

MARUWA CO., LTD.

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FOR IMMEDIATE RELEASE

Nagoya- MARUWA CO., LTD. today announced its consolidated business results for the full fiscal year ended 31st March, 2004 as follows;

*The financial statements are prepared in conformity with the accounting principles generally accepted in Japan.

*US dollar amounts are converted for convenience only at the rate of US\$1 = 113.33 yen.

*Consolidated subsidiaries: 5 companies (Maruwa (Malaysia) Sdn. Bhd., Taiwan Maruwa Co., Ltd., Maruwa Europe Ltd., MARUWA KCK Co., Ltd., and MARUWA TFG Co., Ltd.)

Summary of Consolidated Results

(1) Summary of consolidated statement of income

	JPY million	JPY million		USD thousand
	For year ended	For year ended	Change %	For year ended
	31st March 2004	31st March 2003		31st March 2004
Net sales	12,003	10,337	16.1%	105,913
Operating income (loss)	686	307	123.5%	6,051
Income before income taxes	711	233	205.2%	6,273
Net income	475	105	352.4%	4,195
		JPY		USD
Net income per share	42.67	8.99	374.6%	0.40

(2) Summary of consolidated financial condition

	JPY million	JPY million		USD thousand
	As of 31st March	As of 31st March	Change %	As of 31st March
	2004	2003		2004
Total Assets	26,664	26,881	-0.8%	235,277
Shareholders' equity	23,429	23,489	-0.3%	206,736
Shareholders' equity ratio	87.9%	87.4%	0.6%	
		JPY		USD
Shareholders' equity per share	2,144.11	2,136.15	0.4%	18.90

(3) Summary of consolidated statement of cash flows

	JPY million	JPY million		USD thousand
	For year ended	For year ended	Change %	For year ended
	31st March 2004	31st March 2003		31st March 2004
Net cash provided by operating activities	2,102	1,891	11.2%	18,544
Net cash used in investing activities	(708)	(1,046)	--	(6,248)
Net cash used in financing activities	(406)	(1,013)	--	(3,587)
Cash and cash equivalents at end of term	6,202	5,291	17.2%	54,724

Management Policies

(1) Basic management policy

“MARUWA OF CERAMIC MATERIAL TECHNOLOGY” is MARUWA’s corporate vision. We strive to enhance the corporate value by following consistently “quality first” policy, which entails constant technological innovation and to meet the expectations of all the stakeholders including shareholders, customers, and employees.

Under this vision, it is MARUWA’s management policy to survive among severe business competition by reinforcing its core business with “selection and concentration” strategy and boosting shares in global niche markets.

(2) Dividend policy

As for profit allocation, the basic principle of MARUWA’s dividend policy is to share profits stably with shareholders. Dividend ratio will be determined based on the comprehensive assessment of the financial conditions and consolidated operation results. At the same time, as stated in the basic management policy, the company continues aggressive upfront capital investment on R&D activities and M&A in order to catch up technological innovation and market needs.

Also, we consider effective use of retained earnings for agile M&A strategies so that we meet market needs more appropriately and promptly.

(3) The number of shares per unit

MARUWA is currently on a growth phase as an electronic components manufacturer and aims to increase liquidity at the stock market in this stage. Based on this policy, when we changed the company name 5 years ago, we lowered the number of shares per unit to 100 to increase the accessibility of shares for individual investors.

As a result, the number of total shareholders doubled from 2,800 at that time to 5,554 in March 2004, proving that the individual shareholder base was successfully broadened.

(4) Business strategies and management issues

In the midst of the IT era, in which quick adjustment and sustained growth are required to ride on the rapidly changing market, MARUWA, whose core competence is our technologies, acquired and combined base technologies such as ceramic material technology, electronic device technology, and multi-layering technology, and promotes its business in information-communication areas. We also target components for automobiles in near future while keeping our business core in ceramics.

We aim to increase corporate value by bolstering profitability and growth rate and to be a manufacturing-based specialist focusing on quality instead of expanding in size to be a department store.

As for management issues, we are determined to make intensive and collective efforts on management objectives set out as plain as possible, taking advantage of small corporate size that is suitable for company-wide efforts.

In fiscal 2003, MARUWA made efforts to strengthen its internal organization by thorough structural improvement to build up a defensive, flexible company, which is enable to secure profit in the dynamically changing electronic components industry.

In fiscal 2004, MARUWA focused on enhancing external business activities to establish an aggressive style by conducting a sales reinforcement project that improved the integrity among the sales, production and R&D divisions. Also, We enhanced our core technology, material technology, in company-wide to reconstruct the market-focused R&D structure and flexible system of materials production.

In line with these efforts, in fiscal 2005, MARUWA is determined to promote cash flow-based management throughout the production divisions. We have already been engaged to shift its management basis in this regard. Being on a growth stage, we aim not only to make profit but also to earn cash effectively. For this goal, we introduced asset efficiency indicators in each production. Regarding production, the priority challenges are to shorten lead-time and to supply products in a timely manner in order to respond resiliently to the accelerated shifts of market needs to high mix, low volume and quick delivery.

MARUWA is also determined to continue M&A activities as an important strategy for our further growth, especially targeting the development of materials technology and synergetic effects from newly acquired technologies and MARUWA's existing base technologies.

At the same time, one of the big challenges in related to M&A is to introduce and penetrate the "MARUWA Culture" into each subsidiary, which is newly brought to the MARUWA group. Therefore, it is the main issue in fiscal 2005 for MARUWA to cultivate its corporate culture that each company in the group never gives up to establish global No.1 products in each field, and every individual participates and leads management.

(5) Corporate governance

1. Basic policy for corporate governance

MARUWA is enhancing corporate governance, focusing on realizing efficient management that is the priority issue on management. Efficient management includes prompt and resilient approach to the rapidly changing electronic components market. As a public being in the society, we commit ourselves to building up corporate governance structure by improving evaluation and internal control, and pursue sustainable growth toward next stage. Also, we vow to enhance the quality of governance to exercise open and transparent management to the society and stock markets as a global public company.

2. Progress of measures

i. Governance structure

MARUWA's governance structure consists of the organization of directors, the auditing system, and the internal auditing office under the direct control of the president.

- There are 9 directors. They discuss important issues at regular or special meetings of the board of directors, and mutually monitor business operations for which 5 directors are responsible. (These 5 directors are also responsible on a practical level.)

- There are 3 auditors, including 2 outside auditors. They attend every meeting of the board of directors, and audit the directors. Also, cooperating with the internal auditing office under the direct control of the president, they audit and advise for business operations for which above-mentioned 5 directors are responsible.

ii. Interest and personal relationship with outside auditors

No special interest between MARUWA and outside auditors.

3. Measures for enhancement of corporate governance

MARUWA believes that excellent corporate governance would be realized when measures are well implemented not only on directors and auditors but also on all employees. Based on this view, on 1 April every year, all employees in Japan and overseas gather in a hall to hear the speech of the president about management and business policies and instructions for being a MARUWA's employee. At a quarterly management meeting, officers on and above manager class in the whole group attend to hear corporate strategies explained directly by the president to improve the integrity.

Taking advantage of our small corporate size, every each production division was reorganized as a "mini-mini company" to strengthen each production system and to clarify the locus of responsibility. At the same time, we are making an effort to realizing swift communication of the management's decisions to every division and open and transparent management including divisional evaluation system.

Review of Operations and Financial Condition

I. Operating Results

	JPY million							
	Fiscal 2003				Fiscal 2004			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	2,797	2,633	2,445	2,462	2,852	2,871	3057	3,223
Operating income	102	170	29	6	43	84	234	325
Net income	92	47	15	(49)	54	60	249	112

	JPY million			
	Previous	Current		Change
	For year ended 31st March 2003	For year ended 31st March 2004		
	Amount			%
Net sales	10,337	12,003		16.1%
Operating income	307	686		123.5%
Net income	105	475		352.4%

(1) Review of operations

In this term, electronic components market showed strong recovery in Asia as well as a recovery trend at global markets. Especially, digital devices and mobile phones with advanced functions became market drivers in Asia from the second half of this term while computerization of automobile parts has been accelerated in the domestic markets. Markets require prompt supply of suitable components for electronic appliances which are evolving at an accelerating pace to be more multi-functioned, miniaturized and integrated. Due to a boom in semiconductor production, components for semiconductor manufacturing equipment are in good demand. On the other hand, markets are under severer cost pressure to components products with brisk Chinese markets.

MARUWA clarified our business strategy that we achieve profits by expanding global market shares of the core businesses products including Circuit Ceramics and Machinery Ceramics, and continually invest such profits into the growing businesses including Radio Frequency Products and EMC Components or R&D activities on new products.

As a result, consolidated net sales in this fiscal year were 12,003 million yen, an increase of 1,666 million yen (16.1%) compared to the previous year. As for profits, a new subsidiary, MARUWA TFG Co., Ltd. (former TOKYO FINE GLASS Co., Ltd of which all shares were acquired by MARUWA in March 2003 and name was changed in June 2003) turned into black and contributed to generating profits although TFG brought a negative effect in the first quarter due to its transition and restructuring costs. Operating income increased 379 million yen (123.5%) compared to the previous year to 686 million yen due to favorable market condition especially for digital devices from the third quarter in addition to emerging effects of our improvement measures. Net income was 475 million yen, an increase of 370 million yen (352.4%) compared to the first half of the last year.

There is no important item for other income and loss.

Meanwhile, as for dividend at year-end, MARUWA will propose 7.00 yen per share at the 31st annual meeting of shareholders. Therefore, the amount of annual dividend will be 14.00 yen per share together with interim dividend of 7.00 yen per share.

(2) Review of interim operating results by product divisions

Consolidated sales results by product divisions

	JPY million							
	Fiscal 2003				Fiscal 2004			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Circuit Ceramics	1,194	1,157	1,137	1,194	1,239	1,306	1,396	1,492
Machinery Ceramics	326	407	288	264	637	671	682	718
RF Products	421	334	262	251	253	209	271	255
EMC Components	856	735	758	753	723	685	708	758
Total	2,797	2,633	2,445	2,462	2,852	2,871	3,057	3,223

	Previous	Current	JPY million	
	For year ended	For year ended	Change	
	31st March 2003	31st March 2004	Amount	%
Circuit Ceramics	4,682	5,433	751	16.0%
Machinery Ceramics	1,285	2,708	1,423	110.7%
RF Products	1,268	988	-280	-22.1%
EMC Components	3,102	2,874	-228	-7.4%
Total	10,337	12,003	1,666	16.1%

Circuit Ceramics

Circuit Ceramics include ceramic substrates for chip resistors which are essential for a wide range of electronic appliances, glazed ceramic substrates for thermal printer head (TPH) which are used for FAX or bar code label printers, large ceramic substrates for hybrid ICs, and Aluminium Nitride for power modules and automobiles.

Total sales of this division were 5,433 million yen, an increase of 751 million yen (16.0%) compared with the last year. The first and second quarter, the division enjoyed solid demand mainly for 1005-sized general-purposed ceramic substrates for resistors as the shift to high-functioning mobile phones became apparent in the Taiwan market in addition to favorable demand for Playstation 2. Since the third quarter, new electronic appliances such as digital devices including DVDs and flat-screen TVs have been making the markets brisk, offering us increasing orders. Also, high value-added substrates for resistors have been in good demand for notebook PCs.

Machinery Ceramics

Machinery Ceramics include quartz glass products mainly for semiconductor equipment, magnetic head-supporting blocks for personal computers, and ceramic facet valves. The products in this division require high precision process techniques.

Quartz glass products sold well throughout the year with the rise in demand for semiconductor equipment, and continues full-scale production. Ceramics for supporting magnetic heads struggled amid prolonged inventory adjustment by MARUWA's principal customers until the first half of this year. However, following the resumption of orders in the third quarter, we significantly increased market shares amid the reorganization of the suppliers, and hold a favorable level of orders. As a result, total sales for this year were 2,708 million yen, an increase of 1,423 million yen (110.7%) compared with the previous year.

Radio Frequency Products

Radio Frequency Products include electronic devices such as VCO (voltage controlled oscillator) for mobile phones and other wireless communication appliances, dielectric ceramic materials for filters mainly for mobile communication, and thin film substrates for optical information and communications.

Products in this division are required to share high evolution speed of end products and short life cycles. For device products, sales are currently recovered by VCOs for general use including wireless communications although the market of VCOs for mobile phones had contracted since the second quarter due to shift to other components. At the same time, we endeavor to expand sales for LTCC multi-layer ceramic substrates. Sales of thin film substrates are increasing due to boom in DVD devices.

As a result, total sales in this division are 988 million yen, a decrease of 280 million yen (22.1%) compared to the previous year.

EMC Components

EMC Components include EMI filters for circuit-protection against electromagnetic waves, chip varistors as a solution for abnormal voltage such as noise/surge, and multi-layer ceramic capacitors of high-voltage high-capacitance types mainly used for digital cameras and power supply of computers.

MARUWA supplies multi-layer ceramic capacitors for strobe parts of digital cameras that have kept good demands and for power supply parts for PCs. Until the second quarter, MARUWA had a tough time in switching characteristics of components for which multi-functioning and downsizing have been progressing, and struggled in severe cost pressure in the Taiwan market. However, sales turned on a recovery trend after hitting bottom in August. We keep favorable sales of components for power supply parts for domestic markets, acquiring market shares held by our rival who withdrew from the business. Total sales were 2,874 million yen, a decrease of 228 million yen (7.4%) compared to the previous year.

II. Outlook of the Full Fiscal 2005

	JPY million				
	For year ended	For year ended	For year ending	Change	
	31st March 2003	31st March 2004	31st March 2005	Amount	%
Net sales	10,337	12,003	15,700	3,697	30.8%
Net income	105	475	870	395	83.2%

To view economic environment of next fiscal year, the domestic consumer market is coming back along with a recovery trend in the U.S. and the growing economy at the high rate in China. However, uncertainty over the future would remain due to postwar reconstruction in Iraq, concern over the strong yen against the U.S. dollar, and the presidential election in the U.S.

In the electronic components market where MARUWA engages in business, stable orders to ceramic products are expected from the markets related to DVD devices or digital cameras due to a rapid growth of digital appliances and increasing demand for new models of mobile phones with advanced functions. In the semiconductor market, an increase of orders to quartz glass products is expected following a recovery of capital investment. For automobile components, we will enhance the supply especially of newly developed products since we see the computerization of automobiles will be more accelerated. MARUWA will look forward the M&A strategy for further growth, and at the same time, we will enhance the management system including cash flow-based management.

In Radio Frequency Products and EMC Components, new products, which were in deficit due to development expenses, started to achieve orders in the second half of the fiscal year ended March 2004 and are expected to make a profit in the fiscal 2005. For Machinery Ceramics, we forecast that MARUWA QUARTZ CO., LTD., a new consolidated subsidiary from 1 April 2004, former Kimmon Quartz Co.,Ltd. will contribute an increase of sales. MARUWA QUARTZ would be a negative factor for the divisional profits in the first and second quarters because of the transition and reconstruction expenses of about 200 million yen, but is forecasted to turn to the black and to contribute to achieving profits after the third quarter.

To consider all the above, for the full fiscal 2005, we forecast consolidated net sales of 15,700 million yen, up 30.8% compared to the previous fiscal year and net income of 870 million yen, up 83.2%.

*Cautionary statements: the above forecasts are forward-looking statements involving risks and uncertainties. Due to a number of factors, actual results may differ significantly from these estimates.

III. Financial Condition

	JPY million		JPY million	
	As of 31st March	As of 31st March	Change	
	2003	2004	Amount	%
Total assets	26,881	26,664	-217	-0.8%
Total liabilities	3,392	3,235	-157	-4.6%
Total shareholders' equity	23,489	23,429	-60	-0.3%
Shareholders' equity ratio	87.4%	87.9%	0	

	JPY million		JPY million	
	For year ended	For year ended	Change	
	31st March 2003	31st March 2004	Amount	%
Net cash provided by operating activities (+)	1,891	2,102	211	11.2%
Net cash used in investing activities (-)	1,046	708	-338	-32.3%
Net cash used in financing activities (-)	1,013	406	-607	-59.9%
Cash and cash equivalents at end of term	5,291	6,202	911	17.2%
Net sales	10,337	12,003	1,666	16.1%
Capital investment	1,051	742	-309	-29.4%
Depreciation	1,460	1,466	6	0.4%

Total assets at the end of the fiscal year were 26,644 million yen, down 217 million yen compared to the previous year. Cash and deposits increased 911 million yen while inventories decreased 567 million yen, and net property, plant and equipment declined 1,203 million yen because of capital expenditure only in selected areas.

Considering our business size, MARUWA holds a relatively large amount of internal reserve and consequently high shareholders' ratio. This is because we aim to pursue proactively and timely M&A as one of the important growth strategies.

Net cash provided from operating activities rose 211 million yen to 2,102 million yen from the previous year. Income before income taxes was 711 million yen, an increase of 478 million yen compared to the previous year. Thanks to 477 million yen provided by the contraction of inventories, cash increased 523 million yen compared to the previous term. Depreciation cost increased 6 million yen to 1,466 million yen compared to the last year. Since notes & accounts

receivable increased due to MARUWA QUARTZ CO., LTD., a new consolidated subsidiary, cash decreased 295 million yen compared to the previous year. Taxes paid were 100 million yen while taxes were refunded and cash increased 119 million yen for the previous fiscal year.

Net cash used in investing activities totaled 708 million yen; cash increased 338 million yen compared to 1,046 million yen including 136 million yen for acquiring the stocks of a new subsidiary in the last year. Cash used for property, plant and equipment decreased 50 million yen to 733 million yen compared to the previous year, especially for the renewal of equipment and metal molds both in overseas and domestic production. Also, 133 million yen was gained from the sales of investment securities.

Net cash used in financing activities amounted to 406 million yen, up 606 million yen compared to 1,013 million yen including 858 million yen used for the payment of the long-term debts in the previous year. For financing activities, cash mainly used for the repurchase of shares of 100 million yen, the payment of the long-term debts of 152 million yen, and the dividends paid of 154 million yen.

As a result, cash and cash equivalents at the end of the fiscal 2004 increased 911 million yen to 6,202 million yen compared to the previous year.

Consolidated Balance Sheet

	JPY million	JPY million		USD thousand
	As of 31st March	As of 31st March		As of 31st March
ASSETS	2004	2003	Change %	2004
Current assets:				
Cash & deposits	6,202	5,291	17.2%	54,724
Notes and accounts receivable, trade	3,740	3,249	15.1%	33,002
Inventories	3,280	3,847	-14.7%	28,946
Deferred income taxes	81	43	88.4%	713
Other current assets	252	268	-6.0%	2,224
Allowance for doubtful accounts	(1)	(2)	--	(8)
Total current assets	13,554	12,696	6.8%	119,601
Fixed assets:				
(Property, plant & equipment)				
Land	2,548	2,541	0.3%	22,486
Building & structures	3,449	3,789	-9.0%	30,432
Machinery & equipments	4,006	4,891	-18.1%	35,345
Construction in progress	152	128	18.8%	1,344
Other	555	564	-1.6%	4,898
Net property, plant & equipment	10,710	11,913	-10.1%	94,505
(Investment & other assets)				
Investment securities	662	661	0.2%	5,838
Deferred income taxes	245	26	842.3%	2,158
Property & equipment for investments	996	1,016	-2.0%	8,786
Other	502	593	-15.3%	4,435
Allowance for doubtful accounts	(5)	(24)	--	(46)
Total investments & other assets	2,400	2,272	5.6%	21,171
Total fixed assets	13,110	14,185	-7.6%	115,676
Total assets	26,664	26,881	-0.8%	235,277

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Notes & accounts payable, trade	670	489	37.0%	5,916
Current portion of long-term debt	148	152	-2.6%	1,301
Accrued income taxes	88	54	63.0%	773
Accrued bonus	137	136	0.7%	
Stock purchase warrants	11	11	0.0%	95
Equipment notes payable	328	341	-3.8%	2,893
Other current liabilities	648	768	-15.6%	5,721
Total current liabilities	2,030	1,951	4.0%	17,909

Long-term liabilities:

Long-term debt	482	630	-23.5%	4,257
Accrued pension & severance costs	176	139	26.6%	1,552
Deferred tax liabilities	0	--	--	3
Consolidation goodwill	477	596	-20.0%	4,207
Other	70	76	-7.9%	613
Total long-term liabilities	1,205	1,441	-16.4%	10,632
Total liabilities	3,235	3,392	-4.6%	28,541

Shareholders' equity:

Common stock, authorized: 26,000,000 shares; issued & outstanding: 11,050,000 shares	6,683	6,683	0.0%	58,973
Additional paid-in capital	9,710	9,710	0.0%	85,682
Retained earnings	8,516	7,748	9.9%	75,141
Net unrealized gain (loss) on other securities	38	(7)	--	332
Foreign currency translation adjustment	(1,216)	(443)	--	(10,723)
Treasury stock, at cost	(302)	(202)	--	(2,669)
Total shareholders' equity	23,429	23,489	-0.3%	206,736
Total liabilities & shareholders' equity	26,664	26,881	-0.8%	235,277

Consolidated Statements of Income

	JPY million	JPY million		USD thousand
	For year ended	For year ended	Change %	For year ended
	31st March 2004	31st March 2003		31st March 2004
Net sales	12,003	10,337	16.1%	105,913
Cost of sales	9,022	7,999	12.8%	79,608
Gross profit	2,981	2,338	27.5%	26,305
Selling, general & administrative expenses	2,295	2,031	13.0%	20,254
Operating income	686	307	123.5%	6,051
Other income (expenses):				
Interest & dividend income	12	6	100.0%	102
Interest expenses	(13)	(15)	--	(112)
Foreign exchange gain (loss), net	30	(56)	--	269
Other, net	(4)	(9)	--	(37)
Other income, net	25	(74)	--	222
Income before income taxes	711	233	205.2%	6,273
Income taxes:				(112)
Current	112	48	133.3%	986
Deferred	124	80	55.0%	1,092
	236	128	84.4%	2,078
Net income	475	105	352.4%	4,195

Consolidated Statement of Cash Flows

	JPY million	JPY million		USD thousand
	For year ended	For year ended	Change %	For year ended
	31st March 2004	31st March 2003		31st March 2004
Operating activities:				
Income before income taxes	711	233	205.2%	6,273
Adjustments for:				
Depreciation	1,466	1,460	0.4%	12,937
Amortization of consolidation goodwill	(119)	--	--	(1,052)
Increase (decrease) in allowance for doubtful accounts	(20)	(13)	--	(180)
Decrease in accrued pension & severance costs	36	28	28.6%	322
Loss on disposal of property, plant & equipment	51	82	-37.8%	446
Interest & dividends income	(13)	(7)	--	(119)
Foreign exchange (gain) loss	7	43	-83.7%	58
Write-down of investment securities	--	9	--	--
(Increase) decrease in notes & accounts receivable	(605)	(310)	--	(5,334)
(Increase) decrease in inventories	477	(46)	--	4,211
Increase (decrease) in accounts payable	207	(66)	--	1,827
Other	(6)	367	--	(52)
Sub total	2,192	1,780	23.1%	19,337
Interest & dividend income received	12	7	71.4%	109
Interest expenses paid	(2)	(15)	--	(19)
Income taxes paid	(100)	119	--	(883)
Net cash provided by operating activities	2,102	1,891	11.2%	18,544
Investment activities:				
Payments for purchase of property, plant & equipment	(733)	(783)	--	(6,469)

Proceeds from sales of property, plant & equipment	39	88	-55.7%	341
Payments for purchase of investment securities	(41)	(267)	--	(362)
Proceeds from sales of investment securities	133	--	--	1,175
Payments for purchase of stocks of subsidiaries	--	(55)	--	0
Collection from loan receivables	1	--	--	7
Increase in intangible fixed assets	(109)	(33)	--	(965)
Other	2	4	-50.0%	25
Net cash used in investing activities	(708)	(1,046)	--	(6,248)
Financing activities:				
Payments of long-term debt	(152)	(858)	--	(1,341)
Cash dividends paid	(154)	(154)	--	(1,360)
Purchase of treasury stock	(100)	(1)	--	(886)
Net cash provided by (used in) financing activities	(406)	(1,013)	--	(3,587)
Effect of exchange rate changes on cash & cash equivalents	(77)	(33)	--	(670)
Net increase (decrease) in cash & cash equivalents	911	(201)	--	8,039
Cash and cash equivalents at beginning of year	5,291	5,492	-3.7%	46,685
Cash and cash equivalents at end of year	6,202	5,291	17.2%	54,724

Segment Information

(1) Consolidated business segment information

MARUWA's business is comprised of one segment. Therefore, segment breakdown is not applicable.

(2) Consolidated geographic segment information

	JPY million	JPY million	Change %	USD thousand
	For year ended 31st March 2004	For year ended 31st March 2003		For year ended 31st March 2004
JAPAN				
Net sales:				
Unaffiliated customers	8,877	7,310	21.4%	78,329
Intersegment	567	470	20.6%	5,006
Total	9,444	7,780	21.4%	83,335
Operating cost	8,776	7,199	21.9%	77,444
Operating income (loss)	668	581	15.0%	5,891
ASIA				
Net sales:				
Unaffiliated customers	2,707	2,774	-2.4%	23,890
Intersegment	1,003	862	16.4%	8,849
Total	3,710	3,636	2.0%	32,739
Operating cost	3,127	3,350	-6.7%	27,592
Operating income (loss)	583	286	103.8%	5,147
EUROPE and AMERICA				
Net sales:				
Unaffiliated customers	419	253	65.6%	3,693
Intersegment	2	2	0.0%	17
Total	421	255	65.1%	3,710
Operating cost	508	362	40.3%	4,479
Operating income (loss)	(87)	(107)	--	(769)
TOTAL				
Net sales:				
Unaffiliated customers	12,003	10,337	16.1%	105,913
Intersegment	1,572	1,334	17.8%	13,872
Total	13,575	11,671	16.3%	119,785
Operating cost	12,411	10,911	13.7%	109,515
Operating income (loss)	1,164	760	53.2%	10,270

ELIMINATION

Net sales:

Total	1,572	1,334	17.8%	13,872
Operating cost	1,094	881	24.2%	9,653
Operating income (loss)	478	453	5.5%	4,219

CONSOLIDATED

Net sales:

Total	12,003	10,337	16.1%	105,913
Operating cost	11,317	10,030	12.8%	99,862
Operating income (loss)	686	307	123.5%	6,051

(3) Net overseas sales by customer's geographic location

	JPY million	JPY million	Change %	USD thousand
	For year ended 31st March 2004	For year ended 31st March 2003		For year ended 31st March 2004
Overseas sales:				
Asia	5,019	4,925	1.9%	44,285
Europe	287	294	-2.4%	2,536
Others	376	143	162.9%	3,315
Total	5,682	5,362	6.0%	50,136
Consolidated net sales	12,003	10,337	16.1%	105,913

% to consolidated net sales:

Asia	41.8%	47.6%
Europe	2.4%	2.8%
Others	3.1%	1.4%
Total	47.3%	51.9%

*Countries are divided in geographical vicinity.

*Main countries included in each are as indicated below;

Asia - Malaysia, Taiwan, Korea, Hong Kong

Europe - Germany, England

Others - United States

*Overseas sales indicate net sales of the Company and its subsidiaries to customers outside Japan.

END.