

MARUWA CO., LTD.

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FOR IMMEDIATE RELEASE

Nagoya- MARUWA CO., LTD. today announced its consolidated business results for the third quarter ended 31st December 2003 as follows; -

1. Notes for the report of consolidated business results for the third quarter

(1) Changes in accounting policies in the current fiscal year: None

(2) Changes in reporting entities: 1 consolidated subsidiary was added compared to the fiscal 2003 ended 31st March 2003. MARUWA TFG Co., Ltd., former TOKYO FINE GLASS Co.,Ltd., a subsidiary which was acquired on 31st March 2003, has contributed to the figures of consolidated statements of income since the fiscal 2003, and of consolidated balance sheets since the fiscal 2004, respectively.

(3) Financial statements were not audited.

2. Consolidated statements of income

JPY million

	For 3Q (1 October to 31 December)				For 9 months (1 April to 31 December)					
	FY 2004	FY 2003	Change %		FY 2004	FY 2003	Change %			
	% to sales	% to sales			% to sales	% to sales				
Net sales	3,057	2,445		25.0%	8,781	7,875			11.5%	
Cost of sales	2,251	1,914	74%	17.6%	6,715	6,079	76%		10.5%	
Gross profit	806	531	26%	51.8%	2,066	1,796	24%		15.0%	
Selling, general & administrative expenses	572	502	19%	13.9%	1,705	1,495	19%		14.0%	
Operating income	234	29	8%	706.9%	361	301	4%		19.9%	
Other income (expenses)	50	(16)	2%	--	146	(61)	2%		--	--
Income before income taxes	284	13	9%	2084.6%	507	240	6%		111.3%	
Income tax expenses	35	(3)	1%	--	143	86	2%		66.3%	
Net income	249	16	8%	1456.3%	364	154	4%		136.4%	

(Q=quarter)

3. Sales breakdown by product division

JPY million

	For 3Q (1 October to 31 December)				For 9 months (1 April to 31 December)			
	FY 2004	FY 2003	Change	Change%	FY 2004	FY 2003	Change	Change%
Circuit Ceramics	1,396	1,137	259	22.8%	3,941	3,488	453	13.0%
Machinery Ceramics	682	288	394	136.8%	1,991	1,021	970	95.0%
Radio Frequency Products	271	262	9	3.4%	733	1,017	(284)	-27.9%
EMC Components	708	758	(50)	-6.6%	2,116	2,349	(233)	-9.9%
Total	3,057	2,445	612	25.0%	8,781	7,875	906	11.5%

(Q=quarter)

4. Quarterly sales trend

	JPY million				
	FY 2003	FY 2004			
	3Q	4Q	1Q	2Q	3Q
Circuit Ceramics	1,137	1,194	1,239	1,306	1,396
Machinery Ceramics	288	264	637	671	682
Radio Frequency Products	262	251	253	209	271
EMC Components	758	753	723	685	708
Total	2,445	2,462	2,852	2,871	3,057

(Q=quarter)

Review of operations

Circuit Ceramics

Sales of Circuit Ceramics were 1,396 million yen, an increase for four consecutive quarters of 22.8% compared to the third quarter of the previous fiscal year. As for ceramic substrates for chip resistors, one of the core products, substrates for small-sized resistors grew due to favorable sales for digital home appliances such as DVD devices and digital cameras, and mobile phones which were in a boom of replacement to further advanced models. Also, higher value-added substrates for resistors surged for use in notebook PCs.

Machinery Ceramics

Sales of Machinery Ceramics increased 136.8% to 682 million yen compared to the previous year.

Quartz glass business, started in April 2003, held solid orders from revitalized semiconductor manufacture equipment markets. Magnetic head supporting blocks regained shares substantially through the rise in orders since the third quarter amid the shakeup of the PC's head parts industries.

Radio Frequency Products

Sales of Radio Frequency Products were 271 million yen, up 3.4% compared to the previous year. This division moved onto a recovery trend in this quarter after it suffered continuing sales downturn until the last quarter.

Device products struggled in mobile phones markets in the second quarter but contributed to a sales increase thanks to marketing efforts in markets of wireless applications for general use.

Sales of dielectric ceramics were slumping amid a production adjustment period at fluctuating mobile phones parts manufacturers. Orders to thin-film products for optical communications devices have increased since this quarter.

EMC Components

Sales of EMC Components increased in comparison with the previous quarter that proved this division entered in a recovery trend after hitting the bottom in August although sales resulted in 708 million yen, down 6.6% from the previous term.

Multilayer ceramic chip capacitors had relatively favorable sales in Japan for power supply and semiconductor manufacture equipment while facing a tough competition especially for price in overseas PC parts markets primarily in Taiwan. Sales of EMI filters moved flat throughout the current year.

5. Consolidated balance sheets

	JPY million			JPY million	
	FY 2003	FY 2004		Change in	Change in
	As of 31 Mar. 2003	As of 30 Sept. 2003	As of 31 Dec. 2003	9 months	3 months
ASSETS					
Current assets:					
Cash & deposits	5,291	5,782	5,871	580	89
Notes and accounts receivable, trade	3,249	3,261	3,714	465	453
Inventories	3,847	3,536	3,431	(416)	(105)
Other current assets	310	364	320	10	(44)
Total current assets	<u>12,697</u>	<u>12,943</u>	<u>13,336</u>	639	393
Property, plant & equipment	<u>11,912</u>	<u>11,259</u>	<u>10,919</u>	(993)	(340)
Investments & other assets	<u>2,272</u>	<u>2,548</u>	<u>2,511</u>	239	(37)
Total assets	<u>26,881</u>	<u>26,750</u>	<u>26,766</u>	(115)	16
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Notes & accounts payable, trade	489	482	616	127	134
Short-term debt	--	--	--	--	--
Other current liabilities	<u>1,462</u>	<u>1,439</u>	<u>1,440</u>	(22)	1
Total current liabilities	<u>1,951</u>	<u>1,921</u>	<u>2,056</u>	105	135
Long-term liabilities:					
Long-term debt	630	556	520	(110)	(36)
Accrued pension & severance costs	139	143	150	11	7
Other	<u>672</u>	<u>610</u>	<u>575</u>	(97)	(35)
Total long-term liabilities	<u>1,441</u>	<u>1,309</u>	<u>1,245</u>	(196)	(64)
Shareholders' equity:					
Common stock, authorized: 26,000,000 shares; issued & outstanding: 11,050,000 shares in 2003	6,683	6,683	6,683	0	0
Additional paid-in capital	9,710	9,710	9,710	0	0
Retained earnings	7,748	8,232	8,404	656	172
Net unrealized gains (losses) on other securities	(7)	28	17	24	(11)
Foreign currency translation adjustment	(443)	(931)	(1,147)	(704)	(216)
Treasury stock	<u>(202)</u>	<u>(202)</u>	<u>(202)</u>	0	0
Total shareholders' equity	<u>23,489</u>	<u>23,520</u>	<u>23,465</u>	(24)	(55)
Total liabilities & shareholders' equity	<u>26,881</u>	<u>26,750</u>	<u>26,766</u>	(115)	16
Shareholders' equity ratio	87.4%	87.9%	87.7%		
Shareholders' equity per share (yen)	2136.15	2139.55	2134.56		

END.