

MARUWA CO., LTD.

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FOR IMMEDIATE RELEASE

Nagoya- MARUWA CO., LTD. today announced its consolidated business results for the first quarter of fiscal 2005, the three-month period ended 30 June 2004 as follows; -

Note1) Statements of income are unaudited.

Note2) MARUWA acquired the entire shares of Kimmon Quartz Co.,Ltd. as a new consolidated subsidiary on 1 April 2004, and changed its name to MARUWA QUARTZ CO., LTD.

Consolidated operating results and financial conditions for the first quarter of fiscal 2005

<1 April 2004 - 30 June 2004>

1. Summary of operating results

	JPY million				
	Current 1st Qt		Previous 1st Qt		(Reference)
	from 1 April 2004		from 1 April 2003		For fiscal 2004
	to 30 June 2004		to 30 June 2003		ended 31 March 2004
		Change%		Change%	
Net sales	4,176	46.4%	2,852	2.0%	12,003
Operating income	308	623.6%	42	-58.4%	686
Net income	156	187.6%	54	-41.0%	475
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Net income per share :					JPY
(Basic)	14.32		--		42.67
(Diluted)	14.32		--		42.67

Note) Change figures indicate increases (decreases) percentages compared to the first quarter results in the previous fiscal year, respectively.

Review of operations

Both net sales and profits for the first quarter of this year resulted close to the figures in the forecast announced in May, due to the brisk market of digital home devices and solid sales for semiconductor manufacturing equipment, following the fourth quarter period of the previous fiscal year.

Net sales posted more than the previous first quarter results for all productions, totaled 46% up; 30% up compared to the fourth quarter of the previous year.

Operating income increased 266 million yen to 308 million yen compared to the previous first quarter. Strong recovery has been shown especially for the Circuit Ceramics division, in which ceramic substrates for chip resistors and large substrates sold favorably.

Quarterly sales results by product division

	JPY million				
	For year ended 31st March				
	2004				2005
	1st Qt	2nd Qt	3rd Qt	4th Qt	1st Qt
Circuit Ceramics	1,239	1,306	1,396	1,492	1,746
Machinery Ceramics	637	671	682	718	1,363
Radio Frequency Products	253	209	271	255	259
EMC Components	723	685	708	758	808
Total	2,852	2,871	3,057	3,223	4,176

Circuit Ceramics

Net sales for Circuit Ceramics were 1,746 million yen, an increase of 17% compared to the last three-month period. The sales recorded an increase for the fifth consecutive quarter.

For this product division, every product recorded more than two-digit increase of sales compared with the last quarter. Especially, ceramic substrates for chip resistors, which are essential for every kind of electric circuits, showed favorable sales continued from the last quarter in Japan and other Asian regions and resulted in an increase of 18 % in sales. Large substrates grew in Europe and increased sales in 23%.

Machinery Ceramics

Net sales of Machinery Ceramics were 1,363 million yen, an increase of 90% compared to the last quarter. MARUWA QUARTZ, a new consolidated subsidiary from April this year, has acquired solid orders from the semiconductor manufacturing market. Including this subsidiary, our quartz glass business started in April 2003 is now becoming another pillar of profits. Slider ceramics for FDD showing remarkable recovery since the third quarter of the previous year resulted in an increase of 17% in sales compared to the last quarter thanks to steady sales in the regions with active demand for low-price PCs.

Radio Frequency Products

Radio Frequency Products posted net sales of 259 million yen, up 2% compared to the last quarter. Thin film products grew 39% in sales with rising demand for rapidly changing DVD appliances. There was a favorable move for device products for PHS in China early in this quarter although the market entered an adjustment phase later in this quarter. On the other hand, demands from general products including wireless applications for commercial use were steady because of our sales enhancement since the latter half of the previous year.

EMC Components

Net sales for EMC Components were 808 million yen, up 7% compared to the last quarter, moving in a recovery trend after bottoming out in the second quarter of the previous fiscal year.

Multi-layer ceramic capacitors sales were solid especially for digital cameras or in the domestic power supply market. EMI filters began to be revived in a prolonged stagnant overseas market, and increased 16% in sales compared to the last quarter.

2. Summary of consolidated financial conditions

	JPY million		
	Current 1st Qt	Previous 1st Qt	(Reference)
	As of 30 June 2004	As of 30 June 2003	As of 31 March 2004
Total Assets	27,973	26,719	26,664
Shareholders' equity	23,652	23,490	23,429
Shareholders' equity ratio	84.6%	87.9%	87.9%
	JPY		
Shareholders' equity per share	2,165.14	2,136.87	2,144.11

3. Outlook for the fiscal 2005 ending 31 March 2005

For the first quarter, sales and profits resulted favorably and are expected to fluctuate within the range of the forecast announced on 7 May 2004. Therefore, there is no change regarding the forecast.

I. Consolidated Balance Sheets (summary)

	JPY million			JPY million	
	Current 1st Qt	Previous 1st Qt	Change	Fiscal 2004 (Reference)	
	As of 30 June 2004	As of 30 June 2003		As of 31	Mar. 2004
ASSETS					
Current assets					
Cash & deposits	5,922	5,464	458	6,202	(280)
Notes and accounts receivable, trade	4,802	3,279	1,523	3,740	1,062
Inventories	3,150	3,734	(584)	3,280	(130)
Other current assets	372	229	143	332	40
Total current assets	14,246	12,706	1,540	13,554	692
Property, plant & equipment	11,360	11,742	(382)	10,710	650
Investments & other assets	2,367	2,271	96	2,400	(33)
Total assets	27,973	26,719	1,254	26,664	1,309
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Notes & accounts payable, trade	848	448	400	670	178
Short-term debt	--	--	--	--	--
Other current liabilities	1,581	1,398	183	1,360	221
Total current liabilities	2,429	1,846	583	2,030	399
Long-term liabilities:					
Long-term debt	447	599	(152)	482	(35)
Accrued pension & severance costs	754	145	609	176	578
Other	691	639	52	547	144
Total long-term liabilities	1,892	1,383	509	1,205	687

Shareholders' equity:

Common stock, authorized:	6,683	6,683	0	6,683	0
26,000,000 shares; issued & outstanding:					
11,050,000 shares in 2003					
Additional paid -in capital	9,710	9,710	0	9,710	0
Retained earnings	8,589	7,719	870	8,516	73
Net unrealized gains (losses) on other securities	26	5	21	38	(12)
Foreign currency translation adjustment	(1,053)	(425)	(628)	(1,215)	162
Treasury stock	(303)	(202)	(101)	(303)	0
Total shareholders' equity	23,652	23,490	162	23,429	223
Total liabilities & shareholders' equity	27,973	26,719	1,254	26,664	1,309

II. Consolidated Statements of Income (summary)

	Current 1st Qt				JPY million			
	Current 1st Qt		Previous 1st Qt		(Reference)			
	from 1 April 2004		from 1 April 2003		Change		For fiscal 2004	
	to 30 June 2004		to 30 June 2003		amount	%	ended 31 March 2004	
	to net sales	to net sales					to net sales	
Net sales	4,176		2,852		1,324	46.4%	12,003	
Cost of sales	3,120	74.7%	2,232	78.3%	888	39.8%	9,022	75.2%
Gross profit	1,056	25.3%	620	21.7%	436	70.3%	2,981	24.8%
Selling, general & administrative expenses	748	17.9%	578	20.3%	170	29.4%	2,295	19.1%
Operating income	308	7.4%	42	1.5%	266	633.3%	686	5.7%
Other income (expenses)	(39)	-0.9%	52	1.8%	(91)	-175.0%	25	0.2%
Income before income taxes	269	6.4%	94	3.3%	175	186.2%	711	5.9%
Income tax expenses	113	2.7%	40	1.4%	73	182.5%	236	2.0%
Net income	156	3.7%	54	1.9%	102	188.9%	475	4.0%

END.