

8th August 2003

MARUWA CO., LTD.

3-83, Minamihonjigahara-cho, Owariasahi-city, Aichi-pref., 488-0044 JAPAN

**FOR IMMEDIATE RELEASE**

Nagoya- MARUWA CO., LTD. today announced its consolidated business results for the first quarter of fiscal 2004, the three-month period ended 30th June 2003 as follows; -

Note: statements of income are unaudited.

**1. Consolidated statements of income**

	JPY million				Change	Change %
	Current 1st Qt		Previous 1st Qt			
	from 1st April 2003 to 30th June 2003		from 1st April 2002 to 30th June 2002			
	% of sales	% of sales				
Net sales	<b>2,852</b>		2,797		55	2.0%
Cost of sales	<b>2,232</b>	78.3%	<u>2,227</u>	79.6%	5	0.2%
Gross profit	<b>620</b>	21.7%	<u>570</u>	20.4%	50	8.8%
Selling, general & administrative expenses	<b>577</b>	20.2%	468	16.7%	109	23.3%
Operating income	<b>43</b>	1.5%	<u>102</u>	3.6%	(59)	-57.8%
Other income	<b>51</b>	1.8%	<u>49</u>	1.8%	2	4.1%
Income before income taxes	<b>94</b>	3.3%	<u>151</u>	5.4%	(57)	-37.8%
Income tax expenses	<b>40</b>	1.4%	<u>59</u>	2.1%	(19)	-32.2%
Net income	<b>54</b>	1.9%	<u>92</u>	3.3%	(38)	-41.4%

## 2. Sales breakdown

JPY million				
	<b>Current 1st Qt</b>	Previous 1st Qt	Change	Change
	<b>from 1st April 2003</b>	from 1st April 2002		%
	<b>to 30th June 2003</b>	to 30th June 2002		
Circuit Ceramics	<b>1,239</b>	1,194	45	4%
Machinery Ceramics	<b>637</b>	326	311	95%
Radio Frequency Products	<b>253</b>	421	(168)	-40%
EMC Components	<b>723</b>	856	(133)	-16%
Total	<b>2,852</b>	2,797	55	2%

## 3. Quarterly sales trend

JPY million						
For year ended 31st March						
	2003				2004	% of
	1st Qt	2nd Qt	3rd Qt	4th Qt	1st Qt	total sales
Circuit Ceramics	1,194	1,157	1,137	1,194	<b>1,239</b>	43%
Machinery Ceramics	326	407	288	264	<b>637</b>	22%
Radio Frequency Products	421	334	262	251	<b>253</b>	9%
EMC Components	856	735	758	753	<b>723</b>	25%
Total	2,797	2,633	2,445	2,462	<b>2,852</b>	100%

## Review of operations

### Circuit Ceramics

Total sales in Circuit Ceramics increased 45 million yen compared to the previous quarter. Sales of ceramic substrates for resistors, which is one of our core products, have moved favorably in Asian markets since the fourth quarter of the previous year with increasing demand for miniaturized chip resistors. In addition, sales of glazed substrates for thermal printer heads grew in the domestic market.

### Machinery Ceramics

Total sales in Machinery Ceramics increased 311 million yen, as sales of quartz glass products newly contributed to the revenue for this product division.

### Radio Frequency Products

For dielectric ceramics, sales recovery has been dull after bottoming out in the fourth quarter of the previous fiscal year due to protracted inventory adjustments at a mobile phone parts manufacturer, one of our main customers. Sales of device products moved flat due to a fall in market price even though PHS components for the Chinese market showed favorable sales.

### EMC Components

Multi-layer ceramic capacitors showed relatively solid sales in the domestic power supply market, but have been struggling in the Taiwan-centered overseas digital cameras market. Sales of EMI filters are moderately growing especially for components related to base stations.

## 4. Consolidated Balance Sheet

	JPY million		
	As of 30th June	As of 31st March	Change
	2003	2003	
<b>ASSETS</b>			
Current assets			
Cash & deposits	5,464	5,291	173
Notes and accounts receivable, trade	3,279	3,249	30
Inventories	3,734	3,847	(113)
Other current assets	229	310	(81)
Total current assets	<u>12,706</u>	<u>12,697</u>	9
Property, plant & equipment	<u>11,742</u>	<u>11,912</u>	(170)
Investments & other assets	<u>2,271</u>	<u>2,272</u>	(1)
Total assets	<u>26,719</u>	<u>26,881</u>	(162)

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Current liabilities:

Notes & accounts payable, trade	448	489	(41)
Short-term debt	150	152	(2)
Other current liabilities	<u>1,248</u>	<u>1,310</u>	(62)
Total current liabilities	<u>1,846</u>	<u>1,951</u>	(105)

### Long-term liabilities :

Long-term debt	594	630	(36)
Accrued pension & severance costs	145	139	6
Other	<u>644</u>	<u>672</u>	(28)
Total long-term liabilities	<u>1,383</u>	<u>1,441</u>	(58)

### Shareholders' equity:

Common stock, authorized: 26,000,000 shares; issued & outstanding: 11,050,000 shares in 2003	6,683	6,683	0
Additional paid-in capital	9,710	9,710	0
Retained earnings	7,719	7,748	(29)
Net unrealized gains (losses) on other securities	5	(7)	12
Foreign currency translation adjustment	(425)	(443)	18
Treasury stock	<u>(202)</u>	<u>(202)</u>	0
Total shareholders' equity	<u>23,490</u>	<u>23,489</u>	1
Total liabilities & shareholders' equity	<u>26,719</u>	<u>26,881</u>	(162)

END