

## Financial Section

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

## 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/valuation 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 owing 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

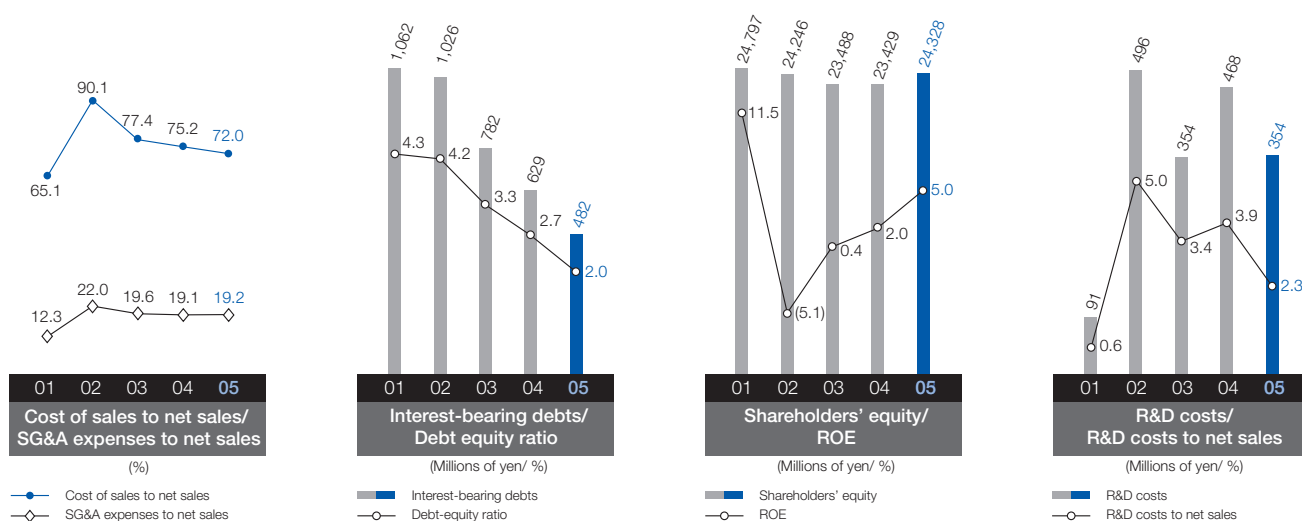
Capital expenditure amounted to ¥1,253 million in the fiscal year under review, up from ¥742 million in the previous year. The increase was attributable chiefly to: streamlining of domestic plants in the quartz glass business, which MARUWA expanded; replacement of facilities and reorganization centering 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
	31st March		U.S. dollars
	2004	2005	31st March
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits .....	¥6,202	<b>¥6,935</b>	<b>\$64,578</b>
Trade notes and accounts receivable .....	3,740	<b>4,712</b>	<b>43,877</b>
Inventories (Note 5) .....	3,280	<b>2,554</b>	<b>23,782</b>
Deferred tax assets (Note 10) .....	81	<b>388</b>	<b>3,613</b>
Other current assets .....	252	<b>245</b>	<b>2,282</b>
Allowance for doubtful accounts .....	(1)	<b>(4)</b>	<b>(37)</b>
Total current assets .....	13,554	<b>14,830</b>	<b>138,095</b>
<b>Property, plant and equipment (Note 7):</b>			
Land .....	2,548	<b>2,957</b>	<b>27,535</b>
Buildings and structures .....	5,634	<b>6,160</b>	<b>57,361</b>
Machinery and equipment .....	9,115	<b>9,713</b>	<b>90,446</b>
Other .....	2,508	<b>2,787</b>	<b>2,253</b>
Construction in progress .....	152	<b>242</b>	<b>25,952</b>
Total property, plant and equipment .....	19,957	<b>21,859</b>	<b>203,547</b>
Less — Accumulated depreciation .....	(9,247)	<b>(10,551)</b>	<b>(98,249)</b>
Net property, plant and equipment .....	10,710	<b>11,308</b>	<b>105,298</b>
<b>Investments and other assets:</b>			
Investment securities (Notes 4 and 8) .....	662	<b>701</b>	<b>6,528</b>
Deferred tax assets (Note 10) .....	244	<b>184</b>	<b>1,713</b>
Property and equipment for investments .....	996	<b>977</b>	<b>9,098</b>
Other .....	498	<b>465</b>	<b>4,330</b>
Total investments and other assets .....	2,400	<b>2,327</b>	<b>21,669</b>
Total assets .....	¥26,664	<b>¥28,465</b>	<b>\$265,062</b>

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

	Millions of yen		Thousands of
	31st March		U.S. dollars
	2004	2005	31st March
<b>2005</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
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
<b>Long-term liabilities:</b>			
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
<b>Shareholders' equity (Note 11):</b>			
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 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
<b>Balance at 31st March 2002</b> .....	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)
<b>Balance at 31st March 2003</b> .....	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)
<b>Balance at 31st March 2004</b> .....	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)
<b>Balance at 31st March 2005</b> .....	<b>11,050</b>	<b>¥6,683</b>	<b>¥9,710</b>	<b>¥9,577</b>	<b>¥16</b>	<b>(¥1,077)</b>	<b>(¥581)</b>	<b>¥24,328</b>

	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
<b>Balance at 31st March 2004</b> .....	\$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)
<b>Balance at 31st March 2005</b> .....	<b>\$62,231</b>	<b>\$90,418</b>	<b>\$89,180</b>	<b>\$149</b>	<b>(\$10,029)</b>	<b>(\$5,410)</b>	<b>\$226,539</b>

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
<b>Cash flows from operating activities:</b>				
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
<b>Cash flows from investing activities:</b>				
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)
<b>Cash flows from financing activities:</b>				
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)
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	(33)	(76)	59	550
<b>Net increase (decrease) in cash and cash equivalents .....</b>	(201)	911	733	6,826
<b>Cash and cash equivalents at beginning of year .....</b>	5,492	5,291	6,202	57,752
<b>Cash and cash equivalents at end of year (Note 3) .....</b>	¥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
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 .....	<u>\$3,269</u>	<u>\$3,492</u>	<u>\$223</u>

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
Work in process .....	1,292	888	8,269
Raw materials.....	401	406	3,781
Supplies .....	268	184	1,713
Total .....	<u>¥3,280</u>	<u>¥2,554</u>	<u>\$23,782</u>

#### 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
Less-Current portion due within one year.....	(147)	(147)	(1,369)
Total .....	<u>¥482</u>	<u>¥335</u>	<u>\$3,119</u>

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
<b>Deferred tax assets:</b>			
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
<b>Deferred tax liabilities:</b>			
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.

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#### 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

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#### 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.

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#### 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

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#### 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

## 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 OGA, 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



## 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

