

5 November 2003

MARUWA CO., LTD.

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**FOR IMMEDIATE RELEASE**

Nagoya- MARUWA CO., LTD. today announced its consolidated business results for the first half of fiscal 2004, the six-month period ended 30 September, 2003 is 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 = 118.08 yen.

\*Consolidated subsidiaries: 5 companies

**1. Summary of Consolidated Results**

**(1) Summary of consolidated statement of income**

	JPY million	JPY million		USD thousand
	For six-month period ended 30th Sept. 2003	For six-month period ended 30th Sept. 2002	Change %	For six-month period ended 30th Sept. 2003
Net sales	5,723	5,430	5.4%	48,470
Operating income	128	272	-52.9%	1,081
Income before income taxes	224	227	-1.3%	1,895
Net income	115	139	-17.3%	973
Net income per share	10.45	12.62		0.10

**(2) Summary of consolidated financial condition**

	JPY million	JPY million		USD thousand
	As of 30th Sept. 2003	As of 30th Sept. 2002	Change %	As of 30th Sept. 2003
Total Assets	26,750	26,447	1.1%	226,538
Shareholders' equity	23,520	23,746	-1.0%	199,184
Shareholders' equity ratio	87.9%	89.8%	-2.1%	87.9%

		JPY	USD
Shareholders' equity per share	<b>2,139.55</b>	2,160.06	18.10

### (3) Summary of consolidated statement of cash flows

	JPY million	JPY million		USD thousand
	For six-month period ended 30th Sept. 2003	For six-month period ended 30th Sept. 2002	Change %	For six-month period ended 30th Sept. 2003
Cash flows from operating activities	<b>1,125</b>	975	15.4%	9,527
Cash flows from investing activities	<b>(432)</b>	(358)	--	(3,657)
Cash flows from financing activities	<b>(155)</b>	(245)	--	(1,316)
Cash and cash equivalents at the end of the period	<b>5,782</b>	5,841	-1.0%	48,969

## 2. Projections

### Consolidated earnings forecast for full fiscal 2004 ending 31st March 2004

	JPY million
Net sales	11,600
Net income	300

\*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.

## 3. Management Policies

### (1) Basic management policy

“MARUWA OF CERAMIC MATERIAL TECHNOLOGY” is MARUWA’s corporate vision. MARUWA strives 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 as well as local communities.

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, building up a highly profitable structure, and boosting the share of the global niche markets.

## **(2) Dividend policy**

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 operation results. At the same time, as stated in the basic management policy, the company continues aggressive investment on R&D activities, especially on technological innovation, to fill the needs from the market.

As for retained earnings, MARUWA considers effective uses, while keeping high availability, to promote further improvements of the corporate structure so that MARUWA meets market needs more appropriately and promptly.

## **(3) The number of shares per unit**

MARUWA's basic policy for company shares is to increase liquidity at the stock market since the company is currently on a growth phase. Based on this policy, MARUWA lowered the number of shares per unit to 100 in August 1999 to increase the accessibility of shares for individual investors. As a result, the number of total shareholders doubled from 2,800 in August 1999 to 6,059 in September 2003, proving that the individual shareholder base was successfully broadened.

## **(4) Business strategy and management issues**

As for management issues, MARUWA is determined to make intensive and collective efforts on management objectives set out as plain as possible, taking advantage of small corporate size that is right for company-wide efforts. In regard to manufacturing, the company started to focus on "reduction of production lead-time" in fiscal 2003. This effort has been continued in fiscal 2004 to promote its effect. It is MARUWA's primary commitment to meet resiliently the needs from the electronic components market that are dynamically shifting to high-mix low-volume production and quick delivery along with electronics' progress in multi-functioning, downsizing, and shortening the life-cycles. MARUWA has enhanced the manufacturing system for prompt supply of products by improving manufacturing process and inventory control in addition to reducing lead-time.

In fiscal 2003, "material technological innovation" is adopted as a new commitment. This means to technology, in order to survive among both severe price competition to come centered around China and quality competition with rivals. MARUWA focuses on the reconstruction of the flexible material-manufacturing system and the R&D system that is

directly linked to the needs from the market.

Regarding management, the paradigm-shift is currently progressing from management with emphasis on consolidated operating income to management that values consolidated cash flows. MARUWA, as a growing company, is not focusing only on the amount of profits that the company gains, but on the structural strength of the company as a manufacturer. According to this policy, MARUWA builds up itself as a strong company by introducing indicators for asset efficiency in each production division and enhancing human resources development.

In addition, M&A is considered as an important strategy for further growth of the company, and is continuously planned especially for material technological development. MARUWA holds larger amounts of retained earnings than other companies do, but this purposes to deal with M&A issues timely and successfully with adequate funds.

#### **(5) Corporate governance policy and current issues**

MARUWA's corporate governance policy is also based on the company's primary commitment to respond to the rapidly changing market and to realize flexible management. Taking advantage of small corporate size, every each production division was reorganized as a mini-company in order to foster greater profitability of a division and swift communication of the management's decisions throughout a division. The reorganization leads to realize open and transparent management system, including division-based evaluation. In addition, the term of company directors was cut to one year for greater exercise of directorship with clear roles and responsibilities.

MARUWA is determined to continue to enhance the corporate governance for more transparent and open management as a global company.

### **Review of Operations and Financial Condition**

#### **I. Interim Operating Results**

	JPY million					
	Previous				Current	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	2,797	2,633	2,445	2,462	<b>2,852</b>	<b>2,871</b>
Operating income	102	170	16	19	<b>43</b>	<b>84</b>
Net income	92	47	15	(49)	<b>54</b>	<b>60</b>

	JPY million				
	Previous		Current	Previous	Current
	For six-month	For six-month	For six-month	For fiscal year	
	period ended	period ended	period ended	2003	2004(forecast*)
	30th Sept. 2002	31st Mar. 2003	30th Sept. 2003		
Net sales	5,430	4,907	<b>5,723</b>	10,337	<b>11,600</b>
Operating income	272	35	<b>128</b>	307	<b>640</b>
Net income	139	(34)	<b>115</b>	105	<b>300</b>

\*Issued on 9 May 2003.

#### (1) Review of operations

In this term, electronic components market showed a strong recovery in Asia as well as a recovery trend at global markets. Especially, information communications equipment and digital devices became the drivers in Asian markets while computerization of automobile-related parts has been promoted. On the other hand, however, markets require prompt response at components' level since multi-functioning, miniaturization and integration of end products are promoted at an accelerating pace. Also, cost pressure at components level from users is becoming severer with acceleration of the domestic deflation and brisk Chinese market.

At MARUWA, corporate management policy was more clarified that the Company achieves profits by expanding global market shares that are already high in the core businesses such as Circuit Ceramics and Machinery Ceramics and by such profits continually invests in research and development activities for the growing businesses such as Radio Frequency Products and EMC Components.

As a result, net sales in the first half of this year ended in 5,723 million yen, a slight increase of 293 million yen (5.4%) compared with the previous interim result. In comparison with net sales of the second half of the previous year, 4,907 million yen, net sales increased 816 million yen (16.6%), showing that sales are generally on a recovery trend. As for profits, operating income decreased 144 million yen compared to the previous interim result to 128 million yen because the transition and restructuring costs for MARUWA TFG Co., Ltd. (former TOKYO FINE GLASS, the name was changed in June 2003), a new consolidated subsidiary after acquiring all the shares in March 2003, worked as a negative factor. Net income was 115 million yen, a decrease of 24 million yen compared to the first half of the last year.

There is no important item for other income and loss.

In addition, the Company previously forecasted that MARUWA TFG Co., Ltd. would become profitable in the second half of this fiscal year; however, the subsidiary already turned into black and is expected to contribute to overall corporate profits in the next six months period in this year.

Meanwhile, interim dividend will be 7.00 yen per share.

(2) Review of interim operating results by product divisions

Consolidated sales results by product divisions

JPY million

	Previous		Current			
	1Q	2Q	3Q	4Q	1Q	2Q
Circuit Ceramics	1,194	1,157	1,137	1,194	<b>1,239</b>	<b>1,288</b>
Machinery Ceramics	326	407	288	264	<b>637</b>	<b>673</b>
RF Products	421	334	262	251	<b>253</b>	<b>203</b>
EMC Components	856	735	758	753	<b>723</b>	<b>660</b>
Total	2,797	2,633	2,445	2,462	<b>2,852</b>	<b>2,824</b>

JPY million

	Previous		Current	Previous		Current
	For six-month period ended 30th Sept. 2002		For six-month period ended 31st Mar. 2003	For six-month period ended 30th Sept. 2003	For fiscal year 2003 2004(forecast*)	
Circuit Ceramics	2,351		2,331	2,545	4,682	5,056
Machinery Ceramics	733		552	1,308	1,285	2,219
RF Products	755		513	462	1,268	1,200
EMC Components	1,591		1,511	1,408	3,102	3,125
Total	5,430		4,907	5,723	10,337	11,600

\*Issued on 9 May 2003.

### 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 2,545 million yen, an increase of 193 million yen (8.3%) compared with the first half period of the last year. The first quarter enjoyed solid demand mainly for ceramic high value-added or 1005-sized general-purpose 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 second quarter, sales of Alumina substrates and Aluminum Nitride substrates for power modules have tended to increase. Also, substrates for resistors for PCs started to recover in Taiwan and Chinese markets.

### **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 with the recovery of demand for semiconductor equipment. Although ceramics for supporting magnetic heads struggled amid a long inventory adjustment period at MARUWA's main customers, sales showed a recovery trend as orders restarted from the third quarter. As a result, total sales for the first half of this year were 1,308 million yen, an increase of 575 million yen (78.6%) compared with the previous year's first half result.

### **Radio Frequency Products**

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

Dielectric ceramics for filters are greatly affected by fluctuations in demand at mobile phone parts manufacturers. Orders remained flat throughout the first half period of this year that put us into a difficult condition; in the second half period, however, sales are on a moderate recovery trend as there were orders to new antenna-related products. As for device products, the market of VCOs for mobile phones has contracted due to the shift in the market since the second quarter. Currently sales are recovered by VCOs for general use including wireless communications while sales expansion for LTCC multi-layer ceramic substrates is planned. Sales of thin film substrates are increasing as DVD devices grew due to recovery of the optical information market from the second quarter. As a result, total interim sales are 462 million yen, a decrease of 293 million yen (38.8%) compared to the previous interim result.

### **EMC Components**

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

Chip varistors sold well for customer products and communications from the second quarter, expanding other applications. Multi-layer ceramic capacitors are supplied as strobe parts of digital cameras that have kept good demands. In this first half period, MARUWA had a tough time of switching characteristics among the market where multi-functioning and downsizing of capacitors were promoted. Although sales decreased especially in the Taiwan market, improvement measures at the material level successfully progressed in addition to a sales expansion plan for the semiconductor equipment market in the second half period. Total sales were 1,408 million yen, a decrease of 183 million yen (11.5%) compared to the previous interim result.

## II. Outlook of the Full Fiscal 2004

In regard to outlook for full fiscal year, at the electronic components market, laptop PCs recovered boldly and kept favorable sales; as for mobile phones, colorization started in a full swing in Europe, and mass production of high-function mobile devices has been expanded. In household appliances markets, DVD devices and digital cameras increased replacement demand with further high functioning of such products. In automobile industry, computerization was accelerated as well as such trend for mechanical components. Amid both full recovery of the entire electronic components market and speeding up deflation trend, MARUWA considers that it is required to achieve results by responding promptly to changing market needs rather than to seek for volume efficiency. For this purpose, the company intends to deal accurately with orders of small lots or quick delivery, taking maximum advantage of the small, practical corporate size. Circuit Ceramics had favorable sales since the second quarter thanks to a brisk laptop PCs market and demands regarding a shift to mobile phones with high functions. MARUWA will keep stable profits by improving response to new orders and enhancing global market shares. Machinery Ceramics are expected to recover with resumption of orders to magnetic head-supporting parts; quartz glass products, which have solid sales for semiconductor equipment, will expand sales including overseas. Radio Frequency Products will enhance a system for prompt supply targeting markets in Asia and Europe and promote to provide products developed at MARUWA or samples in small lot for the information communications industry.

EMC Components are on increasing trend of orders from automobile components and customer electronics markets as well as digital cameras and mobile phones markets.

Considering the above, operating results for full fiscal year are expected to exceed the forecasts at May 2003 that net sales 11,600 million yen (an increase of 12% compared to the previous year), operating income 640 million yen (an increase of 109 %), and net income 300 million yen (an increase of 186 %).

\*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		
	As of 30th Sept. 2002	As of 31st Mar. 2003	As of 30th Sept. 2003
Total assets	26,447	26,880	<b>26,750</b>
Total liabilities	2,701	3,392	<b>3,230</b>
Total shareholders' equity	23,746	23,488	<b>23,520</b>
Shareholders' equity ratio	89.8%	87.4%	<b>87.9%</b>

	For six-month period ended 30th Sept. 2002	For six-month period ended 31st Mar. 2003	<b>For six-month period ended 30th Sept. 2003</b>
Net cash provided by			
operating activities	975	916	<b>1,125</b>
Net cash used in			
investing activities	(358)	(688)	<b>(432)</b>
Net cash used in			
financing activities	(245)	(768)	<b>(155)</b>
Cash and cash equivalents			
at end of term	5,841	5,291	<b>5,782</b>
Net sales	5,430	4,907	<b>5,723</b>
Capital investment	430	621	<b>372</b>
Depreciation	683	777	<b>714</b>

Total assets at the end of the first half of this year were 26,750 million yen, down 130 million yen compared to the end of the previous year. Cash and deposits increased 491 million yen while inventories decreased 311 million yen. Net property, plant and equipment declined 653 as the result of expenditure in selected areas.

Considering operating results, MARUWA holds the relatively large amount of internal reserve and consequently high shareholders' ratio since the company aims to pursue high proactiveness and timely M&A strategies as important corporate growth strategies.

Net cash provided from operating activities rose 150 million yen to 1,125 million yen from the previous interim result.

For the first half of this year, income before income taxes was 224 million yen, a decrease of 33 million yen compared to the first half of the previous year while cash increased 256 million yen thanks to contraction of inventories and a decrease of accounts receivable. Depreciation cost increased 31 million yen to 714 million yen compared to the first half of the last year. Taxes paid were 59 million yen while cash increased 159 million yen due to the receipt of tax refunds for the first half of the previous year.

Net cash used in investing activities totaled 432 million yen, up 74 million yen compared to the previous interim result. The majority of expenditure went to payments for the purchase and the renewal of property, plant and equipment, primarily metal molds both domestically and overseas worth a total of 358 million yen, up 67 million yen compared to the last year.

Net cash used in financing activities amounted to 155 million yen, down 90 million yen compared to the first half of the previous year due especially to the payments for the long-term debt of 78 million yen and dividends paid of 78 million yen.

Consequently, cash and cash equivalents at the end of the first half period of this year decreased 51 million yen compared to the previous interim result to 5,782 million yen.

### Consolidated Balance Sheet

	JPY million	JPY million		JPY million		USD thousand
	As of	As of		As of		As of
	30th Sept.	30th Sept.		31st March		30th Sept.
	2003	2002	Change %	2003	Change %	2003
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash & deposits	5,782	5,741	0.7%	5,291	9.3%	48,969
Notes and accounts receivable, trade	3,261	2,889	12.9%	3,249	0.4%	27,620
Inventories	3,536	3,451	2.5%	3,847	-8.1%	29,947
Other current assets	365	505	-27.7%	311	17.4%	3,079
Allowance for doubtful accounts	(1)	(2)	--	(2)	--	(5)
Total current assets	<u>12,943</u>	<u>12,584</u>	2.9%	<u>12,696</u>	1.9%	<u>109,610</u>
<b>Property, plant &amp; equipment:</b>						
Building & structures	3,597	3,701	-2.8%	3,789	-5.1%	30,461
Machinery & equipments	4,381	4,908	-10.7%	4,890	-10.4%	37,104
Land	2,536	2,471	2.6%	2,541	-0.2%	21,477
Other	591	586	0.9%	564	4.8%	5,003
Construction in progress	154	85	81.2%	128	20.3%	1,303
Net property, plant & equipment	<u>11,259</u>	<u>11,751</u>	-4.2%	<u>11,912</u>	-5.5%	<u>95,348</u>
<b>Investment &amp; other assets:</b>						
Investment securities	630	580	8.6%	661	-4.7%	5,339
Other	1,918	1,532	25.2%	1,611	19.1%	16,241
Total investments & other assets	<u>2,548</u>	<u>2,112</u>	20.6%	<u>2,272</u>	12.1%	<u>21,580</u>
Total assets	<u>26,750</u>	<u>26,447</u>	1.1%	<u>26,880</u>	-0.5%	<u>226,538</u>

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Current liabilities:

Notes & accounts payable, trade	<b>482</b>	711	-32.2%	489	-1.4%	4,083
Accrued bonus	<b>127</b>	119	6.7%	136	-6.6%	1,076
Other	<b>1,312</b>	1,054	24.5%	1,326	-1.1%	11,113
Total current liabilities	<b>1,921</b>	1,884	2.0%	1,951	-1.5%	16,272

### Long-term liabilities:

Long-term debt	<b>556</b>	705	-21.1%	630	-11.7%	4,710
Accrued pension & severance costs	<b>143</b>	30	376.7%	139	2.9%	1,208
Other	<b>610</b>	82	643.9%	672	-9.2%	5,164
Total long-term liabilities	<b>1,309</b>	817	60.2%	1,441	-9.2%	11,082
Total liabilities	<b>3,230</b>	2,701	19.6%	3,392	-4.8%	27,354

### Shareholders' equity:

Common stock, authorized: 26,000,000 shares; issued & outstanding: 11,050,000 shares in 2002	<b>6,683</b>	6,683	0.0%	6,683	0.0%	56,601
Additional paid-in capital	<b>9,710</b>	9,710	0.0%	9,710	0.0%	82,236
Retained earnings	<b>8,232</b>	7,859	4.7%	7,748	6.2%	69,716
Net unrealized gains on other securities	<b>28</b>	22	27.3%	(7)	--	233
Foreign currency translation adjustment	<b>(931)</b>	(327)	--	(444)	--	(7,891)
Treasury stock, at cost	<b>(202)</b>	(201)	--	(202)	--	(1,711)
Total shareholders' equity	<b>23,520</b>	23,746	-1.0%	23,488	0.1%	199,184
Total liabilities & shareholders' equity	<b>26,750</b>	26,447	1.1%	26,880	-0.5%	226,538

## Consolidated Statements of Income

	JPY million	JPY million		USD thousand
	<b>Six-month</b>	Six-month		Six-month
	<b>period ended</b>	period ended		period ended
	<b>30th Sept.</b>	30th Sept.	Change %	30th Sept.
	<b>2003</b>	2002		2003
Net sales	<b>5,723</b>	5,430	5.4%	48,470
Cost of sales	<b>4,463</b>	4,165	7.2%	37,800
Gross profit	<b>1,260</b>	1,265	-0.4%	10,670
Selling, general & administrative expenses	<b>1,132</b>	993	14.0%	9,589
Operating income	<b>128</b>	272	-52.9%	1,081
Other income (expenses):				
Interest & dividend income	<b>5</b>	2	150.0%	39
Interest expenses	<b>8</b>	8	0.0%	65
Foreign exchange gain (loss), net	<b>6</b>	(63)	--	51
Other, net	<b>77</b>	8	862.5%	659
Other income, net	<b>96</b>	(45)	--	814
Income before income taxes	<b>224</b>	227	-1.3%	1,895
Income taxes:				
Current	<b>65</b>	6	983.3%	552
Deferred	<b>44</b>	82	-46.3%	370
	<b>109</b>	88	23.9%	922
Net income	<b>115</b>	139	-17.3%	973

## Consolidated Statement of Cash Flows

	JPY million	JPY million		JPY million	USD thousand
	Six-month	Six-month		Year ended	Six-month
	period ended	period ended	Change %	31st March	period ended
	30th Sept.	30th Sept.		2003	30th Sept.
	2003	2002			2003
<b>Operating activities:</b>					
Income before income taxes	224	227	-1.3%	233	1,895
Adjustments for:					
Depreciation	714	683	4.5%	1,460	6,044
Increase (decrease) in allowance for doubtful accounts	(1)	(18)	--	(13)	(11)
Decrease in accrued pension & severance costs	3	13	-76.9%	28	27
Loss on disposal of property, plant & equipment	22	25	-12.0%	82	184
Interest & dividend income	(6)	(2)	--	(6)	(51)
Foreign exchange (gain) loss	5	35	-85.7%	43	44
(Increase) decrease in notes & accounts receivable	(76)	(476)	--	(310)	(641)
(Increase) decrease in inventories	256	(18)	--	(46)	2,164
Increase (decrease) in accounts payable	2	222	-99.1%	(66)	21
Other	42	131	-67.9%	375	358
Sub total	<u>1,185</u>	<u>822</u>	<u>44.2%</u>	<u>1,780</u>	<u>10,034</u>
Interest & dividend income received	6	2	200.0%	7	52
Interest expenses paid	(7)	(8)	--	(15)	(63)
Income taxes paid (refund)	<u>(59)</u>	<u>159</u>	<u>--</u>	<u>119</u>	<u>(496)</u>
Net cash provided by operating activities	<u>1,125</u>	<u>975</u>	<u>15.4%</u>	<u>1,891</u>	<u>9,527</u>
<b>Investment activities:</b>					
Payments for purchase of property, plant & equipment	(358)	(291)	--	(783)	(3,032)

Proceeds from sales of property, plant & equipment	21	58	-63.8%	88	178
Payments for purchase of investment securities	(26)	(108)	--	(267)	(217)
Acquisition of new subsidiary	--	(16)	--	--	--
Acquisition of new consolidated subsidiary	--	--	--	(55)	--
Increase in intangible fixed assets	(103)	--	--	(33)	(872)
Other	34	(1)		4	286
Net cash used in investing activities	<u>(432)</u>	<u>(358)</u>	--	<u>(1,046)</u>	<u>(3,657)</u>
<b>Financing activities:</b>					
Payments of long-term debt	(78)	(168)	--	(858)	(663)
Purchase of treasury stock	0	0	--	(1)	(1)
Cash dividends paid	(77)	(77)	--	(154)	(652)
Net cash provided by (used in) financing activities	<u>(155)</u>	<u>(245)</u>	--	<u>(1,013)</u>	<u>(1,316)</u>
Effect of exchange rate changes on cash & cash equivalents	<u>(47)</u>	<u>(23)</u>	--	<u>(33)</u>	<u>(392)</u>
Net increase (decrease) in cash & cash equivalents	491	349	40.7%	(201)	4,162
Cash and cash equivalents at beginning of year	5,291	5,492	-3.7%	5,492	44,807
Cash and cash equivalents at end of the period	<u>5,782</u>	<u>5,841</u>	-1.0%	<u>5,291</u>	<u>48,969</u>

## 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		USD thousand
	Six-month	Six-month		Six-month
	period ended	period ended		period ended
	30th Sept.	30th Sept.	Change %	30th Sept.
	2003	2002		2003
<b>JAPAN</b>				
Net sales:				
Unaffiliated customers	4,316	3,798	13.6%	36,550
Intersegment	192	293	-34.5%	1,628
Total	4,508	4,091	10.2%	38,178
Operating cost	4,267	3,715	14.9%	36,141
Operating income (loss)	241	376	-35.9%	2,037
<b>ASIA</b>				
Net sales:				
Unaffiliated customers	1,231	1,494	-17.6%	10,423
Intersegment	413	457	-9.6%	3,498
Total	1,644	1,951	-15.7%	13,921
Operating cost	1,458	1,760	-17.2%	12,344
Operating income (loss)	186	191	-2.6%	1,577
<b>EUROPE</b>				
Net sales:				
Unaffiliated customers	176	138	27.5%	1,496
Intersegment	1	1	0.0%	6
Total	177	139	27.3%	1,502
Operating cost	225	187	20.3%	1,910
Operating income (loss)	(48)	(48)	--	(408)

**TOTAL**

Net sales:

Unaffiliated customers	<b>5,723</b>	5,430	5.4%	48,470
Intersegment	<b>606</b>	751	-19.3%	5,132
Total	<b>6,329</b>	6,181	2.4%	53,602
Operating cost	<b>5,950</b>	5,662	5.1%	50,395
Operating income (loss)	<b>379</b>	519	-27.0%	3,207

**ELIMINATION**

Net sales:

Total	<b>606</b>	751	-19.3%	5,132
Operating cost	<b>355</b>	504	-29.6%	3,006
Operating income (loss)	<b>251</b>	247	1.6%	2,126

**CONSOLIDATED**

Net sales:

Total	<b>5,723</b>	5,430	5.4%	48,470
Operating cost	<b>5,595</b>	5,158	8.5%	47,389
Operating income (loss)	<b>128</b>	272	-52.9%	1,081

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

	JPY million	JPY million		JPY million	USD thousand
	Six-month	Six-month		Year ended	Six-month
	period ended	period ended	Change %	31st March	period ended
	30th Sept.	30th Sept.		2003	30th Sept.
	2003	2002			2003
<b>Overseas sales:</b>					
Asia	<b>2,294</b>	2,603	-11.9%	4,925	19,426
Europe	<b>128</b>	114	12.3%	294	1,085
Others	<b>170</b>	120	41.7%	143	1,443
Total	<b>2,592</b>	2,837	-8.6%	5,362	21,954
Consolidated net sales	<b>5,723</b>	5,430	5.4%	10,337	48,470
<b>% to consolidated net sales:</b>					
Asia	<b>40.1%</b>	48.0%		47.7%	

Europe	<b>2.2%</b>	2.1%	2.8%
Others	<b>3.0%</b>	2.2%	1.4%
Total	<b>45.3%</b>	52.3%	51.9%

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

\*Countries are divided in geographical vicinity.

\*Main countries included in each area are indicated below;

Asia - Malaysia, Taiwan, Korea, Hong Kong

Europe - Germany, England

Others - United States

END.