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Five-Year Summary

MARUWA CO., LTD. and consolidated subsidiaries
For the years ended 31 March 2002, 2003, 2004, 2005 and 2006

	Millions of yen					Thousands of U.S. dollars
	For the years ended 31 March					For the years ended 31 March
	2002	2003	2004	2005	2006	2006
For the year						
Net sales	¥9,933	¥10,337	¥12,003	¥15,529	¥20,278	\$172,623
Operating income (loss)	(1,200)	307	686	1,357	1,693	14,412
Income (loss) before income taxes	(1,288)	233	711	1,180	1,669	14,208
Net income (loss)	(1,239)	105	475	1,225	1,135	9,662
At year-end						
Total shareholders' equity	24,246	23,488	23,429	24,328	26,557	226,075
Total assets.....	26,730	26,880	26,664	28,465	33,044	281,297
	Yen					U.S. dollars
Per share						
Net income (loss)	(¥112.70)	¥8.99	¥42.67	¥112.40	¥103.82	\$0.88
Cash dividends	14.00	14.00	14.00	15.00	21.00	0.18

Operating Results

The MARUWA Group

The MARUWA Group consists of MARUWA Co., Ltd., 13 subsidiaries and 1 affiliated company. In the fiscal year under review, we added the lighting business to our business domain, because MARUWA SHOMEI Co., Ltd., which is engaged in this lighting business, became a consolidated subsidiary. Hence, the segment information is separated into two categories: the Ceramic Components business (11 companies including MARUWA), which handles the production and selling of ceramic products such as electronic components; and the Lighting Equipment business (1 company), which manufactures and sells lighting devices.

Earnings overview for the year ended 31st March 2006

Our business environment in the year under review saw inventory adjustment ease in the IT-related field and a recovery in exports bound mainly for Asia, resulting in increased demand. A rise in external demand, combined with a rise in private consumption driven by strong corporate earnings reflecting the Japanese economy's self-sustaining recovery, produced a favorable economic environment.

Against this backdrop, the Group saw a general recovery in orders received, thanks to a pickup in the electronic components market, except for in the semiconductor manufacturing equipment-related business. The lighting equipment business, which was included in consolidated accounting from the beginning of the fiscal year under review, also contributed to the Group's revenue. As a result, consolidated net sales were ¥20,278 million, up 30.6% from the previous year.

Operating income jumped 64.6% to ¥2,234 million, excluding that from the lighting business. This increase was attributable to various measures implemented by the Group, including: reduction in inventories; shortening of lead time; improvement in quality and yields; reinforcement of corporate structure through cost-cutting efforts; restoration of the operations and product lineups obtained through M&A from which the Group had failed to turn a profit; and making newly developed products profitable.

With respect to the Lighting Equipment business, which was added to consolidated accounting from the period under review, the Group worked hard to integrate sales outlets and reduce costs. However, we ended up posting an operating loss of ¥27 million in this business.

Overall, consolidated operating income rose 24.8% year on year to ¥1,693 million. Meanwhile, net income dropped 7.3% to ¥1,135 million, due chiefly to the booking of ¥261 million, the amount of payments relating to the abolishment of the retirement allowance system for executives, as other expense.

Net sales

In the fiscal year under review, the Group improved yields and reduced lead time under a marketing system in which sales, production and development were integrated on a global basis,

while 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 30.6% from a year earlier to ¥20,278 million.

As for sales by product division, the Circuit Ceramics division posted ¥6,345 million, up 2.1% from the previous year, which accounts for 31.3% of the total sales. Sales from the Machinery Ceramics division decreased 15.4% to ¥4,444 million, representing 21.9% of the total sales. Sales from the Radio Frequency Products division rose 45.0% to ¥1,589 million, constituting 7.8% of the total sales. In the EMC Components division, sales jumped 43.1% to ¥4,250 million, making up 21.0% of the total sales. Sales from the Lighting Equipment division were ¥3,650 million, accounting for 18.0% of the total sales. The sharp increase in sales of the EMC Components division is attributable to increased demand for digital home appliances, such as thin-screen TVs and DVD equipment, and automotive components.

Profit and loss

In the fiscal year under review, gross profit increased 33.2% from the preceding year to ¥5,784 million thanks to an expansion in sales, and the ratio of gross profit on sales rose 0.5 percentage points to 28.5%. 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 37.1% to ¥4,091 million, due to an increase in various costs associated with turning MARUWA SHOMEI into a consolidated subsidiary, centering on personnel expenses. The ratio of selling, general and administrative expenses to net sales rose 1.0 percentage point to 20.2%.

As a result, operating income increased 24.8% to ¥1,693 million. The operating income margin fell 0.4 percentage points to 8.3%, hurt by an operating loss of ¥27 million in the Lighting Equipment business. However, such margin of the Ceramic Components business improved 4.7 percentage points to 13.4%.

For other income (expenses), MARUWA booked a loss of ¥24 million. Despite an income of ¥640 million due mainly to amortization of consolidation adjustment account totaling ¥214 million for new subsidiaries including MARUWA SHOMEI that was made into a consolidated subsidiary, MARUWA booked as a loss the payment of ¥261 million made in association with the abolishment of the retirement allowance system for executives and ¥140 million incurred by the disposal of equipment.

Accordingly, income before income taxes was ¥1,669 million, and net income after corporate, inhabitant and enterprise taxes declined 7.3% to ¥1,135 million. Net income per share was ¥103.82.

Financial Position

Cash flows

Cash and cash equivalents (hereinafter collectively referred to as "cash") amounted to ¥7,899 million at the end of the fiscal year under review, up ¥964 million from a year earlier.

Net cash provided by operating activities fell ¥1,283 million from a year earlier to ¥2,036 million. This cash increase is attributable mainly to a decrease of ¥986 million in allowance for retirement benefits relating to a change in the corporate pension system and an increase of ¥23 million in inventories in reaction to a substantial reduction in this amount in the previous fiscal year. Cash flows were adjusted to an increase amount due to depreciation of ¥1,614 million.

Net cash used in investing activities was ¥1,234 million, down ¥828 million. As part of capital investment during the period, we purchased tangible fixed assets amounting to ¥1,452 million, and shares of MARUWA SHOMEI, which became a new consolidated subsidiary, for ¥9 million. In acquiring MARUWA SHOMEI, we also acquired cash assets, and the actual cash-in amount was ¥358 million. As a result, free cash flows amounted to ¥802 million, down from the ¥1,257 million registered in the previous year.

Net cash provided by financing activities totaled ¥51 million, up ¥634 million. The overall increase in cash is attributable chiefly to ¥349 million in proceeds from sales of treasury stocks, while repayment of long-term debt of ¥147 million and disbursement of cash dividends worth ¥180 million represented outflows.

Working capital

At the end of the fiscal term under review, current assets increased ¥3,758 million from the previous year. By item, cash and deposits rose ¥964 million to ¥7,899 million. Some people may feel our position of cash and deposits is at a large amount, given the business scale. However, we believe that our current top priority is to swiftly respond to the needs of the market, and to achieve this, it is important to effectively utilize M&A strategies, while maintaining a high liquidity. Trade notes and accounts receivable increased ¥2,291 million due to the expansion of business, transformation of MARUWA SHOMEI into a consolidated subsidiary and an increase at MARUWA Electronics (Taiwan) Co., Ltd.

Current liabilities rose ¥2,570 million, primarily because trade notes and accounts payable increased ¥1,793 million due to the

transformation of MARUWA SHOMEI into a consolidated subsidiary and an increase in purchases.

As a result, working capital stood at ¥13,607 million at the end of the fiscal term under review, up ¥1,188 million from the preceding year, and the current ratio is 373.2%.

Capital expenditure

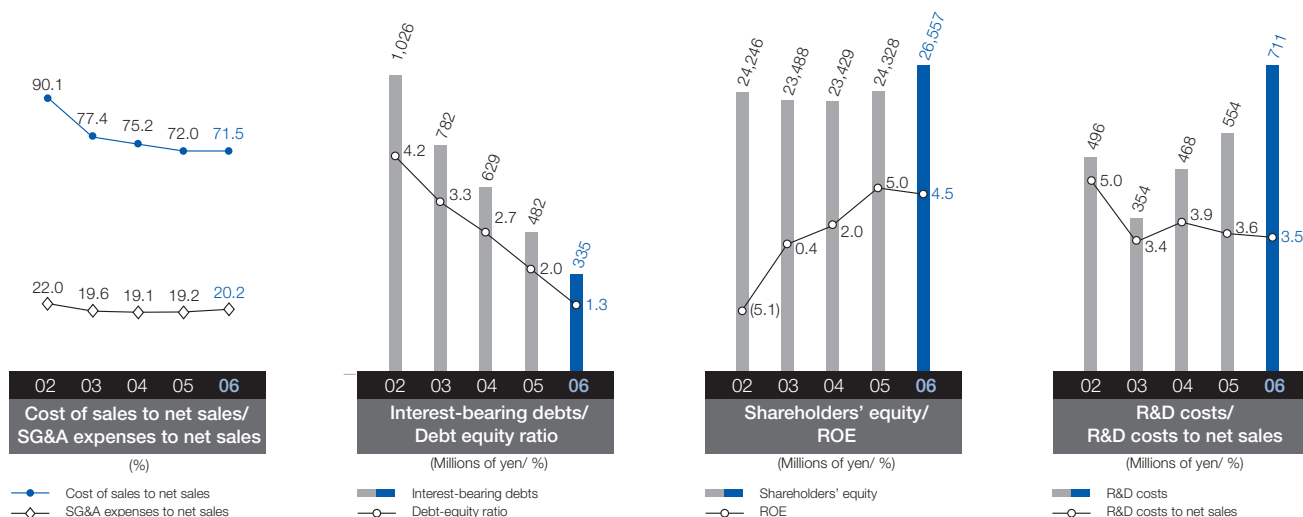
Capital expenditure totaled ¥1,737 million in the fiscal year under review, up from ¥1,253 million in the previous year. As for the Ceramic Components business, MARUWA spent: ¥619 million mainly replacing machines and facilities at the Circuit Ceramics division to manufacture new products; ¥507 million in the Machinery Ceramics division chiefly on improving and reorganizing the plants of consolidated subsidiary MARUWA QUARTZ; ¥142 million in the Radio Frequency Products division installing mass-producing facilities; ¥175 million in the EMC Components division on replacing facilities; and ¥273 million installing facilities for developing products. Meanwhile, MARUWA used ¥21 million for the Lighting Equipment business. These investments were all financed with our own funds. As a result, tangible fixed assets totaled ¥12,087 million, up ¥779 million, due chiefly to the addition of MARUWA SHOMEI as a consolidated subsidiary, despite depreciation costs of ¥1,614 million.

Interest-bearing debt

At the end of the fiscal period under review, interest-bearing debt totaled ¥335 million, down ¥147 million from a year earlier. Of this total, ¥147 million was due within one year, the same amount as the preceding year, and long-term debt amounted to ¥188 million, down ¥147 million. As a result, the debt equity ratio improved to 1.3% compared with 2.0% for the previous year, indicating our financial structure has been further strengthened.

Shareholders' equity

Shareholders' equity was ¥26,557 million at the end of the fiscal year under review, up ¥2,229 million from a year earlier. A factor in this rise was an increase of retained earnings of ¥945 million due to net income of ¥1,135 million, the booking of minus ¥206 million (¥1,077 million in the preceding year) in foreign currency translation adjustment and decreasing ¥327 million in treasury stock due to the exercise of stock options. As a result, the equity ratio stood at 80.4%.



Consolidated Balance Sheets

MARUWA CO., LTD. and consolidated subsidiaries

As of 31 March 2005 and 2006

	Millions of yen		Thousands of
	31 March		U.S. dollars
	2005	2006	31 March
ASSETS			
Current assets:			
Cash and deposits	¥6,935	¥7,899	\$67,243
Trade notes and accounts receivable	4,712	7,003	59,615
Inventories (Note 6)	2,554	2,869	24,423
Deferred tax assets (Note 11)	388	226	1,924
Other current assets	245	608	5,176
Allowance for doubtful accounts	(4)	(17)	(145)
Total current assets	14,830	18,588	158,236
Property, plant and equipment (Note 8):			
Land	2,957	3,412	29,046
Buildings and structures	6,160	6,520	55,504
Machinery and equipment	9,713	10,266	87,393
Other	2,787	3,086	26,269
Construction in progress.....	242	152	1,294
Total property, plant and equipment.....	21,859	23,436	199,506
Less – Accumulated depreciation.....	(10,551)	(11,349)	(96,612)
Net property, plant and equipment	11,308	12,087	102,894
Investments and other assets:			
Investment securities (Notes 5 and 9).....	701	784	6,674
Deferred tax assets (Note 11).....	184	152	1,294
Property and equipment for investments.....	977	960	8,172
Other.....	465	473	4,027
Total investments and other assets.....	2,327	2,369	20,167
Total assets.....	¥28,465	¥33,044	\$281,297

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

	Millions of yen		Thousands of
	31 March		U.S. dollars
	2005	2006	31 March
2006			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes and accounts payable.....	¥797	¥2,590	\$22,048
Current portion of long-term debt (Notes 7 and 8)	147	147	1,252
Accrued income taxes	65	210	1,788
Accrued bonus.....	195	334	2,843
Stock purchase warrants	11	—	—
Notes payable for property acquisitions	339	532	4,529
Other current liabilities	857	1,168	9,942
Total current liabilities.....	2,411	4,981	42,402
Long-term liabilities:			
Long-term debt (Notes 7 and 8).....	335	188	1,600
Deferred tax liabilities (Note 11)	7	62	528
Accrued retirement benefits (Note 19)	858	300	2,554
Consolidating adjustment account (negative goodwill)	448	579	4,929
Other	78	377	3,209
Total long-term liabilities	1,726	1,506	12,820
Shareholders' equity (Note 12):			
Common stock, no par value;			
Authorized: 26,000,000 shares;			
Issued: 11,050,000 shares in 2005 and 11,072,000 shares in 2006	6,683	6,710	57,121
Capital surplus	9,710	9,747	82,974
Retained earnings	9,577	10,522	89,572
Net unrealized gains on available-for-sale securities.....	16	38	323
Foreign currency translation adjustment	(1,077)	(206)	(1,753)
Treasury stock, at cost - 272,740 shares in 2005 and 115,640 shares in 2006	(581)	(254)	(2,162)
Total shareholders' equity	24,328	26,557	226,075
Commitments and contingent liabilities (Notes 14 and 15)			
Total liabilities and shareholders' equity	¥28,465	¥33,044	\$281,297

Consolidated Statements of Income

MARUWA CO., LTD. and consolidated subsidiaries

For the years ended 31 March 2004, 2005 and 2006

	Millions of yen			Thousands of U.S. dollars
	For the years ended 31 March			For the year ended 31 March
	2004	2005	2006	2006
Net sales (Note 20)	¥12,003	¥15,529	¥20,278	\$172,623
Cost of sales (Notes 17 and 20).....	9,022	11,187	14,494	123,385
Gross profit	2,981	4,342	5,784	49,238
Selling, general and administrative expenses (Notes 16, 17 and 20)..	2,295	2,985	4,091	34,826
Operating income.....	686	1,357	1,693	14,412
Other income (expenses):				
Interest and dividend income	13	22	39	332
Interest expenses	(13)	(10)	(8)	(68)
Foreign exchange gain (loss), net	31	19	(158)	(1,345)
Other, net	(6)	(208)	103	877
Other income (expenses), net	25	(177)	(24)	(204)
Income before income taxes.....	711	1,180	1,669	14,208
Income tax expenses (benefits) (Note 11):				
Current.....	112	170	299	2,545
Deferred	124	(215)	235	2,001
	236	(45)	534	4,546
Net income	¥475	¥1,225	¥1,135	\$9,662
		Yen		U.S. dollars
Per share:				
Net income (Notes 12 and 13):				
Basic	¥42.67	¥112.40	¥103.82	\$0.88
Diluted	¥42.67	¥112.18	¥103.21	\$0.88
Cash dividends	¥14.00	¥15.00	¥21.00	\$0.18

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

Consolidated Statements of Shareholders' Equity

MARUWA CO., LTD. and consolidated subsidiaries

For the years ended 31 March 2004, 2005 and 2006

	Number of shares of common stock (Thousands)	Millions of yen						
		Common stock	Capital surplus	Retained earnings	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustment	Treasury stock	Total shareholders' equity
Balance at 31 March 2003	11,050	¥6,683	¥9,710	¥7,748	(¥7)	(¥444)	(¥202)	¥23,488
Cumulative effect on change of deferred income tax accounting adopted by overseas consolidated subsidiary		—	—	453	—	—	—	453
Net income		—	—	475	—	—	—	475
Cash dividends		—	—	(154)	—	—	—	(154)
Directors' bonus		—	—	(6)	—	—	—	(6)
Change in net unrealized gains (losses) on available-for-sale securities		—	—	—	45	—	—	45
Translation adjustment		—	—	—	—	(771)	—	(771)
Changes in treasury stock		—	—	—	—	—	(101)	(101)
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)
Loss of liquidation of treasury stock		—	—	(0)	—	—	—	(0)
Change in net unrealized gains on available-for-sale securities		—	—	—	(22)	—	—	(22)
Translation adjustment		—	—	—	—	138	—	138
Changes in treasury stock		—	—	—	—	—	(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)
Loss of liquidation of treasury stock		—	—	(0)	—	—	—	(0)
Change in net unrealized gains on available-for-sale securities		—	—	—	22	—	—	22
Translation adjustment		—	—	—	—	871	—	871
Issuance of common stock due to exercise of stock purchase warrants	22	27	37	—	—	—	—	64
Changes in treasury stock		—	—	—	—	—	327	327
Balance at 31 March 2006	11,072	¥6,710	¥9,747	¥10,522	¥38	(¥206)	(¥254)	¥26,557

	Thousands of U.S. dollars						
	Common stock	Capital surplus	Retained earnings	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustment	Treasury stock	Total shareholders' equity
Balance at 31 March 2005	\$56,891	\$82,659	\$81,527	\$136	(\$9,167)	(\$4,946)	\$207,100
Net income	—	—	9,662	—	—	—	9,662
Cash dividends	—	—	(1,532)	—	—	—	(1,532)
Directors' bonus	—	—	(85)	—	—	—	(85)
Loss of liquidation of treasury stock	—	—	(0)	—	—	—	(0)
Change in net unrealized gains on available-for-sale securities	—	—	—	187	—	—	187
Translation adjustment	—	—	—	—	7,414	—	7,414
Issuance of common stock due to exercise of stock purchase warrants	230	315	—	—	—	—	545
Changes in treasury stock	—	—	—	—	—	2,784	2,784
Balance at 31 March 2006	\$57,121	\$82,974	\$89,572	\$323	(\$1,753)	(\$2,162)	\$226,075

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 2004, 2005 and 2006

	Millions of yen			Thousands of U.S. dollars
	For the years ended 31 March			For the year ended 31 March
	2004	2005	2006	2006
Cash flows from operating activities:				
Income before income taxes	¥711	¥1,180	¥1,669	\$14,208
Adjustments for:.....				
Depreciation	1,466	1,481	1,614	13,740
Amortization of consolidating adjustment account (negative goodwill)	(119)	(156)	(214)	(1,822)
(Decrease) increase in allowance for doubtful accounts.....	(20)	1	7	60
Increase in accrued retirement benefits	36	108	(878)	(7,474)
Loss on disposal of property, plant and equipment	51	122	140	1,192
Interest and dividend income.....	(13)	(22)	(39)	(332)
Foreign exchange loss (gain).....	7	(29)	159	1,354
Gain on sales of investment securities.....	—	—	(146)	(1,243)
Write-down of investment securities.....	—	3	—	—
Increase in trade notes and accounts receivable.....	(605)	(331)	(303)	(2,579)
Decrease (increase) in inventories.....	477	1,089	(23)	(196)
Increase (decrease) in trade notes and trade accounts payable	207	(86)	(250)	(2,128)
Other.....	(6)	102	389	3,310
Sub-total	2,192	3,462	2,125	18,090
Interest and dividend income received	12	22	38	323
Interest expenses paid	(2)	(10)	(8)	(68)
Income taxes paid	(100)	(155)	(119)	(1,013)
Net cash provided by operating activities	2,102	3,319	2,036	17,332
Cash flows from investing activities:				
Payments for purchase of property, plant and equipment	(733)	(1,236)	(1,452)	(12,361)
Proceeds from sales of property, plant and equipment	38	18	78	664
Payments for disposal of property, plant and equipment	—	—	(47)	(400)
Payments for purchase of investment securities.....	(41)	(59)	(309)	(2,630)
Proceeds from sales of investment securities	133	1	163	1,388
Purchase of new subsidiary's shares	—	—	(23)	(196)
Acquisition of new consolidated subsidiaries (Note 4)	—	(774)	358	3,048
Collection of loans receivable	1	—	—	—
Increase in intangible fixed assets.....	(109)	(6)	(29)	(247)
Other	3	(6)	27	229
Net cash used in investing activities	(708)	(2,062)	(1,234)	(10,505)
Cash flows from financing activities:				
Payments of long-term debt	(152)	(147)	(147)	(1,251)
Cash dividends paid	(154)	(157)	(180)	(1,533)
Proceeds from issuance of common stock	—	—	52	443
Payments for purchase of treasury stock.....	(101)	(280)	(23)	(196)
Proceeds from sales of treasury stock	—	1	349	2,971
Net cash (used in) provided by financing activities	(407)	(583)	51	434
Effect of exchange rate changes on cash and cash equivalents	(76)	59	111	946
Net increase in cash and cash equivalents.....	911	733	964	8,207
Cash and cash equivalents at beginning of year.....	5,291	6,202	6,935	59,036
Cash and cash equivalents at end of year (Note 4).....	¥6,202	¥6,935	¥7,899	\$67,243

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 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 ¥117.47 to \$1, the rate of exchange prevailing on 31 March 2006. 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 2004 and six subsidiaries in 2005 and 2006, respectively). Consolidating 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 1 April 2005, NEC TOKIN Electronics (Taiwan) Co., Ltd. was renamed to MARUWA Electronics (Taiwan) Co., Ltd. On 1 April 2005, the Company acquired all the common stock of Kimmon Electric Co., Ltd., which was renamed to MARUWA SHOMEI Co., Ltd. Accordingly MARUWA SHOMEI Co., Ltd. has been included in the Company's consolidated results of operations and financial position for the year beginning 1 April 2005. On 1 January 2006, MARUWA QUARTZ Co., Ltd. merged with certain consolidated subsidiary, MARUWA TFG Co., Ltd. As the merged subsidiary had liquidated on 31 December 2005, the consolidated statements of income for the year ended 31 March 2006 included its 9-month operations from 1 April 2005 to 31 December 2005. All significant intercompany accounts and transactions have been eliminated. The unconsolidated subsidiaries are excluded from consolidation and the adoption of the equity method, and 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 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. Unrealized holding gains and losses, net of applicable income taxes, are included as a component of shareholders' equity until realized. 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 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 based on the estimated amounts which MARUWA is obliged to pay to its employees in relation to services provided until the fiscal year-end.

Retirement benefits for employees

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 from the respective year following the fiscal year in which they arise.

(Additional information)

The Company and a domestic subsidiary (MARUWA QUARTZ Co., Ltd.) applied the "Practical Guidance on Accounting for the Transfer between Retirement Benefits Plans" issued by the Accounting Standards Board of Japan and recognized an extinguishment of the retirement benefit obligation and recorded a gain for the settlement of the plan of ¥72 million (\$613 thousand) as other income in the accompanying consolidated statements of operations for the year ended 31 March 2006.

Income taxes

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

Deferred income taxes are accounted for 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 respective 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.

Appropriation of retained earnings

Cash dividends and bonuses to directors and corporate auditors are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or Shareholders. Bonuses paid to directors and corporate auditors are recorded as a part of the appropriation of retained earnings, instead of being charged to income, as permitted by the accounting principles and practices generally accepted in Japan.

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 - 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 years 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.

4. Supplemental cash flow information:

Cash and cash equivalents in the consolidated statements of cash flows are comprised of cash and deposits recorded in the consolidated balance sheets.

The acquisitions of new consolidated subsidiaries were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2005		2006	2006
	MARUWA QUARTZ	NEC TOKIN Electronics (Taiwan)	MARUWA SHOMEI	MARUWA SHOMEI
Current assets	¥1,080	¥323	¥2,440	\$20,771
Non current assets	725	172	429	3,652
Current liabilities	(413)	(50)	(2,196)	(18,694)
Non current liabilities	(576)	—	(319)	(2,716)
Consolidating adjustment account	(183)	55	(345)	(2,937)
Total acquisition cost	633	500	9	76
Less, cash and cash equivalents	(137)	(222)	(367)	(3,124)
Cash outflow (inflow), net	¥496	¥278	(¥358)	(\$3,048)

5. Investment securities:

Aggregate cost and market value (carrying value) of investment securities, which have market values at 31 March 2005 and 2006, were as follows:

	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
	Millions of yen		
	2006		
	Cost	Market value (Carrying amount)	Unrealized 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

	Thousands of U.S. dollars		
	2006		
	Cost	Market value (Carrying amount)	Unrealized gain (loss)
Securities with the carrying amount exceeding acquisition cost			
Equity securities	\$2,290	\$2,877	\$587
Sub-total	2,290	2,877	587
Securities with the carrying amount not exceeding the cost			
Equity securities	851	800	(51)
Sub-total	851	800	(51)
Total.....	\$3,141	\$3,677	\$536

During the years ended 31 March 2005 and 2006, MARUWA sold investment securities. Proceeds from sales of investment securities were ¥1 million and ¥437 million (\$3,720 thousand) for the years ended 31 March 2005 and

2006, respectively. As a result of those sales, the Company recorded realized gains of ¥0 million and ¥146 million (\$1,243 thousand) for the years ended 31 March 2005 and 2006, respectively.

6. Inventories:

Inventories at 31 March 2005 and 2006 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Finished products	¥1,076	¥1,024	\$8,717
Work in process	888	1,045	8,896
Raw materials.....	406	623	5,303
Supplies	184	177	1,507
Total	¥2,554	¥2,869	\$24,423

7. Bank loans and long-term debt:

Borrowings at 31 March 2005 and 2006 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Partly secured loans principally from banks, due through 2036 with a weighted average interest rate of 1.6% per annum at 31 March 2006.....	¥482	¥335	\$2,852
Less-Current portion due within one year.....	(147)	(147)	(1,252)
Total	¥335	¥188	\$1,600

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
2007	¥147	\$1,252
2008	53	451
2009	5	43
2010	5	43
2011	5	43
2012 and thereafter	120	1,020
Total	¥335	\$2,852

8. Assets pledged as collateral:

Assets pledged as collateral at 31 March 2005 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Land	¥130	¥130	\$1,107
Buildings and structures	201	190	1,617
Total	¥331	¥320	\$2,724

Related liabilities secured by the pledged asset at 31 March 2005 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Current portion of long-term debt	¥5	¥5	\$43
Long-term debt	144	139	1,183
Total	¥149	¥144	\$1,226

9. Investments in unconsolidated subsidiaries:

Investment securities and other assets included investments in unconsolidated subsidiaries at 31 March 2005 and 2006 as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Investment securities	¥325	¥351	\$2,988
Other	31	31	264

10. Related party transactions:

For the years ended 31 March 2004 and 2005, there were no 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 (\$996

thousand) and ¥26 million (\$221 thousand), 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.

11. Income taxes:

Significant components of the deferred tax assets and liabilities at 31 March 2005 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Deferred tax assets:			
Accrued retirement benefits	¥111	¥138	\$1,175
Accrued bonus	66	124	1,056
Operating loss carry forwards for tax purposes.....	321	145	1,234
Investment securities.....	15	—	—
Write-down of inventories	116	86	732
Depreciation	47	—	—
Write-down of land	24	39	332
Accrued enterprise taxes	21	30	255
Unrealized foreign exchange	—	64	545
Other.....	60	68	579
Total gross deferred tax assets	781	694	5,908
Less, valuation allowance.....	(169)	(220)	(1,873)
Total deferred tax assets	612	474	4,035
Deferred tax liabilities:			
Depreciation	—	(109)	(928)
Special depreciation reserve	—	(23)	(196)
Gain on securities contributed to trust for employee retirement benefits.....	(29)	—	—
Net unrealized gains on available-for-sale securities	(11)	(26)	(221)
Other.....	(7)	—	—
Total deferred tax liabilities	(47)	(158)	(1,345)
Net deferred tax assets.....	¥565	¥316	\$2,690

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

	2005	2006
Statutory rate of income taxes.....	40.41%	40.41%
Addition (reduction) in taxes resulting from:		
Local minimum taxes per capita levy	1.79	1.56
Change in valuation allowance.....	(29.62)	3.09
Differences between Japanese and foreign tax rates	(7.15)	(3.18)
Tax credit for research and development expenses	—	(1.56)
Amortization of consolidating adjustment account (negative goodwill)	(5.33)	(5.17)
Special depreciation reserve	—	(1.38)
Other.....	(3.91)	(1.76)
Effective rate of income taxes	(3.81%)	32.01%

12. Shareholders' equity:

At 31 March 2005 and 2006, 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 balance sheets included such legal reserve of ¥1,671 million (\$14,225 thousand) as at 31 March 2005 and 2006, respectively.

The following appropriations of retained earnings at 31 March 2006 were approved at the general meeting of shareholders held on 27 June 2006. These appropriations were not recorded in the consolidated financial statements for the year ended 31 March 2006.

	Millions of yen	Thousands of U.S. dollars
Appropriation for:		
Cash dividends ¥12.0 (\$0.10) per common share.....	¥131	\$1,115
Directors' bonus	¥5	\$43
Special depreciation reserve	¥34	\$289

13. Net income per share:

Calculations of net income per share for the years ended 31 March 2004, 2005 and 2006 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2004	2005	2006	2006
Net income attributable to common shares.....	¥469	¥1,215	¥1,130	\$9,619
Weighted average number of common shares outstanding:				
-Basic.....	10,985,513	10,814,036	10,880,952	
-Diluted	10,985,513	10,834,479	10,944,731	
		Yen		U.S. dollars
	2004	2005	2006	2006
Net income per share:				
-Basic.....	¥42.67	¥112.40	¥103.82	\$0.88
-Diluted	¥42.67	¥112.18	¥103.21	\$0.88

14. Contingent liabilities:

MARUWA had contingent liabilities for trade notes discounted with the bank amounting to ¥3 million and ¥5 million (\$43 thousand) at 31 March 2005 and 2006, respectively.

15. Leased assets:

Periodic lease payments under finance lease contracts totaled ¥18 million and ¥26 million (\$221 thousand) for the years ended 31 March 2005 and 2006, respectively. The

relating lease expenses were charged to income. Committed future lease payments, including imputed interest portion, at 31 March 2005 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Within one year	¥11	¥18	\$153
Later years	12	14	119
Total.....	¥23	¥32	\$272

An analysis of amounts, as if they had been capitalized, related to leased assets under finance lease contracts, which were not capitalized at 31 March 2005 and 2006 were as follows:

	Millions of yen				Thousands of U.S. dollars		
	2005	2006		Total	2006		Total
	Machinery and equipment	Machinery and equipment	Other		Machinery and equipment	Other	
Acquisition cost	¥97	¥97	¥60	¥157	\$826	\$511	\$1,337
Accumulated depreciation	(74)	(84)	(41)	(125)	(715)	(350)	(1,065)
Net amount	¥23	¥13	¥19	¥32	\$111	\$161	\$272

Depreciation and interest expenses related to these leased assets, if they had been capitalized, for the years ended 31 March 2005 and 2006 were estimated ¥18 million and ¥26

million (\$221 thousand), respectively. Depreciation is computed using a straight-line method over the term of the underlying lease contracts.

16. Selling, general and administrative expenses:

Selling, general and administrative expenses for the years ended 31 March 2004, 2005 and 2006 were comprised of the following:

	Millions of yen			Thousands of U.S. dollars
	2004	2005	2006	2006
Directors' remuneration	¥89	¥79	¥70	\$596
Salaries and bonuses	531	697	1,106	9,415
Provision for bonus	52	73	120	1,022
Retirement benefit expenses	25	34	47	400
Distribution costs	—	338	—	—
Depreciation.....	192	177	200	1,703
Research and development costs	468	554	685	5,831
Other	938	1,033	1,863	15,859
Total.....	¥2,295	¥2,985	¥4,091	\$34,826

17. Research and development costs:

Research and development costs charged to costs of sales and selling, general and administrative expenses were ¥468 million, ¥554 million and ¥711 million (\$6,053 thousand) for the years ended 31 March 2004, 2005 and 2006, respectively.

18. 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 authorization and credit limit amount. At 31 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 31 March 2004. At 31 March 2005 and 2006 MARUWA had no outstanding derivative instrument contracts.

19. Retirement benefits for employees:

The Company and a domestic subsidiary (MARUWA QUARTZ Co., Ltd.) maintain a defined contribution pension plan. In addition, a domestic subsidiary (MARUWA SHOMEI 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 2005, the Company and a domestic subsidiary (MARUWA QUARTZ 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. The lump-sum indemnities plan was adopted by a domestic subsidiary (MARUWA SHOMEI Co., Ltd.) in 2005. The tax qualified pension plan was adopted by a domestic subsidiary (MARUWA SHOMEI Co., Ltd.) in 1973.

(1) Components of accrued pension and severance costs as of 31 March 2005 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Benefit obligations	¥1,254	¥351	\$2,988
Plan assets	(236)	(41)	(349)
Benefit obligations in excess of plan assets	1,018	310	2,639
Unrecognized actuarial losses	(160)	(10)	(85)
Accrued retirement benefits	¥858	¥300	\$2,554

(2) Components of retirement benefit expenses for the years ended 31 March 2004, 2005 and 2006 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2004	2005	2006	2006
Service cost	¥41	¥71	¥88	\$749
Interest cost	6	21	14	119
Expected return on plan assets	(1)	(3)	(1)	(9)
Amortization of actuarial losses	10	4	8	68
Lump-sum provision for the change from the simplified calculation method to the actuarial appraisal method.....	20	—	—	—
Total retirement benefit expenses	¥76	¥93	¥109	\$927

(3) Assumptions used for calculation of retirement benefits for the years ended 31 March 2004, 2005 and 2006 were as follows:

	2004	2005	2006
Discount rate.....	2.5%	2.0%	2.2%
Expected return on plan assets	2.0%	2.0%	2.2%
Method of attributing 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	11 years

20. Segment information:

(1) Business segments

Business segment data for the years ended 31 March 2004 and 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 year ended 31 March 2006 was as follows:

	Millions of yen			
	2006			
	Ceramic Components	Lighting Equipment	Eliminations or corporate	Consolidated
Sales:				
To 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
	Thousands of U.S. dollars			
	2006			
	Ceramic Components	Lighting Equipment	Eliminations or corporate	Consolidated
Sales:				
To customers.....	\$141,551	\$31,072	\$ —	\$172,623
Inter-segment	—	—	—	—
Total net sales.....	141,551	31,072	—	172,623
Operating expenses	122,533	31,302	4,376	158,211
Operating income (loss)	\$19,018	(\$230)	(\$4,376)	\$14,412
Identifiable assets	\$271,227	\$23,529	(\$13,459)	\$281,297
Depreciation	\$13,552	\$188	\$ —	\$13,740
Capital expenditure	\$14,608	\$179	\$ —	\$14,787

(2) Geographical segments

	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
	Millions of yen				
	2006				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To 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
	Thousands of U.S. dollars				
	2006				
	Japan	Asia	Europe and America	Eliminations or corporate	Consolidated
Sales:					
To customers.....	\$137,661	\$30,033	\$4,929	\$ —	\$172,623
Inter-segment	7,066	11,484	17	(18,567)	—
Total net sales.....	144,727	41,517	4,946	(18,567)	172,623
Operating expenses	130,715	35,805	5,252	(13,561)	158,211
Operating income (loss)	\$14,012	\$5,712	(\$306)	(\$5,006)	\$14,412
Identifiable assets	\$218,013	\$73,483	\$7,108	(\$17,307)	\$281,297

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

Asia: Malaysia and Taiwan

Europe and America: the United Kingdom

Operating expenses of ¥449 million, ¥603 million and ¥571 million (\$4,861 thousand) included in “Eliminations or corporate” for the years ended 31 March 2004, 2005 and 2006, 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 ¥4,800 million, ¥4,309 million and ¥3,751 million (\$31,932 thousand) at 31 March 2004, 2005 and 2006, 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 31 March 2004, 2005 and 2006 were as follows:

	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%
	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%
	Thousands of U.S. dollars			
	2006			
	Asia	Europe	Other	Total
Overseas sales	\$54,278	\$3,192	\$4,214	\$61,684
Total consolidated sales				\$172,623

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

ChuoAoyama PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS 

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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 2005 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended 31st March 2006, 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 2005 and 2006 and the consolidated results of their operations and their cash flows for each of the three years in the period ended 31st March 2006 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
27th June 2006

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, Odaira, Kumagami, Miharumachi, Tamura-gun, Fukushima 963-7704, Japan

Hokushinetsu Sales Office

1-4, Fukuda, 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

2-8-26, Arakawa, Higashiosaka-shi, Osaka 577-0843, Japan

Kyushukita Sales Office

3-13-10, Higashiie, Hakata-ku, Fukuoka-shi, Fukuoka 812-0013, 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

Seto Plant

92-1, Yamanota-cho, Seto-shi, Aichi 489-0975, Japan
 ★Seto Plant was renamed from Yamanota Plant in April 2006.

Kasugayama Plant

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

Naoetsu Plant

1-4, Fukuda, Joetsu-shi, Niigata 942-0032, Japan

Domestic Subsidiaries

MARUWA QUARTZ Co., Ltd.

3-83, Minamihonjigahara-cho, Owariasahi-shi, Aichi 488-0044, 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

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 1010B, No.83 Loushanguan Rd. Shanghai 200336, China

Maruwa Europe Ltd.

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

Maruwa America Corporation

360 N. Sepulveda Blvd Suite 2060 El Segundo, CA 90245 U.S.A.

MARUWA Electronic (Taiwan) Co., Ltd.

No.1-2 Kai-Fa Road, Nan-Tze Export Processing Zone, Kaohsiung, Taiwan

MARUWA Electronic (India) Pvt. Ltd.

GDR Towers, No.69, Jawaharlal Nehru Salai, Ekkaduthangal, Chennai, 600097 India

Maruwa Electronics (Beijing) Co., Ltd.

No.1117, Block C, Jiahao International Center, No.116, Zizhuyuan Road, Haidian District, Beijing 100097 China



Corporate Data (As of 27 June 2006)

Head Office

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

Established

5 April 1973

Paid-in Capital

¥6,709,850,000

Management (As of 27 June 2006)

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 31 March 2006)

Common Stock

Authorized	26,000,000 shares
Issued	11,072,000 shares
Number of shareholders	3,799
Stock exchange listings	Tokyo, Nagoya, London, Singapore

Principal Shareholders

	Shares	Percentage*
K Maruwa Co., Ltd	3,302,120	29.82
Japan Trustee Services Bank, Ltd. (Trust Account)	1,047,500	9.46
Lombard Odier Darier Hentsch & Cie	471,100	4.25
Dexia BIL Pool Julius Baer Multipartner Multistock	375,700	3.39
Goldman Sachs International	335,000	3.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	326,900	2.95
Sei Kanbe	287,070	2.59

*Percentage of total number of shares in issue

Transfer Agent

The Chuo Mitsui Trust and Banking Company, Limited

