

Financial Section

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Five-Year Summary

MARUWA CO., LTD. and consolidated subsidiaries

For the years ended 31 March 2003, 2004, 2005, 2006 and 2007

| | Millions of yen | | | | | Thousands of U.S. dollars (Note 1) | |
|----------------------------------|------------------------------|---------|---------|---------|----------------|------------------------------------|--|
| | For the years ended 31 March | | | | | For the year ended 31 March | |
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2007 | |
| For the year | | | | | | | |
| Net sales | ¥10,337 | ¥12,003 | ¥15,529 | ¥20,278 | ¥21,062 | \$178,416 | |
| Operating income | 307 | 686 | 1,357 | 1,693 | 1,924 | 16,298 | |
| Income before income taxes | 233 | 711 | 1,180 | 1,669 | 1,912 | 16,197 | |
| Net income | 105 | 475 | 1,225 | 1,135 | 1,334 | 11,300 | |
| At year-end | | | | | | | |
| Total net assets (Note 2) | 23,488 | 23,429 | 24,328 | 26,557 | 27,907 | 236,399 | |
| Total assets | 26,880 | 26,664 | 28,465 | 33,044 | 33,872 | 286,929 | |
| | Yen | | | | | U.S. dollars | |
| | | | | | | | |
| | | | | | | | |
| Per share amounts | | | | | | | |
| Net income (basic) | ¥8.99 | ¥42.67 | ¥112.40 | ¥103.82 | ¥122.04 | \$1.03 | |
| Cash dividends | 14.00 | 14.00 | 15.00 | 21.00 | 24.00 | 0.20 | |

Note 1. U.S. dollar amounts have been converted for convenience only at the rate of ¥118.05=US\$1, the rate of exchange on 31 March 2007.

2. Total net assets = total shareholders' equity + valuation and translation adjustments + minority interests.

Operating Results

The MARUWA Group

The MARUWA Group consists of MARUWA Co. Ltd., 16 subsidiaries and one affiliate company. The Group's business segments comprise the Ceramic Components business (15 companies including MARUWA), which handles the production and selling of ceramic products such as electronic components, and the Lighting Equipment business (one company), which manufactures and sells lighting devices.

Earnings overview for the year ended March 2007

During the fiscal year under review, the Japanese economy remained favorable, supported by higher earnings and increases in capital expenditures in the corporate sector amid continued improvement of business confidence, although growth in private consumption was sluggish. The world economy witnessed an overall trend of expansion as the Chinese economy achieved high growth and the U.S. economy, which weathered fears of deceleration, maintained a firm tone.

In these economic circumstances, our operating environment remained favorable on the whole thanks to the effect of a trend of aggressive expansion of production in the IT-related field despite a sharp rise in raw material prices and fierce product price competition.

Consolidated net sales for the fiscal year under review increased 3.9% in comparison with the previous year to ¥21,062 million.

Operating income rose 13.6% from the previous year to ¥1,924 million. The increase was attributable to higher revenues achieved by the Circuit Ceramics division as well as contributions by the Machinery Ceramics division, whose revenue-generating capability was strengthened throughout the previous year. This result more than offset expenses incurred in connection with the restructuring of the production facility. Net income for the term expanded 17.5% to ¥1,334 million.

Net sales

During the fiscal year under review, the Group pushed ahead with a marketing system in which sales, production and development were integrated on a global basis, while promoting a system to develop products that satisfy market needs and a flexible manufacturing structure. As a result of these efforts, consolidated net sales rose 3.9% year on year to ¥21,062 million.

As for sales by product division, in the Ceramic Components segment, the Circuit Ceramics division posted ¥7,603 million, up 19.8% compared with the previous year, and accounting for 36.1% to the net sales. The Machinery Ceramics division achieved sales of ¥4,946 million, up 11.3% and accounting for 23.5% to the net sales, while the Radio Frequency Products division recorded sales of ¥1,635 million, up 2.9% and

comprising 7.8% of the net sales. Sales from the EMC Components division declined 2.2% to ¥4,157 million, which represented 19.7% of the net sales. In the Lighting Equipment segment, sales decreased 25.5% to ¥2,721 million, accounting for 12.9% to the net sales.

The dramatic increase in the sales of the Circuit Ceramics division reflected a robust level of orders received both in the information communications equipment field, such as digital home appliances and personal computers, and in the industrial equipment field. The Machinery Ceramics division, which enjoyed brisk orders for semiconductor manufacturing equipment-related business, also contributed to increased sales. In contrast, the Lighting Equipment segment suffered a decline in sales when it failed to generate revenues sufficient to compensate for decreases in sales caused by cutbacks in public works and fierce price competition in the conventional lighting equipment business. This occurred despite the effort launched in the fiscal year under review that focused on promoting sales of LED lighting equipment.

Profit and loss

Gross profit for the fiscal year under review rose 4.8% from the previous year to ¥6,059 million, due to the increase in net sales. The gross profit ratio rose 0.3 percentage point to 28.8%. The improvement of profit margin was due largely to the effects of implementation of the Group-wide measures geared to improving manufacturing processes.

Selling, general and administrative expenses advanced 1.1% to ¥4,135 million. Our efforts resulted in a reduction in fixed expenses, primarily personnel expenses, which outpaced revenue growth. Accordingly, the ratio of selling, general and administrative expenses to sales fell 0.6 percentage point to 19.6%.

As a result of the above, operating income increased 13.6% to ¥1,924 million. The operating income ratio rose 0.8 percentage point to 9.1%, despite an operating loss of ¥73 million in the Lighting Equipment segment. For the Ceramic Components business alone, the operating income ratio improved 0.6 percentage point to 14.0%.

In other income (expenses), MARUWA recorded a net expense of ¥12 million. This was the result of income of ¥499 million mainly consisting of ¥208 million in amortization of negative goodwill and ¥119 million in rent received, which were more than offset by losses consisting primarily of a net foreign exchange loss of ¥196 million and a ¥108 million loss on disposal of equipment.

Consequently, income before income taxes amounted to ¥1,912 million, and net income after corporate, inhabitant and enterprise taxes increased 17.5% to ¥1,334 million. Basic net income per share was ¥122.04.

Financial Position

Cash flows

Cash and cash equivalents (hereinafter collectively referred to as "cash") amounted to ¥5,939 million at the end of the fiscal year under review, down ¥1,960 million from a year earlier.

Net cash provided by operating activities declined ¥614 million to ¥1,422 million. This decrease in cash was due primarily to an increase of ¥557 million in trade notes and accounts receivable.

Net cash used in investing activities was ¥3,029 million, up ¥1,795 million. The major item of investment during the period was capital expenditures to boost production capacity in the Ceramic Components business, consisting mainly of an outflow of ¥2,285 million in payment for purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥700 million up ¥751 million. The primary use of cash consisted of ¥328 million in payments for purchase of treasury stock and ¥263 million in cash dividends paid.

Working capital

At the end of the fiscal year under review, total current assets were up ¥33 million from the previous year. By item, trade notes and accounts receivable increased ¥794 million and inventories rose ¥690 million, reflecting the expansion of our business. Cash and deposits decreased ¥1,306 million to ¥6,593 million. In terms of cash position, our primary emphasis is on responding speedily to market needs through measures such as investment in potential future growth areas and M&A activity.

Total current liabilities at the fiscal year-end declined ¥98 million due largely to a decrease of ¥301 million in trade notes and accounts payable.

As a result, working capital totaled ¥13,738 million at the end of the fiscal year under review, up ¥131 million from the previous year, and the current ratio stood at 381.3%.

Capital expenditure

Capital expenditure amounted to ¥2,350 million, compared with ¥1,737 million in the previous fiscal term. This consisted

primarily of investment in Japan of ¥1,378 million spent on expansion of production capacity and replacement of machines and facilities in the Ceramic Components business. Accordingly, despite the booking of depreciation costs of ¥1,740 million, net property, plant and equipment increased ¥639 million to ¥12,726 million due mainly to capital expenditures geared at boosting production capacity in the Ceramic Components business.

Interest-bearing debt

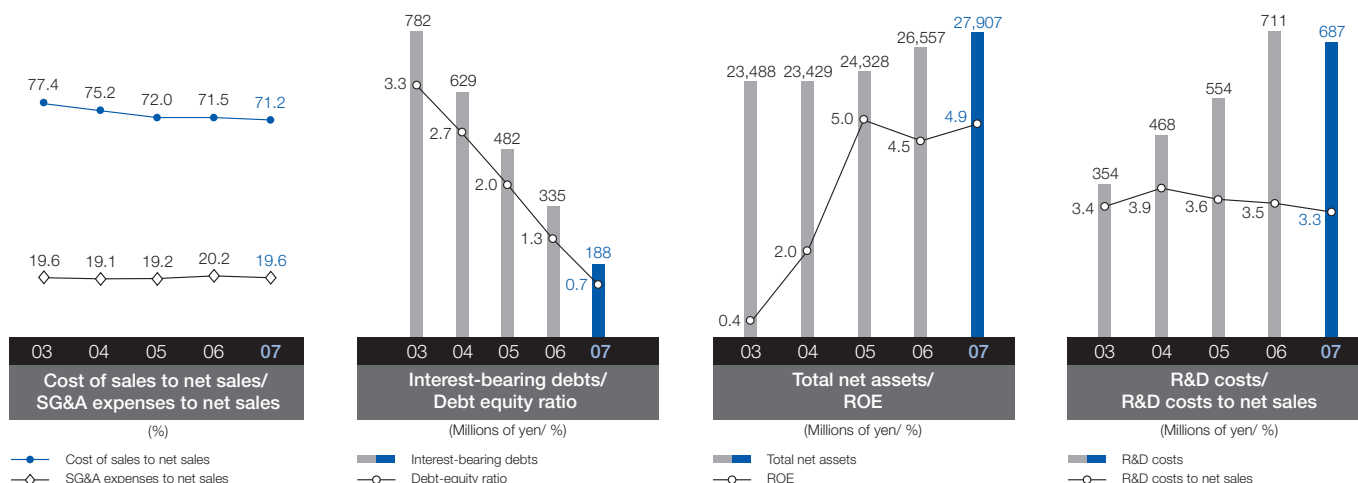
At the end of the fiscal period under review, interest-bearing debt totaled ¥188 million, decreasing ¥147 million from the preceding year. This total comprised the current portion of long-term debt of ¥53 million, down ¥94 million, and long-term debt of ¥135 million, down ¥53 million. Consequently, the debt equity ratio improved to 0.7% compared with 1.3% a year earlier, indicating a further strengthening of our financial structure.

Net assets

Net assets in the consolidated balance sheets for the fiscal year under review were prepared in accordance with the revision of "Regulations concerning the Terminology, Form and Presentation of Consolidated Financial Statements." Thus, classifications of the accounting items differ from those used previously.

Total net assets* at the fiscal year-end increased ¥1,350 million to ¥27,907 million. The item corresponding to the conventional shareholders' equity totaled ¥27,907 million, the same amount as total net assets, because of the absence of share warrants and minority interests. The main factor attributable to increased total net assets was an expansion of ¥999 million in retained earnings due to net income of ¥1,334 million for the fiscal year, which more than offset the recording of minus ¥537 million in treasury stock, at cost. As a result, the equity ratio stood at 82.4%.

* Total net assets = total shareholders' equity + valuation and translation adjustments + minority interests.



Consolidated Balance Sheets

MARUWA CO., LTD. and consolidated subsidiaries

As of 31 March 2006 and 2007

| | Millions of yen | | Thousands of |
|-----------------------------------------------------|-----------------|----------|------------------|
| | 31 March | | U.S. dollars |
| | 2006 | 2007 | 31 March 2007 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and deposits (Note 12)..... | ¥7,899 | ¥6,593 | \$55,849 |
| Trade notes and accounts receivable (Note 14) | 7,003 | 7,797 | 66,048 |
| Inventories (Note 8) | 2,869 | 3,559 | 30,148 |
| Deferred tax assets (Note 15) | 226 | 277 | 2,346 |
| Other current assets | 608 | 411 | 3,482 |
| Allowance for doubtful accounts | (17) | (16) | (135) |
| Total current assets | 18,588 | 18,621 | 157,738 |
| Property, plant and equipment (Note 10): | | | |
| Land | 3,412 | 3,434 | 29,089 |
| Buildings and structures | 6,520 | 6,910 | 58,535 |
| Machinery and equipment | 10,266 | 11,145 | 94,409 |
| Other | 3,086 | 3,295 | 27,912 |
| Construction in progress..... | 152 | 192 | 1,626 |
| Total property, plant and equipment | 23,436 | 24,976 | 211,571 |
| Less – Accumulated depreciation | (11,349) | (12,250) | (103,769) |
| Net property, plant and equipment | 12,087 | 12,726 | 107,802 |
| Investments and other assets: | | | |
| Investment securities (Notes 7 and 11) | 784 | 612 | 5,184 |
| Deferred tax assets (Note 15)..... | 152 | 149 | 1,262 |
| Property and equipment for investments..... | 960 | 961 | 8,141 |
| Other..... | 473 | 803 | 6,802 |
| Total investments and other assets..... | 2,369 | 2,525 | 21,389 |
| Total assets..... | ¥33,044 | ¥33,872 | \$286,929 |

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

| | Millions of yen | | Thousands of |
|------------------------------------------------------------|-----------------|---------|------------------|
| | 31 March | | U.S. dollars |
| | 2006 | 2007 | 31 March 2007 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Trade notes and accounts payable..... | ¥2,590 | ¥2,289 | \$19,390 |
| Current portion of long-term debt (Notes 9 and 10) | 147 | 53 | 449 |
| Accrued income taxes | 210 | 256 | 2,169 |
| Accrued bonus..... | 334 | 351 | 2,973 |
| Accrued bonus to directors | — | 7 | 59 |
| Notes payable for property acquisitions | 532 | 635 | 5,379 |
| Other current liabilities | 1,168 | 1,292 | 10,945 |
| Total current liabilities..... | 4,981 | 4,883 | 41,364 |
| Long-term liabilities: | | | |
| Long-term debt (Notes 9 and 10)..... | 188 | 135 | 1,144 |
| Deferred tax liabilities (Note 15) | 62 | 234 | 1,982 |
| Accrued retirement benefits (Note 24) | 300 | — | — |
| Negative goodwill (Note 16) | 579 | 314 | 2,660 |
| Other | 377 | 399 | 3,380 |
| Total long-term liabilities | 1,506 | 1,082 | 9,166 |
| Total liabilities | 6,487 | 5,965 | 50,530 |
| SHAREHOLDERS' EQUITY | | | |
| Common stock..... | 6,710 | — | — |
| Capital surplus | 9,747 | — | — |
| Retained earnings | 10,522 | — | — |
| Net unrealised gains on available-for-sale securities..... | 38 | — | — |
| Foreign currency translation adjustment | (206) | — | — |
| Treasury stock, at cost..... | (254) | — | — |
| Total shareholders' equity | 26,557 | — | — |
| Total liabilities and shareholders' equity | ¥33,044 | — | — |
| NET ASSETS | | | |
| Shareholders' equity: (Note 17) | | | |
| Common stock..... | — | 6,710 | 56,840 |
| Capital surplus | — | 9,747 | 82,567 |
| Retained earnings | — | 11,521 | 97,594 |
| Treasury stock, at cost..... | — | (537) | (4,549) |
| Total shareholders' equity | — | 27,441 | 232,452 |
| Valuation and translation adjustments: | | | |
| Net unrealised gains on available-for-sale securities..... | — | 8 | 68 |
| Foreign currency translation adjustment | — | 458 | 3,879 |
| Total valuation and translation adjustments..... | — | 466 | 3,947 |
| Total net assets | — | 27,907 | 236,399 |
| Total liabilities and net assets | — | ¥33,872 | \$286,929 |

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

Consolidated Statements of Income

MARUWA CO., LTD. and consolidated subsidiaries

For the years ended 31 March 2005, 2006 and 2007

| | Millions of yen | | | Thousands of U.S. dollars |
|------------------------------------------------------------------------------|------------------------------|---------|---------|--------------------------------|
| | For the years ended 31 March | | | For the year ended 31 March |
| | 2005 | 2006 | 2007 | 2007 |
| Net sales (Note 26) | ¥15,529 | ¥20,278 | ¥21,062 | \$178,416 |
| Cost of sales (Notes 22 and 26)..... | 11,187 | 14,494 | 15,003 | 127,090 |
| Gross profit | 4,342 | 5,784 | 6,059 | 51,326 |
| Selling, general and administrative expenses (Notes 21, 22 and 26) .. | 2,985 | 4,091 | 4,135 | 35,028 |
| Operating income..... | 1,357 | 1,693 | 1,924 | 16,298 |
| Other income (expenses): | | | | |
| Interest and dividend income | 22 | 39 | 52 | 440 |
| Interest expenses | (10) | (8) | (5) | (42) |
| Foreign exchange gain (loss), net | 19 | (158) | (196) | (1,660) |
| Other, net | (208) | 103 | 137 | 1,161 |
| Other income (expenses), net | (177) | (24) | (12) | (101) |
| Income before income taxes..... | 1,180 | 1,669 | 1,912 | 16,197 |
| Income tax expenses (benefits) (Note 15): | | | | |
| Current..... | 170 | 299 | 448 | 3,795 |
| Deferred | (215) | 235 | 130 | 1,102 |
| | (45) | 534 | 578 | 4,897 |
| Minority interests in loss of consolidated subsidiaries | — | — | (0) | (0) |
| Net income | ¥1,225 | ¥1,135 | ¥1,334 | \$11,300 |
| | | Yen | | U.S. dollars |
| Per share: | | | | |
| Net income (Notes 17 and 18): | | | | |
| Basic | ¥112.40 | ¥103.82 | ¥122.04 | \$1.03 |
| Diluted | ¥112.18 | ¥103.21 | ¥121.45 | \$1.03 |
| Cash dividends | ¥15.00 | ¥21.00 | ¥24.00 | \$0.20 |

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

Consolidated Statements of Changes in Net Assets

MARUWA CO., LTD. and consolidated subsidiaries

For the years ended 31 March 2005, 2006 and 2007

| | Number of shares of common stock (Thousands) | Millions of yen | | | | | | Total shareholders' equity |
|-------------------------------------------------------------------------|----------------------------------------------|-----------------|-----------------|-------------------|-------------------------------------------------------|-----------------------------------------|----------------|----------------------------|
| | | Common stock | Capital surplus | Retained earnings | Net unrealised gains on available-for-sale securities | Foreign currency translation adjustment | Treasury stock | |
| Balance at 31 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) |
| Change in net unrealised gains on available-for-sale securities | — | — | — | — | (22) | — | — | (22) |
| Translation adjustment..... | — | — | — | — | — | 138 | — | 138 |
| Changes in treasury stock, net | — | — | — | (0) | — | — | (278) | (278) |
| Balance at 31 March 2005 | 11,050 | 6,683 | 9,710 | 9,577 | 16 | (1,077) | (581) | 24,328 |
| Net income | — | — | — | 1,135 | — | — | — | 1,135 |
| Cash dividends | — | — | — | (180) | — | — | — | (180) |
| Directors' bonus..... | — | — | — | (10) | — | — | — | (10) |
| Change in net unrealised gains on available-for-sale securities | — | — | — | — | 22 | — | — | 22 |
| Translation adjustment..... | — | — | — | — | — | 871 | — | 871 |
| Issuance of common stock due to exercise of stock purchase rights | 22 | 27 | 37 | — | — | — | — | 64 |
| Changes in treasury stock, net | — | — | — | (0) | — | — | 327 | 327 |
| Balance at 31 March 2006 | 11,072 | ¥6,710 | ¥9,747 | ¥10,522 | ¥38 | (¥206) | (¥254) | ¥26,557 |

| | Number of shares of common stock (Thousands) | Millions of Yen | | | | | Total shareholders' equity |
|--------------------------------------------------------|----------------------------------------------|-----------------|-----------------|-------------------|----------------|----------------------|----------------------------|
| | | Common stock | Capital surplus | Retained earnings | Treasury stock | Shareholders' equity | |
| Balance at 31 March 2006 | 11,072 | ¥6,710 | ¥9,747 | ¥10,522 | (¥254) | ¥26,725 | |
| Net income | — | — | — | 1,334 | — | 1,334 | |
| Cash dividends..... | — | — | — | (263) | — | (263) | |
| Directors' bonus..... | — | — | — | (5) | — | (5) | |
| Decrease due to new consolidation of subsidiaries..... | — | — | — | (61) | — | (61) | |
| Changes in treasury stock, net..... | — | — | — | (6) | (283) | (289) | |
| Other changes..... | — | — | — | — | — | — | |
| Total changes during the year..... | — | — | — | 999 | (283) | 716 | |
| Balance at 31 March 2007 | 11,072 | ¥6,710 | ¥9,747 | ¥11,521 | (¥537) | ¥27,441 | |

| | Number of shares of common stock (Thousands) | Millions of Yen | | | | |
|---------------------------------------------------------|----------------------------------------------|-----------------|-----------------|-------------------|----------------|---------|
| | | Common stock | Capital surplus | Retained earnings | Treasury stock | |
| Balance at 31 March 2006 | 11,072 | ¥6,710 | ¥9,747 | ¥10,522 | (¥254) | ¥26,557 |
| Net income | — | — | — | 1,334 | — | 1,334 |
| Cash dividends | — | — | — | (263) | — | (263) |
| Directors' bonus | — | — | — | (5) | — | (5) |
| Decrease due to new consolidation of subsidiaries | — | — | — | (61) | — | (61) |
| Changes in treasury stock, net | — | — | — | (6) | (283) | (289) |
| Other changes | — | — | — | — | — | — |
| Total changes during the year | — | — | — | 999 | (283) | 716 |
| Balance at 31 March 2007 | 11,072 | ¥6,710 | ¥9,747 | ¥11,521 | (¥537) | ¥27,441 |

| | Number of shares of common stock (Thousands) | Millions of Yen | | | Total net assets |
|---------------------------------------------------------|----------------------------------------------|-----------------|-----------------|-------------------|------------------|
| | | Common stock | Capital surplus | Retained earnings | |
| Balance at 31 March 2006 | 11,072 | ¥6,710 | ¥9,747 | ¥10,522 | ¥26,557 |
| Net income | — | — | — | 1,334 | 1,334 |
| Cash dividends | — | — | — | (263) | (263) |
| Directors' bonus | — | — | — | (5) | (5) |
| Decrease due to new consolidation of subsidiaries | — | — | — | (61) | (61) |
| Changes in treasury stock, net | — | — | — | (6) | (289) |
| Other changes | — | — | — | — | — |
| Total changes during the year | — | — | — | 999 | 716 |
| Balance at 31 March 2007 | 11,072 | ¥6,710 | ¥9,747 | ¥11,521 | ¥27,441 |

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

| | Thousands of U.S. dollars | | | | |
|---------------------------------------------------------|---------------------------|-----------------|-------------------|------------------|----------------------------|
| | Shareholders' equity | | | | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at 31 March 2006 | \$56,840 | \$82,567 | \$89,132 | (\$2,152) | \$226,387 |
| Net income | — | — | 11,300 | — | 11,300 |
| Cash dividends | — | — | (2,228) | — | (2,228) |
| Directors' bonus | — | — | (42) | — | (42) |
| Decrease due to new consolidation of subsidiaries | — | — | (517) | — | (517) |
| Changes in treasury stock, net | — | — | (51) | (2,397) | (2,448) |
| Other changes | — | — | — | — | — |
| Total changes during the year | — | — | 8,462 | (2,397) | 6,065 |
| Balance at 31 March 2007 | \$56,840 | \$82,567 | \$97,594 | (\$4,549) | \$232,452 |

| | Thousands of U.S. dollars | | | |
|---------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|--------------------------------------------|------------------|
| | Valuation and translation adjustment | | | |
| | Net unrealised gains on available-for-sale securities | Foreign currency translation adjustment | Total valuation and translation adjustment | Total net assets |
| Balance at 31 March 2006 | \$322 | (\$1,745) | (\$1,423) | \$224,964 |
| Net income | — | — | — | 11,300 |
| Cash dividends | — | — | — | (2,228) |
| Directors' bonus | — | — | — | (42) |
| Decrease due to new consolidation of subsidiaries | — | — | — | (517) |
| Changes in treasury stock, net | — | — | — | (2,448) |
| Other changes | (254) | 5,624 | 5,370 | 5,370 |
| Total changes during the year | (254) | 5,624 | 5,370 | 11,435 |
| Balance at 31 March 2007 | \$68 | \$3,879 | \$3,947 | \$236,399 |

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 31 March 2005, 2006 and 2007

| | Millions of yen | | | Thousands of U.S. dollars |
|-------------------------------------------------------------------------------------------|------------------------------|---------------|----------------|--------------------------------|
| | For the years ended 31 March | | | For the year ended 31 March |
| | 2005 | 2006 | 2007 | 2007 |
| Cash flows from operating activities: | | | | |
| Income before income taxes | ¥1,180 | ¥1,669 | ¥1,912 | \$16,197 |
| Adjustments for:..... | | | | |
| Depreciation | 1,481 | 1,614 | 1,740 | 14,740 |
| Amortisation of negative goodwill..... | (156) | (214) | (208) | (1,762) |
| Increase (decrease) in allowance for doubtful accounts..... | 1 | 7 | (2) | (17) |
| Increase (decrease) in accrued retirement benefits | 108 | (878) | (477) | (4,041) |
| Loss on disposal of property, plant and equipment | 122 | 140 | 108 | 915 |
| Interest and dividend income..... | (22) | (39) | (52) | (440) |
| Foreign exchange (gain) loss..... | (29) | 159 | (12) | (102) |
| Gain on sales of investment securities..... | — | (146) | (14) | (119) |
| Increase in trade notes and accounts receivable..... | (331) | (303) | (557) | (4,718) |
| Decrease (increase) in inventories..... | 1,089 | (23) | (550) | (4,659) |
| Decrease in trade notes and trade accounts payable | (86) | (250) | (448) | (3,795) |
| Other..... | 105 | 389 | 338 | 2,863 |
| Sub-total | 3,462 | 2,125 | 1,778 | 15,062 |
| Interest and dividend income received | 22 | 38 | 52 | 440 |
| Interest expenses paid | (10) | (8) | (4) | (34) |
| Income taxes paid | (155) | (119) | (404) | (3,422) |
| Net cash provided by operating activities | 3,319 | 2,036 | 1,422 | 12,046 |
| Cash flows from investing activities: | | | | |
| Payments into time deposits | — | — | (653) | (5,532) |
| Payments for purchase of property, plant and equipment..... | (1,236) | (1,452) | (2,285) | (19,355) |
| Proceeds from sales of property, plant and equipment | 18 | 78 | 349 | 2,956 |
| Payments for disposal of property, plant and equipment | — | (47) | — | — |
| Payments for purchase of investment securities..... | (59) | (309) | (246) | (2,084) |
| Proceeds from sales of investment securities | 1 | 163 | 242 | 2,050 |
| Purchase of new subsidiary's shares | — | (23) | (40) | (339) |
| Payments for acquisition of new consolidated subsidiaries (Note 6).... | (774) | — | (33) | (280) |
| Proceeds from acquisition of new consolidated subsidiaries (Note 6).. | — | 358 | — | — |
| Purchase of investments in capital of a subsidiary..... | — | — | (23) | (195) |
| Payments of loan receivable..... | — | — | (354) | (2,999) |
| (Increase) decrease in intangible fixed assets | (6) | (29) | 14 | 119 |
| Other | (6) | 27 | (0) | (0) |
| Net cash used in investing activities | (2,062) | (1,234) | (3,029) | (25,659) |
| Cash flows from financing activities: | | | | |
| Payments of long-term debt | (147) | (147) | (147) | (1,245) |
| Cash dividends paid | (157) | (180) | (263) | (2,228) |
| Proceeds from issuance of common stock..... | — | 52 | — | — |
| Payments for purchase of treasury stock..... | (280) | (23) | (328) | (2,779) |
| Proceeds from sales of treasury stock | 1 | 349 | 38 | 322 |
| Net cash (used in) provided by financing activities | (583) | 51 | (700) | (5,930) |
| Effect of exchange rate changes on cash and cash equivalents | 59 | 111 | 253 | 2,144 |
| Net increase (decrease) in cash and cash equivalents..... | 733 | 964 | (2,054) | (17,399) |
| Cash and cash equivalents at beginning of year..... | 6,202 | 6,935 | 7,899 | 66,912 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | — | — | 94 | 796 |
| Cash and cash equivalents at end of year (Notes 5 and 6)..... | ¥6,935 | ¥7,899 | ¥5,939 | \$50,309 |

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 Corporate Law of Japan and the Securities and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting 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 ¥118.05 to \$1, the rate of exchange prevailing on 31 March 2007. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realised or settled in U.S. dollars at this or any other rate.

2. Summary of significant accounting policies:

Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (six subsidiaries in 2005 and 2006 and eight subsidiaries in 2007, respectively).

The assets and liabilities of the initially consolidated subsidiaries are stated at fair value by the full value method as of their respective dates of acquisition of control.

The fiscal year-end of consolidated subsidiaries is the same as the consolidated fiscal year-end.

Overseas subsidiaries adopt accounting principles generally accepted in their respective countries, and no adjustments have been made to their financial statements on consolidation as allowed under accounting principles and practice generally accepted in Japan.

Goodwill or negative goodwill 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 amortised over five years.

Maruwa America Corp. has been included in the Company's consolidated results of operations and financial position for the year beginning 1 April 2006 since its significance has increased. On 1 September 2006, the Company acquired the issued and outstanding shares of common stock of Hokko Denshi Co., Ltd. Since the Company treated the deemed date of acquisition as 30 September 2006, the Company's consolidated results for the fiscal year ended March 2007 included the results of Hokko Denshi Co., Ltd. for the half-year period from 30 September 2006 to 31 March 2007. All significant intercompany accounts and transactions have been eliminated. The unconsolidated subsidiaries are excluded from consolidation and the adoption of the equity method, and the investments

in consolidated subsidiaries are 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 debt securities, both of which have original maturities of three months or less and which have minor risk of fluctuation in value.

Investment securities

Investment securities include available-for-sale securities and investments in unconsolidated subsidiaries. Available-for-sale securities are stated at fair value based on quoted market prices at the end of each fiscal year. Unrealised holding gains and losses, net of applicable income taxes, are included as a component of net assets until realised. Cost of sales for available-for-sale securities is calculated 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 or market.

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 1 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.

Allowance for doubtful accounts

Allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses for doubtful or troubled receivables plus an amount for receivables other than doubtful or troubled receivables calculated using historical write-off experience from certain prior periods.

Accrued bonus to employees

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

Accrued bonus to directors

Accrued bonus to directors is based on the estimated amounts which MARUWA is obliged to pay its directors in relation to services provided until the fiscal year-end.

(Accounting change)

Effective from the year ended 31 March 2007, the Company applied "Accounting standard for directors' bonus" (Accounting Standards Board of Japan Statement No.4 issued on 29 November 2005).

As a result of the application of this standard, operating income and income before income taxes for the year 31 March 2007 decreased by ¥7 million (\$59 thousand), respectively, as compared with the previous accounting method.

In addition, the effect of the change in segment information is disclosed in Note 26 Segment information.

Retirement benefits for employees

The Company and some domestic consolidated subsidiaries have defined contribution pension plan, of which the pension cost is accrued during the employee's service period.

A domestic subsidiary (Hokko Denshi Co., Ltd.) has principally recognised 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.

(Additional information)

A domestic subsidiary (MARUWA SHOMEI Co., Ltd.) applied the "Practical Guidance on Accounting for the Transfer between Retirement Benefits Plans" issued by the Accounting Standards Board of Japan and recognised an extinguishment of the retirement benefit obligation and recorded a gain for the settlement of the plan of ¥7 million

(\$59 thousand) as other income in the accompanying consolidated statements of income for the year ended 31 March 2007.

Income taxes

The income tax provision is computed based on the pre-tax income.

Deferred income taxes are accounted for using the asset and liability approach, whereby deferred tax assets and liabilities were recognised 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 capitalised and the relating rental and lease expenses are charged to income as incurred as permitted by the current Japanese accounting standard.

Foreign currency translation

Receivables, payables and securities are translated into Japanese yen at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting transaction gains or losses are included in the current earnings.

All assets and liabilities accounts of overseas consolidated subsidiaries are translated into Japanese yen at respective year-end rates. Net assets of overseas consolidated subsidiaries are 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 component of equity in the accompanying consolidated balance sheets.

Appropriation of retained earnings

Cash dividends and directors' bonus are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or Shareholders.

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 income 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. Accounting change - Accounting standard for presentation of net assets in the balance sheet:

Effective from the year ended 31 March 2007, the Company has applied "Accounting standards for presentation of net assets in the balance sheet" (Accounting Standards Board of Japan Statement No.5), and "Implementation guidance for Accounting standards for presentation of net assets in the balance sheet" (Accounting Standards Board of Japan Guidance No.8) both issued by the Accounting Standards Board of Japan on 9 December 2005.

The amounts corresponding to the conventional "Shareholders' equity" in the balance sheets was ¥27,907 million (\$236,399 thousand).

"Net assets" in the balance sheets for this year is presented according to the revision of "Regulations concerning the Terminology, Form and Presentation Methods of Consolidated Financial Statements" dated on 25 April 2006.

4. Accounting change - Adoption of new accounting standards for impairment of fixed assets:

On 9 August 2002, the Business Accounting Council of Japan issued new accounting standards entitled "Statement of Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets". Further, on 31 October 2003, the Accounting Standards Board of Japan issued Financial Accounting Standards Implementation Guidance No.6 – "Application Guidance on Accounting Standards for

Impairment of Fixed Assets". These standards are effective from the fiscal year beginning 1 April 2005. The Company and its domestic consolidated subsidiaries have adopted these standards from the fiscal year ended 31 March 2006. As a result of this accounting change, there was no effect on the consolidated financial statements.

5. Cash and cash equivalents:

The reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows to the account balances in the accompanying consolidated balance sheets was as follows:

| | Millions of yen | | | Thousands of U.S. dollars |
|------------------------------------------------------------------|-----------------|--------|--------|---------------------------|
| | 2005 | 2006 | 2007 | 2007 |
| Cash and deposits | ¥6,935 | ¥7,899 | ¥6,593 | \$55,849 |
| Less, time deposits with maturities more than three months | — | — | (654) | (5,540) |
| Cash and cash equivalents | ¥6,935 | ¥7,899 | ¥5,939 | \$50,309 |

6. Supplemental cash flow information:

The acquisitions of new consolidated subsidiaries were as follows:

| | Millions of yen | | | | Thousands of U.S. dollars |
|---------------------------------------|-----------------|--------------------------------|---------------|--------------|---------------------------|
| | 2005 | 2006 | 2007 | 2007 | |
| | MARUWA QUARTZ | NEC TOKIN Electronics (Taiwan) | MARUWA SHOMEI | Hokko Denshi | Hokko Denshi |
| Current assets | ¥1,080 | ¥323 | ¥2,440 | ¥159 | \$1,347 |
| Non-current assets | 725 | 172 | 429 | 127 | 1,076 |
| Current liabilities | (413) | (50) | (2,196) | (113) | (957) |
| Non-current liabilities | (576) | — | (319) | (180) | (1,525) |
| (Negative goodwill) goodwill | (183) | 55 | (345) | 57 | 483 |
| Total acquisition cost | 633 | 500 | 9 | 50 | 424 |
| Less, cash and cash equivalents | (137) | (222) | (367) | (17) | (144) |
| Cash outflow (inflow), net | ¥496 | ¥278 | (¥358) | ¥33 | \$280 |

7. Investment securities:

(1) Aggregate cost and market value (carrying value) of investment securities, which have market values at 31 March 2006 and 2007, were as follows:

| | Millions of yen | | |
|-----------------------------------------------------------------|-----------------|-----------------------------------|---------------------------|
| | 2006 | | |
| | Cost | Market value (Carrying amount) | Unrealised gain (loss) |
| Securities with the carrying amount exceeding acquisition costs | | | |
| Equity securities | ¥269 | ¥338 | ¥69 |
| Sub-total | 269 | 338 | 69 |
| Securities with the carrying amount not exceeding the cost | | | |
| Equity securities | 100 | 94 | (6) |
| Sub-total | 100 | 94 | (6) |
| Total..... | ¥369 | ¥432 | ¥63 |

| | Millions of yen | | |
|-----------------------------------------------------------------|-----------------|-----------------------------------|---------------------------|
| | 2007 | | |
| | Cost | Market value (Carrying amount) | Unrealised gain (loss) |
| Securities with the carrying amount exceeding acquisition costs | | | |
| Equity securities | ¥182 | ¥228 | ¥46 |
| Sub-total | 182 | 228 | 46 |
| Securities with the carrying amount not exceeding the cost | | | |
| Equity securities | 215 | 180 | (35) |
| Sub-total | 215 | 180 | (35) |
| Total..... | ¥397 | ¥408 | ¥11 |

| | Thousands of U.S. dollars | | |
|----------------------------------------------------------------|---------------------------|-----------------------------------|---------------------------|
| | 2007 | | |
| | Cost | Market value (Carrying amount) | Unrealised gain (loss) |
| Securities with the carrying amount exceeding acquisition cost | | | |
| Equity securities | \$1,542 | \$1,931 | \$389 |
| Sub-total | 1,542 | 1,931 | 389 |
| Securities with the carrying amount not exceeding the cost | | | |
| Equity securities | 1,821 | 1,525 | (296) |
| Sub-total | 1,821 | 1,525 | (296) |
| Total..... | \$3,363 | \$3,456 | \$93 |

During the years ended 31 March 2005, 2006 and 2007, MARUWA sold investment securities. Proceeds from sales of investment securities were ¥1 million, ¥438 million and ¥228 million (\$1,931 thousand) for the years ended 31 March

2005, 2006 and 2007, respectively. As a result of those sales, the Company recorded realised gains of ¥0 million, ¥146 million and ¥20 million (\$169 thousand) for the years ended 31 March 2005, 2006 and 2007, respectively.

(2) The Company did not have any investment securities without market value at 31 March 2006. The carrying amount of investment securities without market value at 31 March 2007 was as follows:

| | Millions of yen | Thousands of U.S. dollars |
|--------------------------------------|-----------------|---------------------------|
| | 2007 | 2007 |
| Unlisted investment securities | ¥1 | \$8 |

8. Inventories:

Inventories at 31 March 2006 and 2007 were comprised of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------------|-----------------|--------|---------------------------|
| | 2006 | 2007 | 2007 |
| Finished products | ¥1,024 | ¥1,169 | \$9,903 |
| Work in process | 1,045 | 1,348 | 11,418 |
| Raw materials..... | 623 | 773 | 6,548 |
| Supplies | 177 | 269 | 2,279 |
| Total | ¥2,869 | ¥3,559 | \$30,148 |

9. Bank loans and long-term debt:

Long-term debt at 31 March 2006 and 2007 was comprised of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------|---------------------------|
| | 2006 | 2007 | 2007 |
| Partly secured loans principally from banks, due through 2036 with a weighted average interest rate of 1.6% per annum at 31 March 2007 | ¥335 | ¥188 | \$1,593 |
| Less-Current portion due within one year..... | (147) | (53) | (449) |
| Total | ¥188 | ¥135 | \$1,144 |

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

| Year ending 31 March | Millions of yen | Thousands of U.S. dollars |
|---------------------------|-----------------|---------------------------|
| 2008 | ¥53 | \$449 |
| 2009 | 5 | 42 |
| 2010 | 5 | 42 |
| 2011 | 5 | 42 |
| 2012 | 5 | 42 |
| 2013 and thereafter | 115 | 976 |
| Total..... | ¥188 | \$1,593 |

10. Assets pledged as collateral:

Assets pledged as collateral at 31 March 2006 and 2007 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------|-----------------|------|------------------------------|
| | 2006 | 2007 | 2007 |
| Land | ¥130 | ¥130 | \$1,101 |
| Buildings and structures | 190 | 179 | 1,517 |
| Total..... | ¥320 | ¥309 | \$2,618 |

Related liabilities secured by the pledged asset at 31 March 2006 and 2007 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|----------------------------------------|-----------------|------|------------------------------|
| | 2006 | 2007 | 2007 |
| Current portion of long-term debt..... | ¥5 | ¥5 | \$42 |
| Long-term debt | 139 | 135 | 1,144 |
| Total..... | ¥144 | ¥140 | \$1,186 |

11. Investments in unconsolidated subsidiaries:

Investment securities and other assets included investments in unconsolidated subsidiaries at 31 March 2006 and 2007 as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------|-----------------|------|------------------------------|
| | 2006 | 2007 | 2007 |
| Investment securities | ¥351 | ¥204 | \$1,728 |
| Other | 31 | 54 | 457 |

12. Custom duties and business tax prepayments:

At 31 March 2007, MARUWA Electronics (Taiwan) Co., Ltd., a consolidated subsidiary of the Company, held time deposit of ¥3 million (\$25 thousand), which was pledged for custom

duties and business tax prepayments to the customs bureau of Taiwan.

13. Related party transactions:

For the years ended 31 March 2005 and 2007, there were no significant related party transactions. For the year ended 31 March 2006, the Company purchased lands from Mine Hayashi and Shoji Hayashi with the considerations of ¥117

million and ¥26 million, respectively. Mine Hayashi and Shoji Hayashi are the relatives of Sei Kanbe, the president of the Company. The transaction amounts were determined based on the appraisal valuations.

14. Accounting for notes receivable maturing at year-end date:

Notes receivable maturing at year-end are accounted as if they were settled at the clearing date of notes. Consequently, as the year-end date of the year ended 31 March 2007 was a holiday for banking institutions, the following notes receivable maturing at year-end date were included in the ending balance of trade notes and accounts receivable.

| | Millions of yen | Thousands of U.S. dollars |
|------------------------|-----------------|------------------------------|
| | 2007 | 2007 |
| Notes receivable | ¥72 | \$610 |

15. Income taxes:

Significant components of the deferred tax assets and liabilities at 31 March 2006 and 2007 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------------------------------|-----------------|-------|------------------------------|
| | 2006 | 2007 | 2007 |
| Deferred tax assets: | | | |
| Accrued retirement benefits | ¥138 | ¥144 | \$1,220 |
| Accrued bonus | 124 | 133 | 1,127 |
| Operating loss carry forwards for tax purposes | 145 | 511 | 4,329 |
| Write-down of inventories | 86 | 64 | 542 |
| Write-down of land | 39 | 23 | 195 |
| Accrued enterprise taxes | 30 | 33 | 280 |
| Unrealized foreign exchange | 64 | — | — |
| Other | 68 | 49 | 414 |
| Total gross deferred tax assets | 694 | 957 | 8,107 |
| Less, valuation allowance | (220) | (535) | (4,533) |
| Total deferred tax assets | 474 | 422 | 3,574 |
| Deferred tax liabilities: | | | |
| Depreciation | (109) | (165) | (1,398) |
| Special depreciation reserve | (23) | (18) | (152) |
| Unrealised gains on available-for-sale securities | (26) | (8) | (68) |
| Unrealised foreign exchange | — | (39) | (330) |
| Total deferred tax liabilities | (158) | (230) | (1,948) |
| Net deferred tax assets | ¥316 | ¥192 | \$1,626 |

Reconciliation of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended 31 March 2005, 2006 and 2007 were as follows:

| | 2005 | 2006 | 2007 |
|----------------------------------------------------------|---------|--------|--------|
| Statutory rate of income taxes | 40.41% | 40.41% | 40.41% |
| Addition (reduction) in taxes resulting from: | | | |
| Local minimum taxes per capita levy | 1.79 | 1.56 | 1.46 |
| Change in valuation allowance | (29.62) | 3.09 | (0.82) |
| Differences between Japanese and foreign tax rates | (7.15) | (3.18) | (3.87) |
| Tax credit for research and development costs | — | (1.56) | (2.08) |
| Amortisation of negative goodwill | (5.33) | (5.17) | (4.39) |
| Special depreciation reserve | — | (1.38) | 0.26 |
| Other | (3.91) | (1.76) | (0.74) |
| Effective rate of income taxes | (3.81%) | 32.01% | 30.23% |

16. Goodwill:

Negative goodwill, which was previously reported as consolidating adjustment account under the Japanese disclosure regulation, included in the long-term liabilities at 31 March 2007 was the sum of the following:

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------------------------------|-----------------|------------------------------|
| | 2007 | 2007 |
| Positive consolidating adjustment account | ¥84 | \$712 |
| Negative consolidating adjustment account | ¥398 | \$3,372 |
| | ¥314 | \$2,660 |

17. Equity:

The authorised number of shares of common stock without par value is 26 million. At 31 March 2006 and 2007, respectively, the number of shares of common stock is 11,072,000 shares. At 31 March 2006 and 2007, the number of treasury stock held by MARUWA was 115,640 and 224,640 shares, respectively.

At 31 March 2006 and 2007, respectively, capital surplus consisted of additional paid-in capital.

Under the Corporate Law of Japan, a company is required to appropriate an amount equal to 10% of cash dividends paid 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 reduction of legal reserve is restricted under certain circumstances only with shareholder approval. Retained earnings presented in the accompanying consolidated balance sheets included such legal reserve of ¥1,671 million (\$14,115 thousand) as at 31 March 2006 and 2007, respectively.

The following appropriations of retained earnings at 31 March 2007 were approved at the general meeting of shareholders held on 27 June 2007. These appropriations were not recorded in the consolidated financial statements for the year ended 31 March 2007.

| | Millions of yen | Thousands of U.S. dollars |
|-----------------------------------------------------|-----------------|---------------------------|
| Appropriation for: | | |
| Cash dividends ¥12.0 (\$0.10) per common share..... | ¥130 | \$1,101 |

18. Net income per share:

Calculations of net income per share for the years ended 31 March 2005, 2006 and 2007 were as follows:

| | Millions of yen | | | Thousands of U.S. dollars |
|-------------------------------------------------------|-----------------|------------|------------|---------------------------|
| | 2005 | 2006 | 2007 | 2007 |
| Net income attributable to common shares..... | ¥1,215 | ¥1,130 | ¥1,334 | \$11,300 |
| Weighted average number of common shares outstanding: | | | | |
| -Basic..... | 10,814,036 | 10,880,952 | 10,932,798 | |
| -Diluted | 10,834,479 | 10,944,731 | 10,985,986 | |
| | | Yen | | U.S. dollars |
| | 2005 | 2006 | 2007 | 2007 |
| Net income per share: | | | | |
| -Basic..... | ¥112.40 | ¥103.82 | ¥122.04 | \$1.03 |
| -Diluted | ¥112.18 | ¥103.21 | ¥121.45 | \$1.03 |

19. Contingent liabilities:

MARUWA had contingent liabilities for trade notes discounted with the bank amounting to ¥5 million at 31 March 2006. At 31 March 2007, there were no contingent liabilities.

20. Leased assets:

Periodic lease payments under finance lease contracts totalled ¥18 million, ¥26 million and ¥30 million (\$254 thousand) for the years ended 31 March 2005, 2006 and 2007, respectively. The relating lease expenses were

charged to income. Committed future lease payments, including imputed interest portion, at 31 March 2006 and 2007 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------|-----------------|------|---------------------------|
| | 2006 | 2007 | 2007 |
| Due within one year..... | ¥18 | ¥22 | \$186 |
| Due after one year..... | 14 | 14 | 119 |
| Total..... | ¥32 | ¥36 | \$305 |

An analysis of amounts, as if they had been capitalised, related to leased assets under finance lease contracts, which were not capitalised at 31 March 2006 and 2007 were as follows:

| | Millions of yen | | | | | |
|--------------------------------|-------------------------|-------|-------|-------------------------|-------|-------|
| | 2006 | | | 2007 | | |
| | Machinery and equipment | Other | Total | Machinery and equipment | Other | Total |
| Acquisition cost | ¥97 | ¥60 | ¥157 | ¥65 | ¥107 | ¥172 |
| Accumulated depreciation | (84) | (41) | (125) | (58) | (78) | (136) |
| Net amount..... | ¥13 | ¥19 | ¥32 | ¥7 | ¥29 | ¥36 |

| | Thousands of U.S. dollars | | |
|--------------------------------|---------------------------|-------|---------|
| | 2007 | | |
| | Machinery and equipment | Other | Total |
| Acquisition cost..... | \$551 | \$906 | \$1,457 |
| Accumulated depreciation | (491) | (661) | (1,152) |
| Net amount..... | \$60 | \$245 | \$305 |

Pro forma depreciation and interest expenses related to these leased assets, if they had been capitalised, for the years ended 31 March 2006 and 2007 amounted to ¥26

million and ¥30 million (\$254 thousand), respectively. Depreciation is computed using a straight-line method over the term of the underlying lease contracts.

21. Selling, general and administrative expenses:

Selling, general and administrative expenses for the years ended 31 March 2005, 2006 and 2007 were comprised of the following:

| | Millions of yen | | | Thousands of U.S. dollars |
|--------------------------------------|-----------------|--------|--------|---------------------------|
| | 2005 | 2006 | 2007 | 2007 |
| Directors' remuneration | ¥79 | ¥70 | ¥63 | \$534 |
| Salaries and bonuses | 697 | 1,106 | 1,157 | 9,801 |
| Provision for bonus | 73 | 120 | 75 | 635 |
| Provision for directors' bonus | — | — | 7 | 59 |
| Retirement benefit expenses | 34 | 47 | 31 | 263 |
| Distribution costs | 338 | — | — | — |
| Depreciation | 177 | 200 | 193 | 1,635 |
| Research and development costs | 554 | 685 | 687 | 5,820 |
| Other | 1,033 | 1,863 | 1,922 | 16,281 |
| Total | ¥2,985 | ¥4,091 | ¥4,135 | \$35,028 |

22. Research and development costs:

Research and development costs charged to costs of sales and selling, general and administrative expenses were ¥554 million, ¥711 million and ¥687 million (\$5,820 thousand) for the years ended 31 March 2005, 2006 and 2007, respectively.

23. 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 establishes credit guidelines and only enters into transactions with financial institutions of

investment grade. 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 authorisation and credit limit amount. At 31 March 2006 and 2007, MARUWA had no outstanding derivative instrument contracts.

24. Retirement benefits for employees:

The Company and two domestic subsidiaries (MARUWA QUARTZ Co., Ltd. and MARUWA SHOMEI Co., Ltd.) maintain a defined contribution pension plan. In addition, a domestic subsidiary (Hokko Denshi Co., Ltd.) maintains tax qualified pension plan and lump-sum retirement benefit plan, both of which are non-contributory defined benefit pension plans. In July 2006, MARUWA SHOMEI Co., Ltd. transferred the entire tax qualified pension plan and lump-sum indemnities plan to the defined contribution pension plan.

The defined contribution pension plan was adopted by the Company and a domestic subsidiary (MARUWA QUARTZ Co., Ltd.) in 2005 and by a domestic subsidiary (MARUWA SHOMEI Co., Ltd.) in 2006. The lump-sum indemnities plan was adopted by a domestic subsidiary (Hokko Denshi Co., Ltd.) in 2006. The tax qualified pension plan was adopted by a domestic subsidiary (Hokko Denshi Co., Ltd.) in 1984.

(1) Components of accrued pension and severance costs as of 31 March 2006 and 2007 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|----------------------------------------------------|-----------------|-------|---------------------------|
| | 2006 | 2007 | 2007 |
| Benefit obligations | ¥351 | ¥138 | \$1,169 |
| Plan assets | (41) | (138) | (1,169) |
| Benefit obligations in excess of plan assets | 310 | — | — |
| Unrecognized actuarial losses | (10) | — | — |
| Accrued retirement benefits | ¥300 | ¥— | \$— |

Note: The simplified method was used in calculating the benefit obligations as of 31 March 2007.

(2) Components of retirement benefit expenses for the years ended 31 March 2005, 2006 and 2007 were as follows:

| | Millions of yen | | | Thousands of U.S. dollars |
|-----------------------------------------|-----------------|------|------|---------------------------|
| | 2005 | 2006 | 2007 | 2007 |
| Service cost | ¥71 | ¥88 | ¥88 | \$745 |
| Interest cost | 21 | 14 | — | — |
| Expected return on plan assets | (3) | (1) | — | — |
| Amortization of actuarial losses | 4 | 8 | — | — |
| Total retirement benefit expenses | ¥93 | ¥109 | ¥88 | \$745 |

Note: The simplified method was used in calculating the retirement benefit expenses for the year ended 31 March 2007.

(3) Assumptions used for calculation of retirement benefits for the years ended 31 March 2005, 2006 and 2007 were as follows:

| | 2005 | 2006 | 2007 |
|------------------------------------------------------------------------------------------|----------------------|----------------------|------|
| Discount rate | 2.0% | 2.2% | — |
| Expected return on plan assets | 2.0% | 2.2% | — |
| Method of attributing estimated retirement benefits to periods of employee service | Straight-line method | Straight-line method | — |
| Amortization period of unrecognised actuarial gains or losses | 10 years | 11 years | — |

Note: Since the simplified method was used in calculating the retirement benefit, assumptions were not described for the year ended 31 March 2007.

25. Stock option plans:

(1) Details of stock options

| | Stock options granted in February 2004 | Stock options granted in August 2004 |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Vested personnel | The Company : 5 Directors, 59 Employees The subsidiaries: 5 Directors, 1 Corporate auditor, 118 Employees | The Company: 147 Directors and employees |
| Number of common shares to be issued | Common stock 100,000 | Common stock 100,000 |
| Grant date | 23 February 2004 | 17 August 2004 |
| Vesting condition | Working continuously from the grant date (23 February 2004) to the vesting date (31 August 2005) | Working continuously from the grant date (17 August 2004) to the vesting date (31 August 2006) |
| Vesting period | About 18 months (From 23 February 2004 to 31 August 2005) | About 2 years (From 17 August 2004 to 31 August 2006) |
| The exercise period | Less than four years after vesting | Less than four years after vesting |

(2) Number and activities of options

1. The number of options

| | Stock options granted in February 2004 | | Stock options granted in August 2004 | |
|------------------------|-------------------------------------------|--------------|-----------------------------------------|--------------|
| | Yen | U.S. dollars | Yen | U.S. dollars |
| Before vesting: | | | | |
| At 31 March 2006 | — | | 99,400 | |
| Granted | — | | — | |
| Cancelled | — | | — | |
| Vested | — | | 99,400 | |
| Outstanding | — | | — | |
| After vesting: | | | | |
| At 31 March 2006 | 57,400 | | — | |
| Vested | — | | 99,400 | |
| Exercised | 1,400 | | 18,300 | |
| Cancelled | — | | — | |
| Outstanding | 56,000 | | 81,100 | |

2. Unit price information

| | Stock options granted in February 2004 | | Stock options granted in August 2004 | |
|---------------------------------------------|-------------------------------------------|--------------|-----------------------------------------|--------------|
| | Yen | U.S. dollars | Yen | U.S. dollars |
| Exercise price | ¥1,470 | \$12 | ¥1,948 | \$17 |
| Fair value for the exercisable period | 2,806 | 24 | 2,658 | 23 |
| Fair value at the grant date | — | — | — | — |

26. Segment information:

(1) Business segments

Business segment data for the year ended 31 March 2005 is not presented as MARUWA operated predominately in a single business segment that represented manufacturing and selling electronic components and ceramics for electronic

parts in Japan and foreign countries. Information for business segment for the years ended 31 March 2006 and 2007 were as follows:

| | Millions of yen | | | |
|-------------------------------|-----------------------|-----------------------|------------------------------|--------------|
| | 2006 | | | |
| | Ceramic Components | Lighting Equipment | Eliminations or corporate | Consolidated |
| Net sales: | | | | |
| External customers | ¥16,628 | ¥3,650 | ¥ — | ¥20,278 |
| Inter-segment | — | — | — | — |
| Total net sales | 16,628 | 3,650 | — | 20,278 |
| Operating expenses | 14,394 | 3,677 | 514 | 18,585 |
| Operating income (loss) | ¥2,234 | (¥27) | (¥514) | ¥1,693 |
| Identifiable assets | ¥31,861 | ¥2,764 | (¥1,581) | ¥33,044 |
| Depreciation | ¥1,592 | ¥22 | ¥ — | ¥1,614 |
| Capital expenditure | ¥1,716 | ¥21 | ¥ — | ¥1,737 |

| Millions of yen | | | | |
|-------------------------------|-----------------------|-----------------------|------------------------------|--------------|
| 2007 | | | | |
| | Ceramic Components | Lighting Equipment | Eliminations or corporate | Consolidated |
| Net sales: | | | | |
| External customers..... | ¥18,341 | ¥2,721 | ¥ — | ¥21,062 |
| Inter-segment | 14 | 0 | (14) | — |
| Total net sales..... | 18,355 | 2,721 | (14) | 21,062 |
| Operating expenses..... | 15,779 | 2,794 | 565 | 19,138 |
| Operating income (loss) | ¥2,576 | (¥73) | (¥579) | ¥1,924 |
| Identifiable assets | ¥34,597 | ¥1,602 | (¥2,327) | ¥33,872 |
| Depreciation..... | ¥1,722 | ¥18 | ¥ — | ¥1,740 |
| Impairment loss..... | ¥9 | ¥ — | ¥ — | ¥9 |
| Capital expenditure..... | ¥2,344 | ¥6 | ¥ — | ¥2,350 |

| Thousands of U.S. dollars | | | | |
|-------------------------------|-----------------------|-----------------------|------------------------------|--------------|
| 2007 | | | | |
| | Ceramic Components | Lighting Equipment | Eliminations or corporate | Consolidated |
| Net sales: | | | | |
| External customers..... | \$155,366 | \$23,050 | \$ — | \$178,416 |
| Inter-segment | 119 | 0 | (119) | — |
| Total net sales..... | 155,485 | 23,050 | (119) | 178,416 |
| Operating expenses..... | 133,664 | 23,668 | 4,786 | 162,118 |
| Operating income (loss) | \$21,821 | (\$618) | (\$4,905) | \$16,298 |
| Identifiable assets | \$293,071 | \$13,571 | (\$19,713) | \$286,929 |
| Depreciation..... | \$14,588 | \$152 | \$ — | \$14,740 |
| Impairment loss..... | \$76 | \$ — | \$ — | \$76 |
| Capital expenditure..... | \$19,856 | \$51 | \$ — | \$19,907 |

1. Business segments are classified according to the types and nature of the products.
2. Principal products in the business segments are as follows:

| Business segment | Principal products |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ceramic components | Circuit ceramics (including ceramic substrates for chip resistors), Machinery ceramics (including quartz glass products), Radio frequency products (including BPF) and EMC components (including multilayer ceramic capacitors) |
| Lighting equipment | Lighting apparatuses, information display devices, etc. |

3. Operating expenses of ¥571 million and ¥653 million (\$5,532 thousand) included in “Eliminations or corporate” for the years ended 31 March 2006 and 2007, respectively, were unallocated items related mainly to cost of administrative and management division in the Company.
4. The amount of corporate assets included in “Eliminations or corporate” were ¥3,751 million and ¥5,314 million (\$45,015 thousand) at 31 March 2006 and 2007, respectively, and mainly consisted of surplus funds (cash) and long-term investment funds (investment securities and others) owned by the Company.
5. Depreciation and capital expenditure included amortisation and additions to long-term prepaid expenses, respectively.
6. (Accounting change)

Effective from the year ended 31 March 2007, the Company applied “Accounting standard for directors’ bonus” (Accounting Standards Board of Japan Statement No.4 issued on 29 November 2005 by the Accounting Standards Board of Japan). As a result of the application of this standard, operating expenses of “Eliminations or corporate” increased and consequently operating income decreased by ¥7 million (\$59 thousand), respectively, as compared with the previous accounting method.

(2) Geographical segments

| | Millions of yen | | | | |
|-------------------------------|-----------------|--------|--------------------|---------------------------|--------------|
| | 2005 | | | | |
| | Japan | Asia | Europe and America | Eliminations or corporate | Consolidated |
| Net sales: | | | | | |
| External 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 |

| | Millions of yen | | | | |
|-------------------------------|-----------------|--------|--------------------|---------------------------|--------------|
| | 2006 | | | | |
| | Japan | Asia | Europe and America | Eliminations or corporate | Consolidated |
| Net sales: | | | | | |
| External customers..... | ¥16,171 | ¥3,528 | ¥579 | ¥ — | ¥20,278 |
| Inter-segment | 830 | 1,349 | 2 | (2,181) | — |
| Total net sales..... | 17,001 | 4,877 | 581 | (2,181) | 20,278 |
| Operating expenses | 15,355 | 4,206 | 617 | (1,593) | 18,585 |
| Operating income (loss) | ¥1,646 | ¥671 | (¥36) | (¥588) | ¥1,693 |
| Identifiable assets | ¥25,610 | ¥8,632 | ¥835 | (¥2,033) | ¥33,044 |

| | Millions of yen | | | | |
|---------------------------|-----------------|--------|--------------------|---------------------------|--------------|
| | 2007 | | | | |
| | Japan | Asia | Europe and America | Eliminations or corporate | Consolidated |
| Net sales: | | | | | |
| External customers..... | ¥15,426 | ¥4,162 | ¥1,474 | ¥ — | ¥21,062 |
| Inter-segment | 1,536 | 1,266 | 167 | (2,969) | — |
| Total net sales..... | 16,962 | 5,428 | 1,641 | (2,969) | 21,062 |
| Operating expenses | 15,390 | 4,474 | 1,571 | (2,297) | 19,138 |
| Operating income..... | ¥1,572 | ¥954 | ¥70 | (¥672) | ¥1,924 |
| Identifiable assets | ¥28,650 | ¥7,475 | ¥1,167 | (¥3,420) | ¥33,872 |

| | Thousands of U.S. dollars | | | | |
|---------------------------|---------------------------|----------|--------------------|---------------------------|--------------|
| | 2007 | | | | |
| | Japan | Asia | Europe and America | Eliminations or corporate | Consolidated |
| Net sales: | | | | | |
| External customers..... | \$130,674 | \$35,256 | \$12,486 | \$ — | \$178,416 |
| Inter-segment | 13,011 | 10,725 | 1,415 | (25,151) | — |
| Total net sales..... | 143,685 | 45,981 | 13,901 | (25,151) | 178,416 |
| Operating expenses | 130,369 | 37,900 | 13,308 | (19,459) | 162,118 |
| Operating income..... | \$13,316 | \$8,081 | \$593 | (\$5,692) | \$16,298 |
| Identifiable assets | \$242,694 | \$63,321 | \$9,886 | (\$28,972) | \$286,929 |

1. Countries are classified in geographical vicinity.
2. Principal countries or jurisdictions in each geographic segment are as follows:
Asia: Malaysia and Taiwan
Europe and America: The United Kingdom and The United States
3. Operating expenses of ¥603 million, ¥571 million and ¥653 million (\$5,532 thousand) included in "Eliminations or corporate" for the years ended 31 March 2005, 2006 and 2007, respectively, were unallocated items related mainly to cost of administrative and management division in the Company.
4. The amount of corporate assets included in "Eliminations or corporate" were ¥4,309 million, ¥3,751 million and ¥5,314 million (\$45,015 thousand) at 31 March 2005, 2006 and 2007, respectively, and mainly consisted of surplus funds (cash) and long-term investment funds (investment securities and others) owned by the Company.
5. (Accounting change)
Effective from the year ended 31 March 2007, the Company applied "Accounting standard for directors' bonus" (Accounting Standards Board of Japan Statement No.4 issued on 29 November 2005 by the Accounting Standards Board of Japan). As a result of the application of this standard, operating expenses of "Japan" increased and consequently operating income decreased by ¥7 million (\$59 thousand), respectively, as compared with the previous accounting method.

Overseas sales for the years ended 31 March 2005, 2006 and 2007 were as follows:

| | 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% |

| | Millions of yen | | | |
|--------------------------------|-----------------|--------|-------|---------|
| | 2006 | | | |
| | Asia | Europe | Other | Total |
| Overseas sales | ¥6,376 | ¥375 | ¥495 | ¥7,246 |
| Total consolidated sales | | | | ¥20,278 |
| Percentage | 31.4% | 1.9% | 2.4% | 35.7% |

| | Millions of yen | | | |
|--------------------------------|-----------------|--------|-------|---------|
| | 2007 | | | |
| | Asia | Europe | Other | Total |
| Overseas sales | ¥6,434 | ¥933 | ¥629 | ¥7,996 |
| Total consolidated sales | | | | ¥21,062 |
| Percentage | 30.5% | 4.4% | 3.1% | 38.0% |

| | Thousands of U.S. dollars | | | |
|--------------------------------|---------------------------|---------|---------|-----------|
| | 2007 | | | |
| | Asia | Europe | Other | Total |
| Overseas sales | \$54,502 | \$7,903 | \$5,329 | \$67,734 |
| Total consolidated sales | | | | \$178,416 |

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

MISUZU Audit Corporation

A network firm of PRICEWATERHOUSECOOPERS 

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

Report of Independent 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 subsidiaries as of March 31, 2006 and 2007, and the related consolidated statements of income, shareholders' equity, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2007, 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 subsidiaries as of March 31, 2006 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2007 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.

Misuzu Audit Corporation

Misuzu Audit Corporation

Nagoya, Japan

June 27, 2007

Global Network

(As of March 2007)

● **Head Office** (Owariasahi, Aichi)

● **Plant**

- Toki Plant (Toki, Gifu)
- Seto Plant (Seto, Aichi)
- Naoetsu Plant / Kasugayama Plant (Joetsu, Niigata)

● **Sales Office**

Hokkaido, Fukushima, Niigata, Saitama, Yokohama, Aichi, Osaka, Fukuoka and Miyazaki

● **Domestic Subsidiaries**

- MARUWA QUARTZ Co., Ltd. (Owariasahi, Aichi)
- MARUWA SHOMEI Co., Ltd. (Kawagoe, Saitama)
- Hokko Denshi Co., Ltd.* (Katagami, Akita)

*Acquired in 1 September 2006

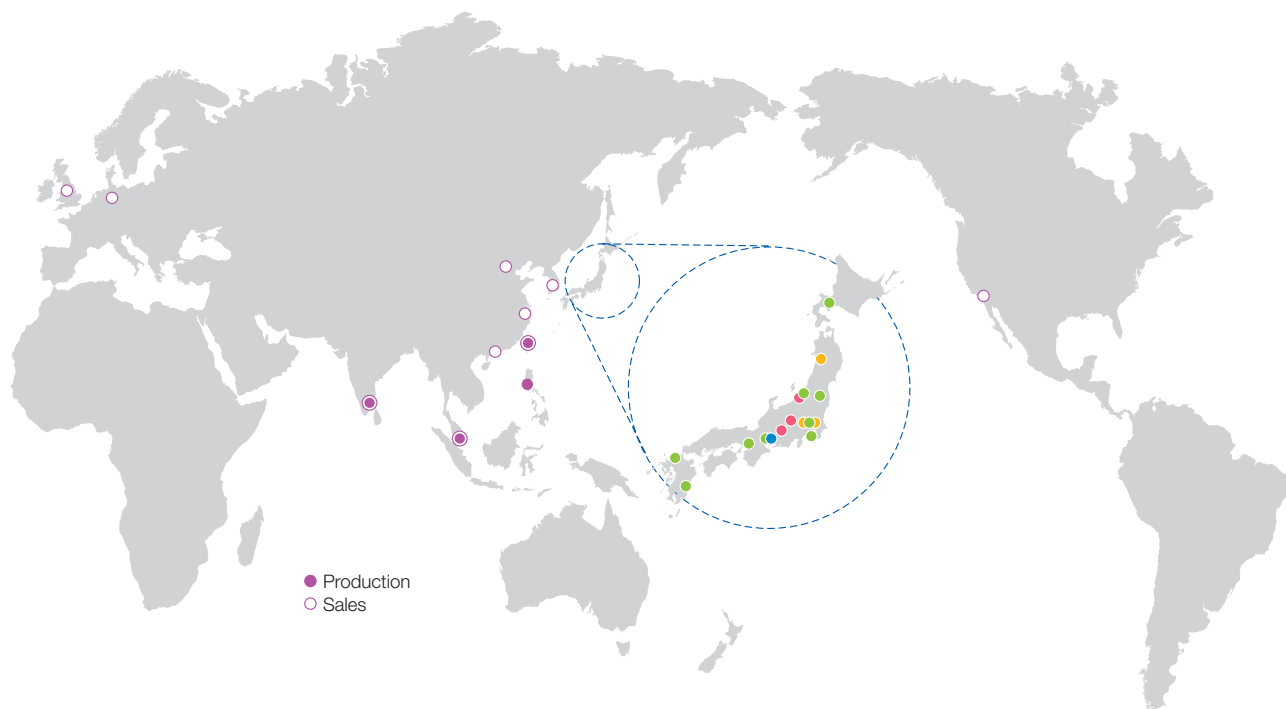
Overseas Subsidiaries

Asia

- Maruwa (Malaysia) Sdn. Bhd. (Malacca, Malaysia)
- MARUWA Electronics (Taiwan) Co., Ltd. (Kaohsiung, Taiwan)
- Taiwan Maruwa Co., Ltd. (Taipei, Taiwan)
- MARUWA Electronic (India) Pvt. Ltd. (Chennai, India)
- Maruwa Electronics (Philippines), Inc. (Cavite, Philippines)
- Maruwa Korea Co., Ltd. (Anyang, Korea)
- MARUWA ELECTRONICS (HK) Co., Ltd. (Hong Kong)
- Maruwa (Shanghai) Trading Co., Ltd. (Shanghai, China)
- MARUWA Electronics (Beijing) Co., Ltd. (Beijing, China)

Europe and America

- Maruwa Europe Ltd. (Ashford, UK)
- Maruwa Ceramic GmbH (Dusseldorf, Germany)
- Maruwa America Corporation (El Segundo, CA, US)



MARUWA CO., LTD.

Head Office

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

Established

5 April 1973

Paid-in Capital

¥6,709,850,000

End of Fiscal Term

31 March

Employees

1,687 (consolidated, as of 31 March 2007)

Management (As of 27 June 2007)

Board of Directors

President and Representative Director

Sei Kanbe

Directors

Chunting Li
Manimaran Anthony
Tetsuya Nagamitsu
Akira Uchida

Operating Officers

Managing Operating Officers

Chunting Li
Manimaran Anthony

Operating Officers

Akira Uchida
Hiroyuki Kojima
Masaaki Tanaka

Corporate Auditors

Standing Auditor

Koji Chujo

Outside Corporate Auditors

Yoichi Hanai
Shigehiro Matsumoto

Stock Information (As of 31 March 2007)

Common Stock

| | |
|-------------------------|-------------------------------------|
| Authorized | 26,000,000 shares |
| Issued | 11,072,000 shares |
| Number of shareholders | 5,197 |
| Stock exchange listings | Tokyo, Nagoya, London and Singapore |

Principal Shareholders

| | Shares | Percentage* |
|-------------------------------------------------------|-----------|-------------|
| K Maruwa Co., Ltd | 3,302,120 | 29.82 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 987,300 | 8.91 |
| Lombard Odier Darier Hentsch & Cie | 471,100 | 4.25 |
| Dexia BIL Pool Julius Baer Multipartner Multistock | 363,900 | 3.28 |
| Sei Kanbe | 287,170 | 2.59 |

*Percentage to total number of shares in issue

Transfer Agent

The Chuo Mitsui Trust and Banking Company, Limited

