended March 31, 2005

MARUWA CO., LTD.

Profile

Since 1973, MARUWA CO., LTD. has specialized in ceramic material technology. Based on this technological expertise and "quality first" policy, MARUWA has been meeting customers' requirements for almost three decades by supplying electronic components and ceramics for electronic parts, as well as other innovative products.

Today, MARUWA is expediting the transformation of its core business, increasing competitiveness by prioritizing its key business, and concentrating its management resources on these fields. As part of the business strategy, MARUWA is committed to developing quality-valued products in the rapidly expanding information technology field, while promoting development, production and sales localization through its global operations in Asia, Europe and North America. The establishment of these international operations creates part of the driving force that will enable MARUWA to attain high profitability and growth, in turn, increasing the corporate value.

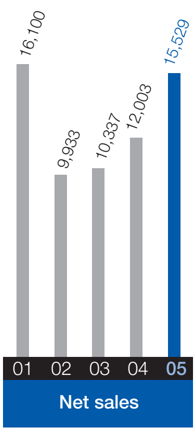
Financial Highlights

MARUWA CO., LTD. and consolidated subsidiaries

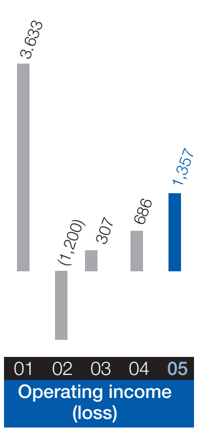
For the years ended 31st March 2004 and 2005

	Millions of yen		Thousands of U.S. dollars
	For the years ended 31st March		For the years ended 31st March
	2004	**2005**	**2005**
For the year			
Net sales	¥12,003	**¥15,529**	**$144,604**
Operating income	686	**1,357**	**12,636**
Income before income taxes	711	**1,180**	**10,988**
Net income	475	**1,225**	**11,407**
At year-end			
Total shareholders' equity	23,429	**24,328**	**226,539**
Total assets	26,664	**28,465**	**265,062**
	Yen		U.S. dollars
Per share amounts			
Net income	¥42.67	**¥112.40**	**$1.05**
Cash dividends	14.00	**15.00**	**0.14**

Note: U.S. dollar amounts have been converted for convenience only at the rate of ¥107.39=US$1, the rate of exchange on 31st March 2005.



(Millions of yen)



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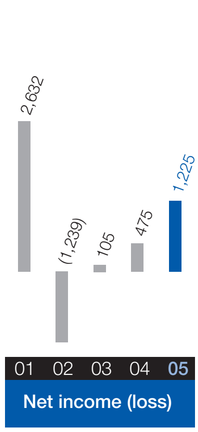

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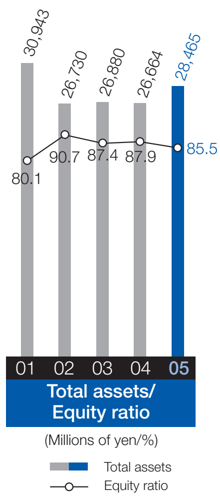


(Millions of yen/%)

Contents

Cautionary remarks regarding forward-looking statements

This Annual Report includes forward-looking statements that represent MARUWA's assumptions and expectation in light of currently available information. These statements reflect industry trends, clients' situations and other factors, and involve risks and uncertainties which may cause actual performance results to differ from those discussed in the forward-looking statements in accordance with changes in the domestic and overseas business environment.

To Our Shareholders

First of all, I thank our shareholders and investors for their understanding and support.

In the fiscal year ended March 2005, as a result of our substantial management efforts, MARUWA posted increases in both consolidated revenue and profit, which were more than originally projected, marking the third consecutive year of such a trend. We could achieve consolidation of our management base toward sustainable growth.

The Group will continuously strive to enhance its corporate value without loosening the reins of management reforms.

We appreciate your continued support.

June, 2005

Sei Kanbe

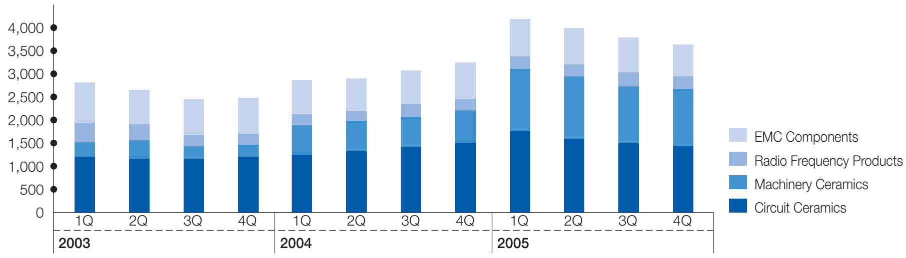
Sei Kanbe
President

Q How do you assess the business results for the fiscal year ended 31st March 2005?

In the fiscal year under review, as the result of our substantial management efforts, MARUWA posted increases in both consolidated revenue and profit, which was more than originally projected, marking the third consecutive year of such a trend.

The increase in revenue and profit is attributable mainly to the following three factors: First, performance at the quartz glass business of the Machinery Ceramics division was strong thanks to an effective reorganization and proactive approach to the market, although we had anticipated that some costs would be incurred in this business due to restructuring as a result of M&A. Second, the less profitable products, which had been hurt by large development expenses, contributed to a rise in overall profits. Third, we could absorb the adverse effects of the business adjustments occurring in China and other Asian markets in the latter half of the fiscal year, due to production restructuring, including a reduction in inventories, which we have been aggressively pursuing since the previous year.

Sales by Division (Quarterly, millions of yen)



Q How about the earnings outlook for the next fiscal year ending 31st March 2006?

We need to look at corporate management from the perspective of continuation, and it is important for a company to resolve individual issues and ceaselessly strive to steadily achieve its objectives.

Recognizing the gravity of the substantial loss posted in the year ended 31st March 2002, MARUWA Group did our utmost to reform the management of the Company in the following years, aiming to attain a stable growth over the medium to long term. In fiscal year ended March 2003, the Group took a defensive stance to reinforce the corporate structure through a sweeping improvement of corporate management. In fiscal year ended March 2004, on the other hand, we strove to build an offensive corporate structure, with which we implemented powerful strategies by combining our strong suits in sales, production and development sections. During the term under review, the Group carried out the management activities with an emphasis on consolidated cash flows. Focusing on "earning cash efficiently," the Group assigned some indicators of asset efficiency to every "mini-mini company" aiming to further strengthen the corporate structure. Through these efforts, the Group obtained remarkable results.

For the fiscal year ending March 2006, which the MARUWA Group positions as a year to further solidify the management base for sustainable growth, the Group will establish a corporate structure under which earnings are free from changes in the business environment caused by exchange rate fluctuations or industrial trends and the Group is able to earn stable profits and flexibly distribute profits.

Specifically, the Group will implement measures for making newly developed products more profitable, which we have been working on for the past several years. We will also continue to boost R&D activities and actively advance into a new market. Furthermore, we will promote management with emphasis on profit margin under the mini-mini company system, which was adopted in fiscal ended March 2003. By making such efforts, the Group aims to increase both its revenue and profit, aiming for consolidated net sales of ¥21.2 billion and consolidated profit margin of 8%.

Q What is the MARUWA Group's course of action over the medium to long term?

The Group has an indomitable will to conduct businesses aiming to grow ourselves while achieving its objectives, but our goal is not to merely "expand" but to evolve and "grow." We will stand up and boldly face an adventurous undertaking, while taking a cautious

stance toward the inherent risks. Based on our decision-making on these principal policies, we will endeavor into new fields and carry out aggressive strategies such as M&A.

The Group has been striving to become the world's number one niche corporation in the ceramic material market. We will keep working to become a specialty *boutique* that is based on "product manufacturing" and supported by a solid corporate structure, with the emphasis on quality rather than scale. To this end, we will assign numerical targets of market share and profit margin to individual mini-mini companies, and they will implement their own growth strategy striving to achieve such goals. We will also accelerate management overhaul by thoroughly eliminating waste at work. At the same time, we will continue to expand our business domains by entering into ceramic material-related markets through M&A.

For the Group to solidify the foundation for growth, I believe it is important to develop the MARUWA corporate culture, which features three key values: "have pride in MARUWA and continue producing world's number one products through creatively applying effective technology," "never give up" and "enhance transparency, promote teamwork and encourage full staff participation in operating the organization." I believe that continuously developing and sharing these values by the entire workforce would lead to a sustainable growth of the Group.

Q What is the current state of MARUWA QUARTZ Co., Ltd., which was transformed into a subsidiary through M&A?

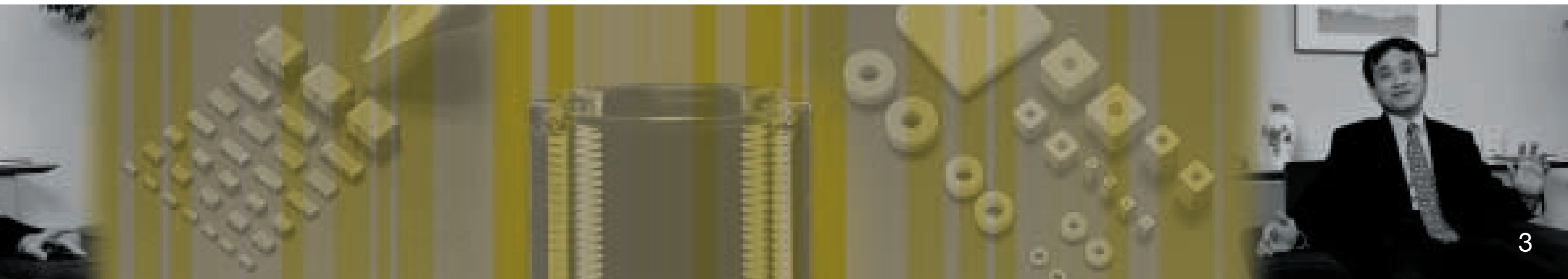
MARUWA QUARTZ's performance is becoming strong at a faster-than-expected pace. In April 2004, we transformed the company into a consolidated subsidiary by acquiring all of its equity shares. The synergy of integrating MARUWA QUARTZ and MARUWA TFG Co., Ltd., another subsidiary consolidated through M&A in the previous fiscal year, was the prominent event. Given this, quartz glass products are expected to be a cash cow of the Machinery Ceramics division. I think that this synergy effect results from integrating MARUWA TFG's high processing technology, MARUWA QUARTZ's nationwide sales networks, and the Company's capability to manage businesses and our know-how on corporate rehabilitation.

Q MARUWA QUARTZ purchased a subsidiary established through the lighting equipment division of Kimmon Electric Co., Ltd. by means of M&A, and made it MARUWA SHOMEI Co., Ltd. What is the Group's aim in this?

MARUWA Group aims to enter a new business domain, that is to manufacture and market the lighting equipment, which MARUWA SHOMEI is engaged in. While the Group regards LED-related equipment as one of the application targets for our main products, we also see LED lighting as a potential field to further develop in the future. The lighting business of MARUWA SHOMEI (former division of Kimmon Electric) suits the Group's business strategy. MARUWA originated from the pottery industry, and has considered joining the industrial art sector for years. This lighting business is a field that integrates lighting arts and electronic ceramics including LEDs, which are expected to still grow further.

Q Through M&A, multi-layer bead inductors were added to MARUWA's product lineup. What is the effect on the Company?

The new product would reinforce marketing strategies in the EMC (Electromagnetic Compatibility) components business. EMC components (functional parts to protect electronic circuitry from electromagnetic disturbances such as abnormal voltage or noise) are expected to gain widespread attention, given the fact that electronics manufacturers are increasingly pursuing higher speed, multifunction and miniaturization. MARUWA Group is striving hard to increase our presence in the market with such products as multi-layer chip varistors, EMI filters, etc. MARUWA Electronics (Taiwan) Co., Ltd. (former NEC TOKIN Electronics (Taiwan) Co., Ltd., which MARUWA made into a subsidiary) manufactures multi-layer bead inductors as an EMC component. The acquisition of this company has resulted in strengthening the Company's insufficient lineup of EMC components. Hence, I expect MARUWA will gain a bigger edge over our rivals in manufacturing technologies and marketing activities. Taking advantage of this acquisition, we will enhance both production and sales of EMC components in Taiwanese and Chinese markets.



Q How do you work on corporate governance?

In order to optimally leverage the advantages of a small company, the mini-mini company system was introduced to every production division to strengthen them and clarify the locus of responsibility. At the same time, we have introduced the operating officer system to enable swift communication/dissemination of corporate policies made at the Board of Directors to every division, and to make the management decisions faster, more flexible and resilient. While transferring responsibility at each division to respective operating officers, we intend to make the management more functional, under which duties and responsibilities of directors, operating officers and auditors are further clarified.

We believe that excellent corporate governance can be realized when knowledge about various measures is disseminated not only to directors and auditors, but also to all employees. Based on this view, we gather almost all our employees from Japan and overseas at one venue on 1st April every year, and top management directly explains to them our management and business policies, as well as what a MARUWA employee should be like. At the quarterly management meetings, managers of each production division (the heads of mini-mini companies) in the entire group attend and receive explanations directly from the top management about future corporate policies, etc. By doing this, we are striving to make all employees take coordinated and concerted action to achieve common targets.

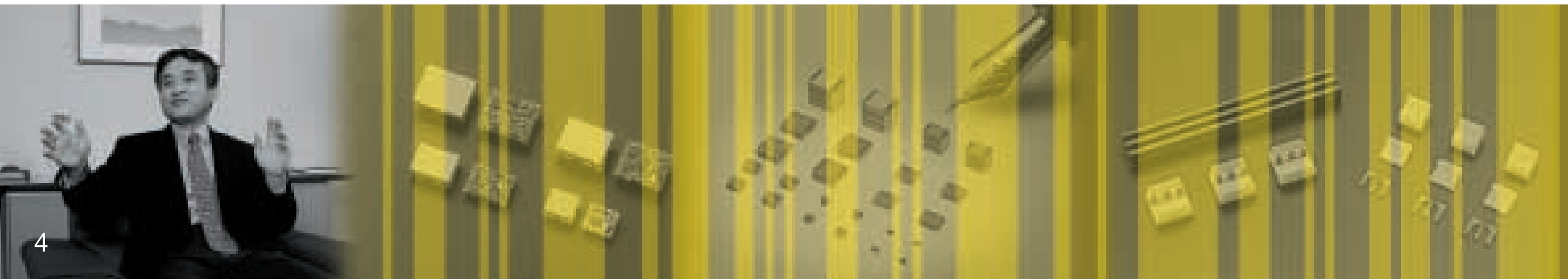
Q Please tell us about your effort on corporate social responsibility (CSR).

We recognize that in order to fulfill our CSR, it is crucial for a company to consider environmental factors in the management process. Based on this, we are promoting zero emission activities with an aim to reduce and recycle waste, centering on Toki Plant in Gifu Prefecture. These efforts have produced excellent results, increasing the recycling of waste in-house. We have further developed the "Maruwa Forest" known as the "Home of the Fireflies" in Seto, Aichi Prefecture, through which we are continuously supporting a nature conservation movement in the local community. As for societal contributions, we offer artistic support through "Fundación Maruwa Fomento de Baile Español" (the Maruwa Foundation for Promotion of Spanish Dancing).

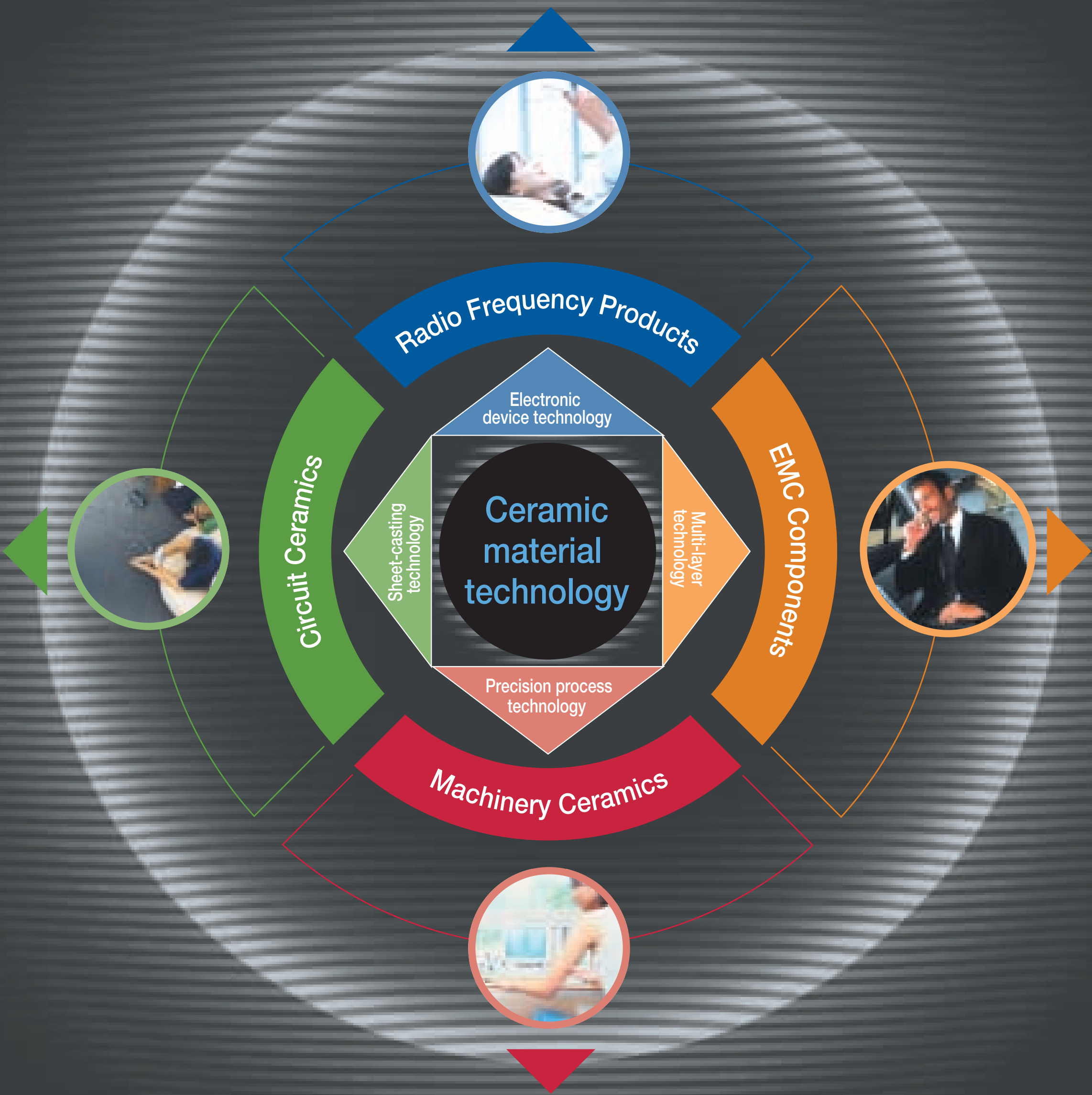
Q What measures are you implementing to maximize shareholder value?

As an interim dividend was ¥7.50 and a year-end dividend ¥7.50 per share for the fiscal year ended 31st March 2005, the annual dividend for the year amounts to ¥15. For fiscal year ending March 2006, we plan to disburse a ¥18 per-share dividend, with ¥9 as an interim dividend and ¥9 as a year-end dividend. In the future, we will strive to share profits obtained from the development of new products and advancing into new markets through M&A, with the shareholders in the form of increasing dividend payments. Considering the purchase of our own stock as an important means for providing shareholders with profits, we repurchased 147,490 treasury stocks for a total purchase price of ¥280 million by the end of July 2004, partly to use them for stock options. As of the end of March 2005, the number of treasury stocks totaled 272,740. We will make every effort to further enhance our investor relation activities so that shareholders may better assess the management status of MARUWA.

In the process of creating a new corporate value for future growth, we will not only pursue good business results, but also promote the sharing of values of MARUWA corporate culture, while fulfilling our corporate social responsibility. Through these efforts, we aim to be an attractive company that meets the expectations of shareholders, employees, business partners, and the regional community, alike. We hope that MARUWA will develop into a top-notch company in the true sense, and thus stakeholders will be able to say, "MARUWA is a truly great company." We sincerely ask you to extend even greater support to the management of MARUWA Group from the medium- to long-term perspective.



Review of Operations



MARUWA's operations include manufacturing and marketing of ceramics for electronics. Our policy is to supply the market with high value-added electronic components by integrating our material technology with the technological expertise we have accumulated over the years.

Circuit Ceramics

The Circuit Ceramics division produces ceramic substrates for resistors essential to a wide range of electric devices, Aluminum Nitride for power modules and automobile-mounted parts, large-size substrates for hybrid ICs, and glazed substrates for thermal printer heads (TPHs).

Fiscal 2005 results

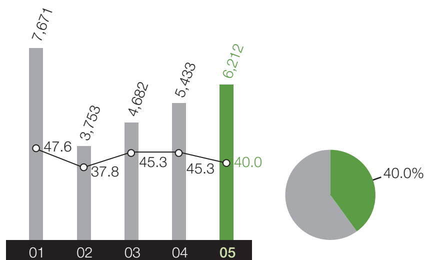
Total sales of this division were ¥6,212 million, an increase of ¥781 million or 14.4% from the previous year. As for substrates for resistors, markets both in Asia and Japan were strongly led by a brisk demand for digital home appliances in the first quarter as well as solid demands for other home electronics. Beginning in the second quarter, however, components markets in China and Taiwan were forced into an adjustment phase. In the second half of the year, we had relatively strong orders from Japanese manufacturers while others from Taiwanese makers decreased. From the latter half of the fourth quarter, orders from overseas began to recover, though moderately.

Shipments of Aluminum Nitride are solid for power modules. As for large substrates, we aim to expand product lineups for European markets as well as firm Asian markets.

Looking ahead and key strategy

For the current year through March 2006, we will strive to increase our market share for Al2O3 (alumina) substrates especially in China and other Asian regions, where the recovery is expected, as a leading company of alumina substrates. Meanwhile, in Europe and the U.S., we will expand the lineups of AlN (aluminum nitride) products with high thermal conductivity and cultivate the market for large substrates. Thus, we aim to expand operations of these products, which we regard as a cash cow.

By leveraging ceramic material and multi-layer technologies, which we have built up for years, we are working on development and commercialization of multi-layer ceramic substrates that are widely used in many industrial fields. Among target products include automotive module substrates, packages, radio frequency components, and modules. In the fiscal term under review, we made efforts not only to develop technologies that heightens the density level and facilitates multi-functioning of products, but also to expand the lineup of products to cover various sectors as well as establishing mass-production technology. As some of the products are already being mass-produced, we will proactively cultivate new customers.



Total sales (millions of yen)/
Total sales to net sales (%)

Technology:

Sheet casting technology

Product line:

- Ceramic substrates for chip resistors
- Ceramic rods for fixed resistors
- Glazed substrates for thermal printer heads (TPH)
- Large substrates for hybrid ICs
- Aluminum Nitride

Applications:

– Ceramics for resistors
Electronic devices, PCs,
digital cameras,
game console, mobile phones,
components for automobiles

– Aluminum Nitride
Hybrid/electric vehicles, DVDs,
semiconductor equipment

Machinery Ceramics

The Machinery Ceramics division manufactures products that require high precision processing technology, including quartz glass components mainly for semiconductor manufacturing equipment, ceramics for supporting magnetic heads in the disk drives of personal computers, and ceramic valves for water faucets.

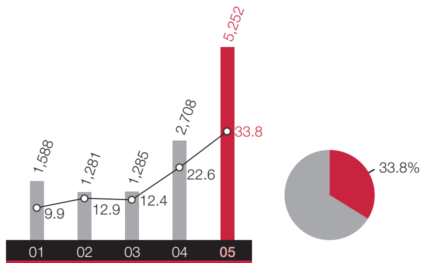
Fiscal 2005 results

This division posted sales of ¥5,252 million in the fiscal term under review, up 93.9% or ¥2,544 million from the last year. Orders for quartz glass products, including those manufactured at MARUWA QUARTZ, a new consolidated subsidiary since April 2004, were strong from domestic semiconductor production markets until the third quarter. In the fourth quarter, however, orders began to decline due to overall market adjustments. In this term, we focused on the reorganization of factories and the improvement of manufacturing lines after another M&A, and we think we finished laying foundation for future operations.

Looking ahead and key strategy

With transformation of MARUWA QUARTZ into a consolidated subsidiary through M&A, the ratio of quartz glass products to the total sales of this division increased. Given a synergy from the combination with MARUWA TFG, which began operations in the previous fiscal year, quartz glass products are expected to be a main earner of the division.

Our future business strategy for this division is to enhance our competitiveness of the quartz glass section, by maximizing the synergistic effect from the combining of the nationwide sales networks taken over from the predecessor of MARUWA QUARTZ, the processing technologies owned by MARUWA TFG, and our precision processing technologies. For the current year through March 2006, we will reconsider our marketing strategies in Japan, further strengthen the technology for customized products and enhance the techniques suited for 12-inch wafer processing, while growing our market share in quartz glass products.



Total sales (millions of yen)/
Total sales to net sales (%)

Technology:

Precision processing technology

Product line:

- Slider ceramics
- Ferrite
- Ceramic valves for water faucets
- Quartz glass products

Applications:

– Slider ceramics/ferrite
Floppy disk drives & hard disk drives for PCs

– Ceramic valves for water faucets
Dual (cold and hot) faucets, single faucets

Radio Frequency Products

The Radio Frequency Products division manufactures device products, mainly voltage controlled oscillators (VCOs) for wireless communication equipment, mobile phones and base stations, dielectric ceramics for filters used primarily as ceramic antennas in the mobile communication field, and thin-film substrates for use in optical information and communication equipment. As the application functions are rapidly developing, the product lineups of this division need to constantly develop further to catch up with the changes.

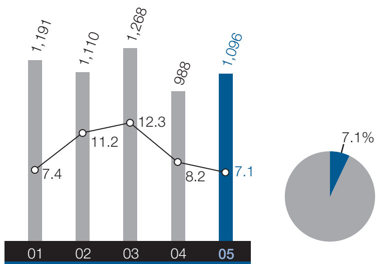
Fiscal 2005 results

As the final products, that this division's output is destined for, are functionally upgraded in quick cycles, the constituent components accordingly have extremely short life cycles. Sales of device components to the Chinese communications market, which remained noncommittal throughout the year, weakened. From the fourth quarter, orders have been increasing on a monthly basis thanks to enhancing applications in new areas. For dielectric ceramics, which had been in a long-term slump, MARUWA established a system enabling us to flexibly respond to customer needs for many different products with short delivery times. This resulted in a steady stream of orders from overseas markets for low noise block converters (LNBs) and GPS products, which indicates these items are expected to grow in the future. Thin-film substrates were the subject of various, fresh orders mainly for use in DVD devices. As a result, sales of this division totaled ¥1,096 million in the fiscal term under review, up 10.9% from a year earlier.

Looking ahead and key strategy

Orders for every product of this division have been on the rise since the fourth quarter of the period under review. For the year through March 2006, we will reliably supply this division's products, with the focus on orders for varied items in small lots for which demand is expected to further increase, rather than expanding the scale. To this end, we will expand the product variants, while taking future trends into full account, and continuously enhance our product development capability.

In the dielectric ceramics segment, we have proactively cultivated markets for new products that fully apply material characteristics, particularly for ceramic antennas. In the device products segment, we are promoting development of key VCO products in pursuit of still more downsizing and multi-function. We are also focusing on the development of related radio frequency components such as dielectric filters for base stations, and some newly developed products are already being mass-produced. In the thin-film segment, we have developed original products that fully utilize the characteristics of dielectric materials manufactured in-house, in addition to highly thermal conductive Aluminum Nitride substrate materials. With volume production of some products progressing smoothly, we see high growth potential for the various articles produced by this division.



Total sales (millions of yen)/
Total sales to net sales (%)

Technology:
Electronic device technology

Product line:
- Devices (VCO/BPF)
- Dielectric ceramics
- Thin-film products
- Multi-layer ceramic substrates

Applications:

– Devices
Mobile phones, wireless LAN, other wireless communications equipment

– Dielectric ceramics
Base stations & terminals for mobile phones, GPS, Bluetooth technology

– Thin film products
Mobile communication devices, CD/DVD-RW, optical network

– Multi-layer ceramic substrates
Mobile communication devices, automobiles

EMC Components

The EMC Components division produces: EMI filters that intercept electromagnetic waves and are categorized in three types—chip, feed-through, and complex; chip varistors that control noise, surge and other voltage anomalies; multi-layer ceramic capacitors that have high voltage and high capacitance.

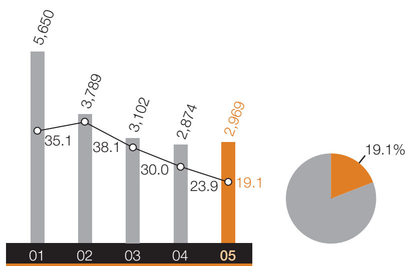
Fiscal 2005 results

EMI filters, especially feed-through types, sold well mainly for base stations of mobile phones. Orders increased steadily for EMI filters and chip varistors from the automotive components market, which the entire company is proactively engaging in. As a result, sales of this division amounted to ¥2,969 million in the fiscal year under review, up 3.3% from the previous year.

Looking ahead and key strategy

In all business sectors including information/communications, automobiles and home electric equipment, there has been growing demand for further downsizing, higher speed and multi-functioning as well as digitization. Concurrently, advancing achievements in realizing higher speeds and greater capacities for interactive information communication has brought home the importance of EMC (electromagnetic compatibility measures to prevent electromagnetic interference) in electronic devices. In pursuing the EMC business, MARUWA is striving to meet such market needs through the development of materials and products that offer better noise/surge absorption, space-saving surface mounting, high frequency wave compliance, attractive pricing and environmental consideration, thereby expanding our product lineups for EMI filters and chip varistors, as well as enhancing our EMC technology.

For fiscal 2006, orders from the automotive components market are expected to increase. With increasing multi-functionality of the final products, the demand for components that intercept electromagnetic waves or control voltage anomalies has been rising. In response, MARUWA will from the raw material stage implement strategies to differentiate ourselves from our rivals. We project that new noise control components, which were acquired through M&A at the end of fiscal 2005, will contribute to increasing sales.



Total sales (millions of yen)/
Total sales to net sales (%)

Technology:

Multi-layer technology

Product line:

– Multi-layer ceramic capacitors
– EMI filters
– Multi-layer ceramic varistors

Applications:

– Ceramic capacitors, EMI filters, Chip varistors
Digital cameras, PCs, mobile phones, automobiles

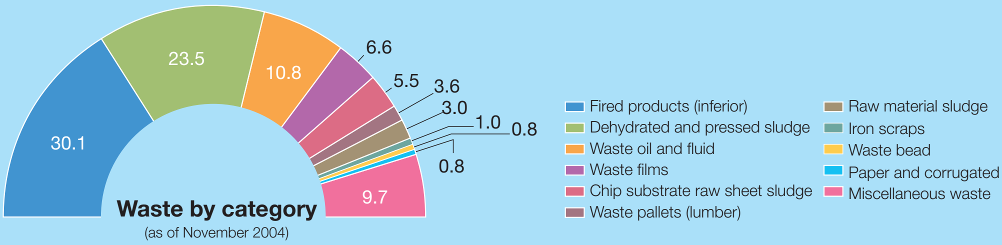
Zero waste emissions (reduction of waste) efforts

Toki Plant

Waste recycling steadily producing results

Toki Plant in Gifu Prefecture has established an environmental management system, pursuant to the global ISO 14001 standard, aiming to realize zero emissions in the near future by endeavoring to establish a closed-cycle society, as well as implementing a higher level of activities, or the 3R's (Reduce, Reuse and Recycle) program. Under this system, each employee is eagerly separating waste as an environmentally responsible person.

The plant had produced more than 19 tons of waste, mainly inferior fired ceramics, every year. To reduce such a large quantity of waste, the plant worked on various activities and measures, which resulted in raising the recycling rate to over 90% in November 2004, up from the monthly average of 47% in fiscal 2003. From now on, the plant will make steady efforts to effectively utilize waste, targeting a recycling rate of 100%.



Entry into the lighting business through M&A

Potential of "LED illumination" as a promising market

MARUWA Group has made Kimmon Electric Co., Ltd. into a consolidated subsidiary through M&A and changed the corporate name to MARUWA SHOMEI. Hence, the lighting equipment business will be added to the Group as a new segment from the fiscal year ending March 2006. While the Group regards LED-related equipment as one of the application targets for our main products, we also see LED lighting as a potential field to develop further in the future.

MARUWA SHOMEI has a broader lineup of lighting/luminary products and provides the most suitable "light in terms of form and quality" for many areas which compose the cores of town planning. Among such products include streetlights, traffic lights, floodlights, information board system, etc. In the lighting business, the company carries out comprehensive operations, including planning and designing, so that it can maintain the landscape in a good and attractive state. MARUWA SHOMEI will promote such a landscape-friendly business with an eye toward 21st century urban development. To this end, the company will propose systematized lighting products that can be adapted to any circumstances, while advancing into the street furniture and fittings sector based on its expertise on interior lighting and exterior lighting for buildings.

LED illumination systems installed in Hama-Otsu Sky Cross (promenade)

Financial Section

Five-Year Summary

MARUWA CO., LTD. and consolidated subsidiaries
For the years ended 31st March 2001, 2002, 2003, 2004 and 2005

	Millions of yen					Thousands of U.S. dollars
	For the years ended 31st March					For the years ended 31st March
	2001	2002	2003	2004	**2005**	**2005**
For the year						
Net sales	¥16,100	¥9,933	¥10,337	¥12,003	**¥15,529**	**$144,604**
Operating income (loss)	3,633	(1,200)	307	686	**1,357**	**12,636**
Income (loss) before income taxes	3,572	(1,288)	233	711	**1,180**	**10,988**
Net income (loss)	2,632	(1,239)	105	475	**1,225**	**11,407**
At year-end						
Total shareholders' equity	24,797	24,246	23,488	23,429	**24,328**	**226,539**
Total assets	30,943	26,730	26,880	26,664	**28,465**	**265,062**
	Yen					U.S. dollars
Per share amounts						
Net income (loss)	¥261.42	(¥112.70)	¥8.99	¥42.67	**¥112.40**	**$1.05**
Cash dividends	12.00	14.00	14.00	14.00	**15.00**	**0.14**

Operating Results

Business environment

In the fiscal year under review, the electronic components market, in which MARUWA is involved, showed a strong and swift recovery led by digital home appliances in the first quarter, but from the late second quarter, stagnating sales of mobile phones in China and other Asian markets forced components manufacturers into a period of adjustment to better balance supply and demand. From the third quarter, the semiconductor manufacturing market in Japan slowed down, and a moderate deceleration period was generally prolonged the aftermath of the rapid growth seen in the first half. In the latter half of the fourth quarter, the material-related business firmed up bolstered by recovering orders received from overseas markets, and the component-related business became more active in the domestic market.

Earnings overview for the year ended 31st March 2005

At MARUWA, we expanded our quartz glass business through an M&A with MARUWA QUARTZ Co., Ltd. (former Kimmon Quartz Co., Ltd.), especially for the purpose of benefiting from the synergistic effects of this business, following its launch at MARUWA TFG Co., Ltd. in the previous year. This merger contributed to an increase both in revenue and profit during the term under review, positioning the quartz glass business as a new core operation of MARUWA.

Following the previous year, we also endeavored to earn more cash in the fiscal period under review by reducing component stockpiles between production lines. Seeking better profitability, our profit structure improved as intensive efforts to reduce inventories in the first half took effect in the second half, despite the negative factor of falling orders. The increase in profits is also attributable to the fact that the lineup of new products, which had gone from the R&D to the volume production stage during the last year, now became profitable—a shift away from the loss-making phase of R&D expenditures.

As a result, MARUWA posted consolidated net sales of ¥15,529 million, up 29.4%, or ¥3,526 million from the previous year. Operating income rose a sharp 97.8%, or ¥671 million to ¥1,357 million due mainly to the three factors above. Net income soared 157.9% to ¥1,225 million despite losses on disposal/devaluation of inventories, etc. of ¥336 million.

Net sales

In the fiscal year under review, MARUWA strengthened its marketing activities by integrating its sales, production and development, improving yields, and reducing lead time, as well as establishing a system to develop products that satisfy the needs of the market and are produced through a more flexible manufacturing structure. As a result of these efforts, consolidated net sales increased 29.4% from a year earlier to ¥15,529 million.

Looking at sales by product division, the Circuit Ceramics division posted ¥6,212 million, up 14.4% from the previous year, which accounts for 40.0% of the total sales. Sales from the Machinery Ceramics division soared 93.9% to ¥5,252 million, representing 33.8% of the total sales. The Radio Frequency Products division saw sales rise 10.9% year on year to ¥1,096 million, which accounts for 7.1% of the total sales. In the EMC Components division, sales rose 3.3% to ¥2,969 million that represents 19.1% of the total sales. The substantial increase in sales at the Machinery Ceramics division is attributable chiefly to the contribution of MARUWA QUARTZ, which became a consolidated subsidiary in April 2004. This, combined with MARUWA TFG whose operations started during the previous year, produced a synergistic effect. As a result, the division's sales composition rose 11.2 percentage points.

Profit and loss

Gross profit increased 45.7% year on year to ¥4,342 million thanks to an expansion in sales, and the ratio of gross profit on sales rose 3.2 percentage points to 28.0%. The profit margin improved mainly because products that had required large development expenses became profitable in the period under review, and each production section proactively reduced stockpiles between lines.

Selling, general and administrative expenses increased 30.1% to ¥2,985 million in the fiscal term under review, due to an increase in various costs associated with turning MARUWA QUARTZ into a consolidated subsidiary, centering on personnel expenses, as well as a rise in development expenses. The ratio of selling, general and administrative expenses to net sales was 19.2%, up 0.1 point.

As a result, operating income surged 97.8% to ¥1,357 million, and operating income margin improved 3.0 points from a year earlier to 8.7%.

For other income (expenses), MARUWA booked ¥67 million as loss on devaluation of inventories and ¥198 million as loss on disposal of inventories as a result of its active efforts to evaluate and reduce inventory assets, although it booked ¥370 million as income mainly due to amortization of consolidating adjustment accounts totaling ¥156 million, including for MARUWA QUARTZ that was made into a consolidated subsidiary in April 2004.

Accordingly, income before income taxes was ¥1,180 million, and net income after corporate, inhabitant and enterprise taxes sharply rose 157.9% to ¥1,225 million. Net income per share was ¥112.40 compared with ¥42.67 posted in the previous year.

Financial Position

Cash flows

Cash and cash equivalents (hereinafter collectively referred to as "cash") amounted to ¥6,935 million at the end of the fiscal term under review, up ¥733 million from a year earlier.

Net cash provided by operating activities rose ¥1,217 million year on year to ¥3,319 million. The cash increase is attributable mainly to income before income taxes of ¥1,180 million and ¥1,089 million in reduction of inventories as a result of our company-wide efforts. Depreciation was ¥1,481 million, and cash flows were adjusted to decrease due to amortization of consolidating adjustment account of ¥156 million. The major factor for cash decrease was an increase of ¥331 million in trade notes and accounts receivable derived from sharply expanded sales. Payments of income tax and others were ¥155 million.

Net cash used in investing activities totaled ¥2,062 million. As part of investment in plant and equipment, we purchased tangible fixed assets worth ¥1,236 million, and shares of MARUWA QUARTZ and MARUWA Electronics (Taiwan) Co., Ltd. (former NEC TOKIN Electronics (Taiwan) Co.,Ltd.), which became new consolidated subsidiaries, for ¥633 million and ¥500 million, respectively. In acquiring MARUWA QUARTZ and MARUWA Electronics (Taiwan), we also purchased cash assets, and actual cash-out amount was ¥774 million. As a result, free cash flows amounted to ¥1,257 million, down from ¥1,394 million registered in the previous year.

Net cash used in financing activities was ¥583 million, including payments of long-term debt totaling ¥147 million, purchase of treasury stocks worth ¥280 million, and disbursement by the parent company of cash dividends amounting to ¥157 million.

Working capital

At the end of the fiscal term under review, current assets increased by ¥1,276 million from the previous year. By item, cash and deposits rose ¥733 million to ¥6,935 million due to all-out efforts of every division ("mini-mini company") to implement "cash flow-oriented management." Some hold that the position of cash and deposits is larger given the business scale. However, we believe that our current top priority issue is to swiftly respond to the needs of the market, and that, to achieve this, it is important to effectively utilize M&A strategies, while maintaining a high flexibility of cash. Trade notes and accounts receivable increased ¥972 million owning to expansion of Circuit Ceramics business and transformation of MARUWA QUARTZ into a consolidated subsidiary. However, the receivables turnover ratio improved to 30.3% from 31.2%. Inventories decreased ¥726 million to ¥2,554 million, as a result of active efforts to evaluate and reduce inventory assets, through which ¥198 million was recorded as loss on disposal of inventories and ¥67 million as loss on devaluation of inventories.

At the end of the year under review, current liabilities expanded by ¥381 million from a year earlier mainly because trade notes and accounts payable rose ¥127 million due to increased purchases despite a decline of ¥23 million in accrued income taxes.

As a result, working capital stood at ¥12,419 million at the end of the fiscal term under review, up ¥894 million from the preceding year, and the current ratio was 615.1% compared with 667.7% posted a year earlier.

Capital expenditure

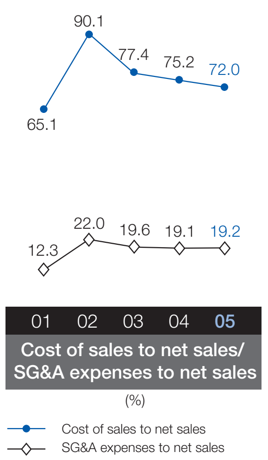
Capital expenditure amounted to ¥1,253 million in the fiscal year under review, up from ¥742 million in the previous year. The increase was attributable chiefly to: streamlining of domestic plants in the quartz glass business, which MARUWA expanded; replacement of facilities and reorganization centering on existing businesses; and purchase of new metal molds. As a result, tangible fixed assets totaled ¥11,308 million, up ¥598 million due mainly to the addition of MARUWA QUARTZ as a consolidated subsidiary despite depreciation costs of ¥1,481 million.

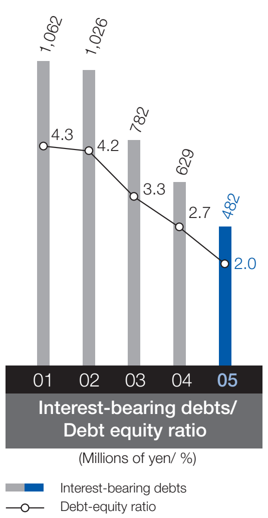
Interest-bearing debt

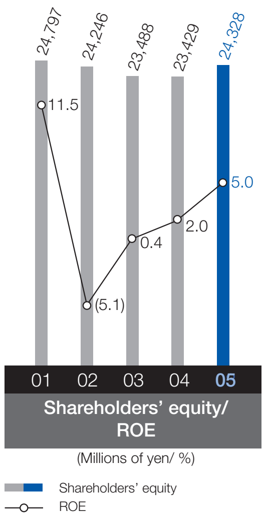
At the end of the fiscal period under review, interest-bearing debt totaled ¥482 million, down ¥147 million from the previous year. Of the total, due within one year were ¥147 million, and long-term debt amounted to ¥335 million, down ¥147 million from a year earlier. As a result, the debt equity ratio improved to 2.0% compared with 2.7% for the preceding year, indicating our financial structure was strengthened.

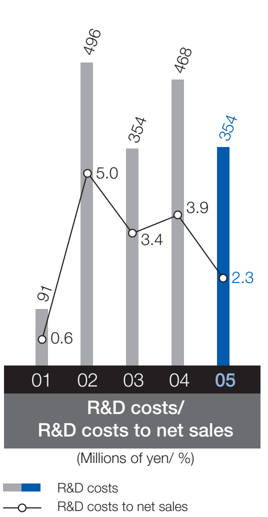
Shareholders' equity

Shareholders' equity was ¥24,328 million at the end of the fiscal year under review, up ¥899 million from the previous year. The factor for the rise was an increase of retained earnings totaling ¥1,061 million due to net income of ¥1,225 million, despite the booking of negative ¥1,077 million in foreign currency translation adjustment and ¥581 million in purchase of treasury stocks. As a result, the equity ratio stood at 85.5%.









Consolidated Balance Sheets

MARUWA CO., LTD. and consolidated subsidiaries

As of 31st March 2004 and 2005

	Millions of yen		Thousands of U.S. dollars
	31st March		31st March
	2004	**2005**	**2005**
ASSETS			
Current assets:			
Cash and deposits	¥6,202	**¥6,935**	**$64,578**
Trade notes and accounts receivable	3,740	**4,712**	**43,877**
Inventories (Note 5)	3,280	**2,554**	**23,782**
Deferred tax assets (Note 10)	81	**388**	**3,613**
Other current assets	252	**245**	**2,282**
Allowance for doubtful accounts	(1)	**(4)**	**(37)**
Total current assets	13,554	**14,830**	**138,095**
Property, plant and equipment (Note 7)**:**			
Land	2,548	**2,957**	**27,535**
Buildings and structures	5,634	**6,160**	**57,361**
Machinery and equipment	9,115	**9,713**	**90,446**
Other	2,508	**2,787**	**2,253**
Construction in progress	152	**242**	**25,952**
Total property, plant and equipment	19,957	**21,859**	**203,547**
Less — Accumulated depreciation	(9,247)	**(10,551)**	**(98,249)**
Net property, plant and equipment	10,710	**11,308**	**105,298**
Investments and other assets:			
Investment securities (Notes 4 and 8)	662	**701**	**6,528**
Deferred tax assets (Note 10)	244	**184**	**1,713**
Property and equipment for investments	996	**977**	**9,098**
Other	498	**465**	**4,330**
Total investments and other assets	2,400	**2,327**	**21,669**
Total assets	¥26,664	**¥28,465**	**$265,062**

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

	Millions of yen		Thousands of U.S. dollars
	31st March		31st March
	2004	**2005**	**2005**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥670	**¥797**	**$7,422**
Current portion of long-term debt (Notes 6 and 7)	147	**147**	**1,369**
Accrued income taxes	88	**65**	**605**
Accrued bonus	137	**195**	**1,816**
Stock purchase warrants	11	**11**	**102**
Notes payable for property acquisitions	328	**339**	**3,157**
Other current liabilities	649	**857**	**7,980**
Total current liabilities	2,030	**2,411**	**22,451**
Long-term liabilities:			
Long-term debt (Notes 6 and 7)	482	**335**	**3,119**
Deferred tax liabilities (Note 10)	0	**7**	**65**
Accrued retirement benefits (Note 17)	176	**858**	**7,990**
Consolidation adjustment account (negative goodwill)	477	**448**	**4,172**
Other	70	**78**	**726**
Commitments and contingent liabilities (Notes 12 and 13)			
Total long-term liabilities	1,205	**1,726**	**16,072**
Shareholders' equity (Note 11)**:**			
Common stock, no par value; authorized: 26,000,000 shares; issued: 11,050,000 shares in 2004 and 2005	6,683	**6,683**	**62,231**
Capital surplus	9,710	**9,710**	**90,418**
Retained earnings	8,516	**9,577**	**89,180**
Net unrealized gains on available-for-sale securities	38	**16**	**149**
Foreign currency translation adjustment	(1,215)	**(1,077)**	**(10,029)**
Treasury stock, at cost - 125,800 shares in 2004 and 272,740 shares in 2005	(303)	**(581)**	**(5,410)**
Total shareholders' equity	23,429	**24,328**	**226,539**
Total liabilities and shareholders' equity	¥26,664	**¥28,465**	**$265,062**

Consolidated Statements of Income

MARUWA CO., LTD. and consolidated subsidiaries

For the years ended 31st March 2003, 2004 and 2005

	Millions of yen			Thousands of U.S. dollars
	For the years ended 31st March			For the years ended 31st March
	2003	2004	**2005**	**2005**
Net sales (Note 18)	¥10,337	¥12,003	**¥15,529**	**$144,604**
Cost of sales (Note 18)	7,999	9,022	**11,187**	**104,172**
Gross profit	2,338	2,981	**4,342**	**40,432**
Selling, general and administrative expenses (Notes 14,15 and 18)	2,031	2,295	**2,985**	**27,796**
Operating income	307	686	**1,357**	**12,636**
Other income (expenses):				
Interest and dividend income	6	13	**22**	**205**
Interest expenses	(15)	(13)	**(10)**	**(93)**
Foreign exchange gain (loss), net	(56)	31	**19**	**177**
Other, net	(9)	(6)	**(208)**	**(1,937)**
Other (loss) income, net	(74)	25	**(177)**	**(1,648)**
Income before income taxes	233	711	**1,180**	**10,988**
Income tax (benefits) provision (Note 10):				
Current	48	112	**170**	**1,583**
Deferred	80	124	**(215)**	**(2,002)**
	128	236	**(45)**	**(419)**
Net income	¥105	¥475	**¥1,225**	**$11,407**
	Yen			U.S. dollars
Net income per share:				
Basic	¥8.99	¥42.67	**¥112.40**	**$1.05**
Diluted	¥8.98	¥42.67	**¥112.18**	**$1.04**
Cash dividends per share	¥14.00	¥14.00	**¥15.00**	**$0.14**

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

Consolidated Statements of Shareholders' Equity

MARUWA CO., LTD. and consolidated subsidiaries

For the years ended 31st March 2003, 2004 and 2005

	Number of shares of common stock (Thousands)	Millions of yen						
		Common stock	Capital surplus	Retained earnings	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustment	Treasury stock	Total shareholders' equity
Balance at 31st March 2002	11,050	¥6,683	¥9,710	¥7,797	¥86	¥171	(¥201)	¥24,246
Net income		—	—	105	—	—	—	105
Cash dividends		—	—	(154)	—	—	—	(154)
Change in net unrealized losses on available-for-sale securities		—	—	—	(93)	—	—	(93)
Translation adjustments		—	—	—	—	(615)	—	(615)
Changes in treasury stock		—	—	—	—	—	(1)	(1)
Balance at 31st March 2003	11,050	6,683	9,710	7,748	(7)	(444)	(202)	23,488
Cumulative effect on change of deferred income tax accounting adopted by overseas consolidated subsidiary		—	—	453	—	—	—	453
Net income		—	—	475	—	—	—	475
Cash dividends		—	—	(154)	—	—	—	(154)
Directors' bonus		—	—	(6)	—	—	—	(6)
Change in net unrealized gains on available-for-sale securities		—	—	—	45	—	—	45
Translation adjustments		—	—	—	—	(771)	—	(771)
Changes in treasury stock		—	—	—	—	—	(101)	(101)
Balance at 31st March 2004	11,050	6,683	9,710	8,516	38	(1,215)	(303)	23,429
Net income		—	—	1,225	—	—	—	1,225
Cash dividends		—	—	(157)	—	—	—	(157)
Directors' bonus		—	—	(7)	—	—	—	(7)
Loss of liquidation of treasury stock		—	—	(0)	—	—	—	(0)
Change in net unrealized losses on available-for-sale securities		—	—	—	(22)	—	—	(22)
Translation adjustments		—	—	—	—	138	—	138
Changes in treasury stock		—	—	—	—	—	(278)	(278)
Balance at 31st March 2005	**11,050**	**¥6,683**	**¥9,710**	**¥9,577**	**¥16**	**(¥1,077)**	**(¥581)**	**¥24,328**

	Thousands of U.S. dollars						
	Common stock	Capital surplus	Retained earnings	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustment	Treasury stock	Total shareholders' equity
Balance at 31st March 2004	$62,231	$90,418	$79,300	$354	($11,314)	($2,821)	$218,168
Net income	—	—	11,407	—	—	—	11,407
Cash dividends	—	—	(1,461)	—	—	—	(1,461)
Directors' bonus	—	—	(65)	—	—	—	(65)
Loss of liquidation of treasury stock	—	—	(1)	—	—	—	(1)
Change in net unrealized losses on available-for-sale securities	—	—	—	(205)	—	—	(205)
Translation adjustments	—	—	—	—	1,285	—	1,285
Changes in treasury stock	—	—	—	—	—	(2,589)	(2,589)
Balance at 31st March 2005	**$62,231**	**$90,418**	**$89,180**	**$149**	**($10,029)**	**($5,410)**	**$226,539**

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

Consolidated Statements of Cash Flows

MARUWA CO., LTD. and consolidated subsidiaries

For the years ended 31st March 2003, 2004 and 2005

	Millions of yen			Thousands of U.S. dollars
	For the years ended 31st March			For the years ended 31st March
	2003	2004	**2005**	**2005**
Cash flows from operating activities:				
Income before income taxes	¥233	¥711	**¥1,180**	**$10,988**
Adjustments for:				
Depreciation	1,460	1,466	**1,481**	**13,791**
Amortization of consolidation adjustment account (negative goodwill)	—	(119)	**(156)**	**(1,453)**
Increase (decrease) in allowance for doubtful accounts	(13)	(20)	**1**	**9**
Increase in accrued retirement benefit	28	36	**108**	**1,006**
Loss on disposal of property, plant and equipment	82	51	**122**	**1,136**
Interest and dividend income	(6)	(13)	**(22)**	**(205)**
Foreign exchange (gain) loss	43	7	**(29)**	**(270)**
Write-down of investment securities	9	—	**3**	**28**
Increase in trade notes and accounts receivable	(310)	(605)	**(331)**	**(3,082)**
Decrease (increase) in inventories	(46)	477	**1,089**	**10,141**
(Decrease) increase in trade notes and trade accounts payable	(66)	207	**(86)**	**(801)**
Other	367	(6)	**102**	**950**
Sub-total	1,781	2,192	**3,462**	**32,238**
Interest and dividend income received	6	12	**22**	**205**
Interest expenses paid	(15)	(2)	**(10)**	**(93)**
Income taxes (paid) refunded	119	(100)	**(155)**	**(1,444)**
Net cash provided by operating activities	1,891	2,102	**3,319**	**30,906**
Cash flows from investing activities:				
Payments for purchase of property, plant and equipment	(783)	(733)	**(1,236)**	**(11,509)**
Proceeds from sales of property, plant and equipment	88	38	**18**	**168**
Payments for purchase of investment securities	(267)	(41)	**(59)**	**(549)**
Proceeds from sales of investment securities	—	133	**1**	**9**
Acquisition of new consolidated subsidiaries (Note 3)	(55)	—	**(774)**	**(7,207)**
Collection of loan receivables	—	1	**—**	**—**
Increase in intangible fixed assets	(33)	(109)	**(6)**	**(56)**
Other	4	3	**(6)**	**(57)**
Net cash used in investing activities	(1,046)	(708)	**(2,062)**	**(19,201)**
Cash flows from financing activities:				
Payments of long-term debt	(858)	(152)	**(147)**	**(1,369)**
Cash dividends paid	(154)	(154)	**(157)**	**(1,462)**
Payments for purchase of treasury stock	(1)	(101)	**(280)**	**(2,607)**
Proceeds from sales of treasury stock	—	—	**1**	**9**
Net cash used in financing activities	(1,013)	(407)	**(583)**	**(5,429)**
Effect of exchange rate changes on cash and cash equivalents	(33)	(76)	**59**	**550**
Net increase (decrease) in cash and cash equivalents	(201)	911	**733**	**6,826**
Cash and cash equivalents at beginning of year	5,492	5,291	**6,202**	**57,752**
Cash and cash equivalents at end of year (Note 3)	¥5,291	¥6,202	**¥6,935**	**$64,578**

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 consolidated subsidiaries (collectively, "MARUWA") in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law of Japan, 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.

MARUWA maintains its accounting records in Japanese yen. The dollar amounts included in the accompanying consolidated financial statements and notes thereto present the arithmetic results of translating yen into U.S. dollars on a basis of ¥107.39 to $1, the rate of exchange prevailing on 31st March 2005. 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 significant subsidiaries (five subsidiaries in 2003 and 2004 and six subsidiaries in 2005). Consolidation adjustment account represents differences between the acquisition cost of investment in subsidiaries and the underlying equity in their net assets adjusted based on the fair value at the time of acquisition and is amortized over five years.

On 1st April 2004, the Company acquired all the common stock of MARUWA QUARTZ Co., Ltd. Accordingly MARUWA QUARTZ Co., Ltd. has been included in the Company's consolidated results of operation and financial position beginning in 2005. On 31st March 2005, the Company acquired all the common stock of NEC TOKIN Electronics (Taiwan) Co., Ltd. The Company consolidated the balance sheet of NEC TOKIN Electronics (Taiwan) Co., Ltd. as at its fiscal year-end. On 1st January 2005, the Company merged with one consolidated subsidiary, MARUWA KCK Co., Ltd. The merged subsidiary had closed its book on 31st December 2004, the consolidated statements of income for the year ended 31st March 2005 included 9-months operation from 1st April 2004 to 31st December 2004. All significant intercompany accounts and transactions have been eliminated. The unconsolidated subsidiaries are excluded from consolidation and stated at cost due to their insignificant effect on the consolidated financial statements taken as a whole.

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.

Investment securities

Investment securities include available-for-sale securities and investments for unconsolidated subsidiaries. Available-for-sale securities are stated at fair value based on quoted market prices at the end of each fiscal year. Unrealized holding gains and losses, net of applicable deferred taxes, are included as a component of shareholders' equity until realized. Cost of sales for available-for-sale securities is based on the moving average method. Investments for unconsolidated subsidiaries are recorded at cost.

Inventories

Inventories held by the Company are stated at cost determined by the moving average method. Inventories held by its consolidated subsidiaries are principally stated at the lower of moving average cost.

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 its domestic consolidated subsidiaries, and computed principally using the straight-line method by its overseas consolidated subsidiaries at rates based on estimated useful lives of the assets.

Accounting standards for impairment of fixed assets

The company and its domestic consolidated subsidiaries have not yet applied this new standard nor have determined the effect of applying it on the Company's consolidated financial statements.

Allowance for doubtful accounts

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 bonus to employees is provided for estimated amounts which MARUWA is obliged to pay to employees based on services provided until the fiscal year-end.

Retirement benefits for employees

Under the terms of the employee retirement plans of the Company and its domestic consolidated subsidiaries, 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.

MARUWA has principally recognized the retirement benefits for employees including pension cost and related liability based on actuarial present value of projected benefit obligation using actuarial appraisal approach and the pension plan assets available for benefits at the fiscal year-end.

Actuarial gains or losses are amortized using the straight-line method over certain years less than the average remaining service period of employee (10 years) starting from the following year.

Income taxes

The income tax provision is computed based on the pretax income.

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.

Lease transactions

Where financing leases do not transfer ownership of the leased property to the lessee during the term of the lease, the leased property of the Company and its domestic consolidated subsidiaries is not capitalized and the relating rental and lease expenses are charged to income as incurred.

Foreign currency translation

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

Translation differences are reported as foreign currency translation adjustment in a separate component of shareholders' equity in the accompanying consolidated balance sheets.

Per share data

Net income per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during each period. At 31st March 2003 and 2004, potential common stock outstanding subject to the computation of diluted earnings per share is 200,000 shares for stock options and warrant. At 31st March 2005, potential common stock outstanding subject to the computation of diluted earnings per share is 300,000 shares for stock options and warrant. Cash dividends per share shown for each year in the consolidated statements of operations represent dividends declared as applicable to the respective years.

Consumption tax

The consumption tax under the Japanese Consumption Tax Law withheld by the Company and its domestic consolidated subsidiaries on sales of goods is not included in the amount of net sales in the accompanying consolidated statements of operations, and the consumption tax paid by the Company and its domestic consolidated 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 in the consolidated statements of cash flows were comprised of the following:

	Millions of yen			Thousands of U.S. dollars
	2003	2004	**2005**	**2005**
Cash and deposits	¥5,291	¥6,202	**¥6,935**	**$64,578**
Cash and cash equivalents	¥5,291	¥6,202	**¥6,935**	**$64,578**

The acquisitions of new consolidated subsidiaries were as follows:

	Millions of yen			Thousands of U.S. dollars	
	2003	**2005**		**2005**	
	MARUWA TFG	MARUWA QUARTZ	NEC TOKIN Electronics (Taiwan)	MARUWA QUARTZ	NEC TOKIN Electronics (Taiwan)
Current assets	¥982	¥1,080	¥323	$10,057	$3,008
Non current assets	573	725	172	6,751	1,602
Current liabilities	(136)	(413)	(50)	(3,846)	(466)
Non current liabilities	(708)	(576)	—	(5,364)	-
Consolidation adjustment account	(596)	(183)	55	(1,704)	512
Total acquisition cost	115	633	500	5,894	4,656
Less, cash and cash equivalents	(60)	(137)	(222)	(1,276)	(2,067)
Cash outflow, net	¥55	¥496	¥278	$4,618	$2,589

4. Investment securities:

Aggregate cost and market value (carrying value) of investment securities, which have market values at 31st March 2004 and 2005, were as follows:

	Millions of yen		
	2004		
	Cost	Market value (Carrying amount)	Unrealized gain (loss)
Securities with the carrying amount exceeding acquisition costs			
Equity securities	¥144	¥228	¥84
Sub-total	144	228	84
Securities with the carrying amount not exceeding the cost			
Equity securities	129	108	(21)
Sub-total	129	108	(21)
Total	¥273	¥336	¥63

	Millions of yen		
	2005		
	Cost	Market value (Carrying amount)	Unrealized gain (loss)
Securities with the carrying amount exceeding acquisition costs			
Equity securities	¥191	¥240	¥49
Sub-total	191	240	49
Securities with the carrying amount not exceeding the cost			
Equity securities	160	135	(25)
Sub-total	160	135	(25)
Total	¥351	¥375	¥24

	Thousands of U.S. dollars		
	2005		
	Cost	Market value (Carrying amount)	Unrealized gain (loss)
Securities with the carrying amount exceeding acquisition cost			
Equity securities	$1,779	$2,235	$456
Sub-total	1,779	2,235	456
Securities with the carrying amount not exceeding the cost			
Equity securities	1,490	1,257	(233)
Sub-total	1,490	1,257	(233)
Total	$3,269	$3,492	$223

During the years ended 31st March 2004 and 2005, MARUWA sold investment securities. Proceeds from sales of investment securities were ¥133 million and ¥1 million ($9 thousand) for the years ended 31st March 2004 and 2005, respectively. On those sales, the Company recorded realized gains of ¥21 million and ¥0 million ($0 thousand) for the year ended 31st March 2004 and 2005, respectively.

5. Inventories:

Inventories at 31st March 2004 and 2005 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Finished products	¥1,319	**¥1,076**	**$10,019**
Work in process	1,292	**888**	**8,269**
Raw materials	401	**406**	**3,781**
Supplies	268	**184**	**1,713**
Total	¥3,280	**¥2,554**	**$23,782**

6. Bank loans and long-term debt:

Borrowings at 31st March 2004 and 2005 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Secured loans, representing obligations principally to banks, due 2005 to 2036 with a weighted-average interest of 1.7% per annum at 31st March 2004 and 2005, respectively	¥629	**¥482**	**$4,488**
Less-Current portion due within one year	(147)	**(147)**	**(1,369)**
Total	¥482	**¥335**	**$3,119**

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

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
2006	¥147	$1,369
2007	147	1,369
2008	53	494
2009	5	46
2010	5	46
2011 and thereafter	125	1,164
Total	¥482	$4,488

7. Assets pledged as collateral:

Assets pledged as collateral at 31st March 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Land	¥139	**¥130**	**$1,210**
Buildings and structures	38	**201**	**1,872**
Total	¥177	**¥331**	**$3,082**

Related liabilities secured by the pledged asset at 31st March 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Current portion of long-term debt	¥5	**¥5**	**$46**
Long-term debt	149	**144**	**1,341**
Total	¥154	**¥149**	**$1,387**

8. Investments in unconsolidated subsidiaries:

Investment securities and other assets included investments in unconsolidated subsidiaries at 31st March 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Investment securities	¥325	**¥325**	**$3,026**
Other	31	**31**	**289**

9. Related party transactions:

For the year ended 31st March 2003, 2004 and 2005 there were no significant transactions with related party.

10. Income taxes:

Significant components of the deferred tax assets and liabilities at 31st March 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Deferred tax assets:			
Accrued retirement benefits	¥106	**¥111**	**$1,034**
Accrued bonus	47	**66**	**614**
Operating loss carry forwards for tax purposes	591	**321**	**2,989**
Investment securities	14	**15**	**140**
Write-down of inventories	109	**116**	**1,080**
Depreciation	—	**47**	**438**
Write-down of land	—	**24**	**223**
Accrued business taxes	—	**21**	**196**
Other	33	**60**	**559**
Total gross deferred tax assets	900	**781**	**7,273**
Less, valuation allowance	(518)	**(169)**	**(1,574)**
Total deferred tax assets	382	**612**	**5,699**
Deferred tax liabilities:			
Gain on securities contributed to employee retirement benefit trust	(29)	**(29)**	**(270)**
Net unrealized gains on other securities	(25)	**(11)**	**(103)**
Other	(3)	**(7)**	**(65)**
Total deferred tax liabilities	(57)	**(47)**	**(438)**
Net deferred tax assets	¥325	**¥565**	**$5,261**

Reconciliation of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended 31st March 2004 and 2005 were as follows:

	2004	**2005**
Statutory rate of income taxes	41.75%	**40.41%**
Addition (reduction) in taxes resulting from:		
Local minimum taxes per capita levy	3.69	**1.79**
Change in valuation allowance	6.30	**(29.62)**
Differences between Japanese and foreign tax rates	(10.40)	**(7.15)**
Tax credit for research and development expenses	(2.15)	**—**
Amortization of consolidation adjustment account (negative goodwill)	(6.67)	**(5.33)**
Other	0.60	**(3.91)**
Effective rate of income taxes	33.12%	**(3.81%)**

11. Shareholders' equity:

At 31st March 2004 and 2005, respectively, capital surplus consisted of additional paid-in capital.

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 the total amount of 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 capitalized by resolution of the Board of Directors. Retained earnings presented in the accompanying consolidated financial statements included such legal reserves of ¥1,671 million and ¥1,671 million ($15,560 thousand) as at 31st March 2004 and 2005, respectively.

The following appropriations of retained earnings at 31st March 2005 were approved at the general meeting of shareholders held on 24th June 2005. These appropriations were not recorded in the consolidated financial statements for the year ended 31st March 2005.

	Millions of yen	Thousands of U.S. dollars
Appropriation for:		
Cash dividends ¥7.5 ($0.07) per common share	¥81	$754
Directors' bonus	¥10	$93

12. Contingent liabilities:

At 31st March 2004, MARUWA had no contingent liabilities and had no material litigation or claims outstanding, nor was there any pending or threatened against them.

At 31st March 2005, MARUWA had contingent liabilities for trade notes discounted with the bank amounted ¥3 million ($ 28 thousand).

13. Leased assets:

Periodic lease payments under finance lease contracts totaled ¥6 million and ¥18 million ($167 thousand) for the years ended 31st March 2004 and 2005, respectively. The relating lease expenses were charged to income. Committed future lease payments at 31st March 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Within one year	¥5	**¥11**	**$102**
Later years	3	**12**	**112**
Total	¥8	**¥23**	**$214**

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 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Machinery and equipment	¥30	**¥97**	**$903**
Accumulated depreciation	(22)	**(74)**	**(689)**
Net amount	¥8	**¥23**	**$214**

Depreciation and interest expenses related to these leased assets, if they had been capitalized, for the years ended 31st March 2004 and 2005 were estimated ¥6 million and ¥18 million ($167 thousand), respectively. Depreciation is computed using a straight-line method over the term of the underlying lease contracts.

14. Selling, general and administrative expenses:

Selling, general and administrative expenses for the years ended 31st March 2003, 2004 and 2005 were comprised of the following:

	Millions of yen			Thousands of U.S. dollars
	2003	2004	**2005**	**2005**
Directors' remuneration	¥88	¥89	**¥79**	**$736**
Salaries and bonuses	487	531	**697**	**6,490**
Provision for bonus	43	52	**73**	**680**
Retirement benefit expenses	23	25	**34**	**317**
Distribution costs	—	—	**338**	**3,147**
Depreciation	263	192	**177**	**1,648**
Research and development costs	354	468	**554**	**5,159**
Other	773	938	**1,033**	**9,619**
Total	¥2,031	¥2,295	**¥2,985**	**$27,796**

15. Research and development costs:

Research and development costs charged to selling, general and administrative expenses were ¥354 million, ¥468 million and ¥554 million ($5,159 thousand) for the years ended 31st March 2003, 2004 and 2005, respectively.

16. Derivative financial instruments:

The only derivatives used by the Company 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 does 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 considers the risk of counter-party default to be minimal.

The execution and control of foreign exchange forward contracts were managed by the financial department applying internal policies which regulate the authorization and credit limit amount. At 31st March 2004, aggregate contract balances of derivative instruments, other than those accounted for by the hedge accounting, amounted to ¥54 million. Relating unrealized losses of ¥2 million were recorded as other expenses for the year ended 31st March 2004. At 31st March 2003 and 2005 MARUWA had no outstanding derivative instrument contracts.

17. Retirement benefits for employees:

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

Lump-sum indemnities plans of both the Company and domestic subsidiaries were adopted at the establishment of the companies. Tax qualified pension plan was adopted by the Company in 1992, and by domestic subsidiaries in 1990 and 1973.

(1) Components of accrued pension and severance costs as of 31st March 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	**2005**	**2005**
Benefit obligations	¥399	**¥1,254**	**$11,677**
Plan assets	(137)	**(236)**	**(2,198)**
Benefit obligations in excess of plan assets	262	**1,018**	**9,479**
Unrecognized actuarial losses	(86)	**(160)**	**(1,489)**
Accrued pension and severance costs	¥176	**¥858**	**$7,990**

(2) Components of retirement benefit expenses for the years ended 31st March 2003, 2004 and 2005 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2003	2004	**2005**	**2005**
Service cost	¥49	¥41	**¥71**	**$661**
Interest cost	6	6	**21**	**196**
Expected return on plan assets	(1)	(1)	**(3)**	**(28)**
Lump-sum provision for the change from the simplified calculation method to the actuarial appraisal method*1	—	20	**—**	**—**
Amortization of actuarial losses	5	10	**4**	**37**
Total retirement benefit expenses	¥59	¥76	**¥93**	**$866**

*1 Until the year ended 31st March 2003, one of the consolidated subsidiaries provided for its projected benefit obligation using simplified calculation method as permitted by the accounting standard for employee retirement benefits. In 2004, it had recognized the retirement liability based on actuarial present value of projected benefit obligation using actuarial appraisal approach.

(3) Assumptions used for calculation of retirement benefits for the years ended 31st March 2003, 2004 and 2005 were as follows:

	2003	2004	**2005**
Discount rate	2.5%	2.5%	**2.0%**
Expected return on plan assets	2.0%	2.0%	**2.0%**
Method of attribution of estimated retirement benefits to periods of employee service	Straight-line method	Straight-line method	**Straight-line method**
Amortization period of unrecognized actuarial gains or losses	10 years	10 years	**10 years**

18. Segment information:

MARUWA operates 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 2003, 2004 and 2005 were as follows:

	Millions of yen				
	2003				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers	¥7,309	¥2,774	¥254	¥ —	¥10,337
Inter-segment	470	862	1	(1,333)	—
Total net sales	7,779	3,636	255	(1,333)	10,337
Operating expenses	7,198	3,350	362	(880)	10,030
Operating income (loss)	¥581	¥286	(¥107)	(¥453)	¥307
Identifiable assets	¥24,484	¥6,559	¥872	(¥5,035)	¥26,880

	Millions of yen				
	2004				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers	¥8,877	¥2,707	¥419	¥ —	¥12,003
Inter-segment	567	1,003	2	(1,572)	—
Total net sales	9,444	3,710	421	(1,572)	12,003
Operating expenses	8,776	3,127	508	(1,094)	11,317
Operating income (loss)	¥668	¥583	(¥87)	(¥478)	¥686
Identifiable assets	¥23,804	¥6,382	¥853	(¥4,375)	¥26,664

	Millions of yen				
	2005				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers	¥11,641	¥3,384	¥504	¥ —	¥15,529
Inter-segment	805	1,068	2	(1,875)	—
Total net sales	12,446	4,452	506	(1,875)	15,529
Operating expenses	11,131	3,725	584	(1,268)	14,172
Operating income (loss)	¥1,315	¥727	(¥78)	(¥607)	¥1,357
Identifiable assets	¥21,609	¥7,464	¥908	(¥1,516)	¥28,465

	Thousands of U.S. dollars				
	2005				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers	$108,399	$31,512	$4,693	$ —	$144,604
Inter-segment	7,496	9,945	19	(17,460)	—
Total net sales	115,895	41,457	4,712	(17,460)	144,604
Operating expenses	103,650	34,687	5,438	(11,807)	131,968
Operating income (loss)	$12,245	$6,770	($726)	($5,653)	12,636
Identifiable assets	$201,220	$69,504	$8,455	($14,117)	$265,062

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

Asia: Malaysia and Taiwan

Europe and America: the United Kingdom

Operating expenses of ¥485 million, ¥449 million and ¥603 million ($5,615 thousand) included in “Eliminations or corporate” for the years ended 31st March 2003, 2004 and 2005, respectively, were unallocated items related mainly to cost of administrative and management division in the Company.

The amount of corporate assets included in “Eliminations or corporate” were ¥5,321 million, ¥4,800 million and ¥4,309 million ($40,125 thousand) at 31st March 2003, 2004 and 2005, respectively, and mainly consisted of surplus funds (cash) and long-term investment funds (investment securities and others) owned by the Company.

Overseas sales for the years ended 31st March 2003, 2004 and 2005 were as follows:

	Millions of yen			
	2003			
	Asia	Europe	Other	Total
Overseas sales	¥4,925	¥294	¥143	¥5,362
Total consolidated sales				¥10,337
Percentage	47.7%	2.8%	1.4%	51.9%

	Millions of yen			
	2004			
	Asia	Europe	Other	Total
Overseas sales	¥5,019	¥287	¥376	¥5,682
Total consolidated sales				¥12,003
Percentage	41.8%	2.4%	3.1%	47.3%

	Millions of yen			
	2005			
	Asia	Europe	Other	Total
Overseas sales	¥5,677	¥356	¥430	¥6,463
Total consolidated sales				¥15,529
Percentage	36.6%	2.3%	2.7%	41.6%

	Thousands of U.S. dollars			
	2005			
	Asia	Europe	Other	Total
Overseas sales	$52,863	$3,315	$4,004	$60,182
Total consolidated sales				$144,604

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

Asia: Malaysia, Taiwan, Korea and Hong Kong

Europe: Germany and the United Kingdom

Other: the United States of America

19. Subsequent events:

On 1st April 2005, MARUWA QUARTZ Co., Ltd., the consolidated subsidiary of MARUWA, acquired all of the outstanding common stock of Kimmon Electric Co., Ltd. ("Kimmon") with the approval of the Board of Directors on 24th March 2005. As a result, Kimmon became a wholly owned subsidiary of MARUWA and was renamed to MARUWA SHOMEI Co., Ltd.

The purpose of this acquisition is to secure a resource of stable profits by exploring a new business field of manufacturing and distributing lighting equipment.

(a) Counterparty
KIMMON KOHA CO., LTD

(b) Kimmon's business field
Manufacturing and distributing lighting equipment

(c) Common stock of Kimmon
¥100 million ($931 thousand)

(d) Number of acquired stock
One share

(e) Tentative consideration of acquired stock
¥9 million ($84 thousand)

(f) Equity interest percentage after acquisition
100%

ChuoAoyama PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

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

Report of Independent Auditors

To the Board of Directors and Shareholders of MARUWA CO., LTD.

We have audited the accompanying consolidated balance sheets of MARUWA CO., LTD. and its consolidated subsidiaries as of 31st March 2004 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended 31st March 2005, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MARUWA CO., LTD. and its consolidated subsidiaries as of 31st March 2004 and 2005 and the consolidated results of their operations and their cash flows for each of the three years in the period ended 31st March 2005 in conformity with accounting principles generally accepted in Japan.

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 PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Nagoya, Japan
24th June 2005

Global Network
(As of June 2005)

Offices and Plants

Head Office
3-83 Minamihonjigahara-cho, Owariasahi-shi, Aichi 488-0044, Japan

Hokkaido Sales Office
1007-47 Izumisawa, Chitose-shi, Hokkaido 066-0051, Japan

Tohoku Sales Office
7-1 Taihei, Kumagami, Miharu-machi, Tamura-gun, Fukushima 963-7704, Japan

Hokushinetsu Sales Office
1-4 Fukuda-cho, Joetsu-shi, Niigata 942-0032, Japan

Kitakanto Sales Office
750 Shimoakasaka, Kawagoe-shi, Saitama 350-1150, Japan

Tokyo Sales Office
2-17-8 Shinyokohama, Kouhoku-ku, Yokohama-shi, Kanagawa 222-0033, Japan

Kansai Sales Office
2-8-16 Arakawa, Higashiosaka-shi, Osaka 577-0843, Japan

Chugoku Sales Office
6F NippoKojinmachi Building, 1-2 Kojinmachi, Minami-ku, Hiroshima-shi, Hiroshima 732-0807, Japan

Kyushukita Sales Office
3-13-10 Higashihie, Hakata-ku, Fukuoka-shi, Fukuoka 812-0007, Japan

Kyushuminami Sales Office
1462-17 Imaizumihei, Kiyotake-cho, Miyazaki-gun, Miyazaki 889-1602, Japan

Toki Plant
2322-3 Kakinohirohata, Tsurusato-cho, Toki-shi, Gifu 509-5312, Japan

Yamanota Plant
92-1 Yamanota-cho, Seto-shi, Aichi 489-0975, Japan

Kasugayama Plant
3-2-6, Kasugayama-machi, Joetsu-shi, Niigata 943-0807, Japan

Naoetsu Plant
1-4 Fukuda-cho, Joetsu-shi, Niigata 942-0032, Japan

Domestic Subsidiaries

MARUWA TFG Co., Ltd.
7-1 Taihei, Kumagami, Miharu-machi, Tamura-gun, Fukushima 963-7704, Japan

MARUWA QUARTZ Co., Ltd.
750 Shimoakasaka, Kawagoe-shi, Saitama 350-1150, Japan

MARUWA SHOMEI Co., Ltd.
750 Shimoakasaka, Kawagoe-shi, Saitama 350-1150, Japan

Overseas Subsidiaries

Maruwa (Malaysia) Sdn. Bhd.
Lot 27 & 28, Batu Berendam, Ftz., Phase 3, Industrial Estate, 75350, Melaka, Malaysia

Taiwan Maruwa Co., Ltd.
1F, No.30, Sec.2, Chung Cheng Road, Taipei, Taiwan R.O.C.

Maruwa Korea Co.,Ltd.
926-11 Pyoungchon-dong, Dongan-ku, Anyang-si, Kyungki-do, Republic of Korea

MARUWA ELECTRONICS (HK) Co., Ltd.
Suite No.B, 17th/fl, Ritz Plaza, No.122 Austin Road, Kowloon, Hong Kong S. A. R.

Maruwa (Shanghai) Trading Co., Ltd.
Room 709 Pine City, No.8 Dong An Road, Xu Hui Qu, Shanghai 200032, P. R. C.

Maruwa Europe Ltd.
The Boulevard Orbital Park, Ashford, Kent TN24 0GA, U.K.

Maruwa America Corporation
3655 Torrance Blvd. Suite#358, Torrance, CA 90503, U.S.A.

MARUWA Electronics (Taiwan) Co., Ltd.
51-1 Kai-Fa Road, Nan-Tze Export Processing Zone, Kaohsiung, Taiwan

MARUWA Electronic (India) Pvt. Ltd.
Ground Floor, JP Towers, 7/2 Nungambakkam High Road, Chennai 600 034, Tamil Nadu, India

Investor Information

Corporate Data (As of 24th June 2005)

Head Office
3-83, Minamihonjigahara-cho, Owariasahi-shi,
Aichi 488-0044, Japan
TEL: +81-561-51-0841
FAX: +81-561-51-0845

Established
5th April, 1973

Paid-in Capital
¥6,683,450,000

Management (As of 24th June 2005)

Board of Directors

President and Representative Director
Sei Kanbe

Directors
Chunting Li
Manimaran Anthony
Tetsuya Nagamitsu
Akira Uchida

Corporate Auditors

Standing Auditor
Koji Chujo

Outside Corporate Auditors
Toshihiro Yamanaka
Katsuhiro Muranaka

Operating Officers

Managing Operating Officers
Chunting Li
Manimaran Anthony

Operating Officers
Akira Uchida
Hiroyuki Kojima
Masaaki Tanaka
Kunito Niwa

Stock Information (As of 31st March 2005)

Common Stock

Authorized	26,000,000 shares
Issued	11,050,000 shares
Number of shareholders	4,503
Stock exchange listings	Tokyo, Nagoya, London, Singapore

Principal Shareholders

	Shares	Percentage*
K Maruwa Co., Ltd.	3,171,220	28.69
Japan Trustee Services Bank, Ltd. (Trust Account)	809,000	7.32
Lombard Odier Darier Hentsch & Cie	471,900	4.27
The Master Trust Bank of Japan, Ltd. (Trust Account)	454,700	4.11
Dexia BIL Julius Baer Multistock Japan leading	331,700	3.00
Societe Generale Bank and Trust	328,300	2.97
Sei Kanbe	287,070	2.59
Yoshiki Kanbe	278,070	2.51
MARUWA CO., LTD.	272,740	2.46
Setsuya Kanbe	215,800	1.95

*Percentage of total number of shares in issue

Transfer Agent
The Chuo Mitsui Trust and Banking Company, Limited

MARUWA
www.maruwa-g.com

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