

MARUWA CO., LTD.

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MARUWA CO., LTD. announces Interim Results for the six-month period ended 30th September 2004

*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 = 111.05 yen.

*Consolidated subsidiaries: 6 companies

1. Summary of Consolidated Interim Results**(1) Summary of consolidated statement of income**

	JPY million	JPY million		JPY million	USD thousand
	For six-month period ended 30th Sept. 2004	For six-month period ended 30th Sept. 2003	Change %	For year ended 31st March 2004	For six-month period ended 30th Sept. 2004
Net sales	8,157	5,723	42.5%	12,003	73,451
Operating income	688	128	437.5%	686	6,194
Income before income taxes	511	224	128.1%	711	4,601
Net income	755	115	556.5%	475	6,799
Net income per share	69.58	10.45		42.67	0.60

(2) Summary of consolidated financial condition

	JPY million	JPY million		JPY million	USD thousand
	As of 30th Sept. 2004	As of 30th Sept. 2003	Change %	As of 31st March 2004	As of 30th Sept. 2004
Total Assets	28,443	26,750	6.3%	26,664	256,132
Shareholders' equity	24,110	23,520	2.5%	23,429	217,110
Shareholders' equity ratio	84.8%	87.9%	-3.6%	87.9%	
Shareholders' equity per share	2,237.07	2,139.55		2,144.11	20.10

(3) Summary of consolidated statement of cash flows

	JPY million	JPY million		JPY million	USD thousand
	For six-month period ended 30th Sept. 2004	For six-month period ended 30th Sept. 2003	Change %	For year ended 31st March 2004	For six-month period ended 30th Sept. 2004
Cash flows from operating activities	1,286	1,125	14.3%	2,102	11,576
Cash flows from investing activities	(953)	(432)	--	(708)	(8,589)
Cash flows from financing activities	(428)	(155)	--	(406)	(3,857)
Cash and cash equivalents at the end of the period	6,154	5,782	6.4%	6,202	55,410

2. Projections**Consolidated earnings forecast for full fiscal 2005 ending 31st March 2005**

	JPY million
Net sales	15,700
Net income	870

*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.

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 4,989 in September 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.

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 able 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.)

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. Interim Operating Results

	JPY million					
	Previous				Current	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	2,852	2,871	3,057	3,223	4,176	3,981
Operating income	42	86	234	324	308	380
Net income	54	61	249	111	156	599

	Previous			Current
	For six-month period ended 30th Sept. 2003	For six-month period ended 31st Mar. 2004	For six-month period ended 30th Sept. 2004	
Net sales	5,723	6,280	8,157	
Operating income	128	558	688	
Net income	115	360	755	

(1) Review of operations

In this term, electronic components market showed a strong and swift recovery led by digital home appliances in the first quarter, but from the late second quarter, stagnant sales of mobile phones in the Chinese and the other Asian markets put components manufacturers into the period of adjustment for the balance of supply and demand. The semiconductors equipment market in Japan also slowed down in recovering, indicating a kickback from the rapid growth in the first half.

At MARUWA, we expanded our quartz glass business through another M&A of MARUWA QUARTZ CO., LTD., former "Kimmon Quartz Co.,Ltd.", especially for the purpose of acquiring a synergetic effect in sales, following the start of this business at MARUWA TFG Co., Ltd. in the previous year. This M&A will promote improvement in technologies and productivity.

We will continuously endeavor to earn more cash by reducing stocks between the production lines to make use of those cash in strategic business expansion through another M&A.

As a results, net sales in the first half of this year ended in 8,157 million yen, an increase of 2,434 million yen (42.5%) compared with the previous interim result. As for profits, operating income increased 560 million yen to 688 million yen compared to the previous interim result. Our continuous improvement efforts covered the negative effect of progressive reduction of inventories both in the first and second quarters. Although the loss on disposal/write-down of inventories of 270 million yen was reported, net income was 755 million yen, an increase of 640 million yen compared to the first half of the last year.

Interim dividend will be 7.50 yen per share, an increase of 0.5 yen as we announced in May.

(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	1,239	1,306	1,396	1,491	1,746	1,567
Machinery Ceramics	637	671	682	717	1,363	1,376
RF Products	253	209	271	255	259	270
EMC Components	723	685	708	760	808	768
Total	2,852	2,871	3,057	3,223	4,176	3,981

JPY million

	Previous		Current	
	For six-month period ended 30th Sept. 2003	For six-month period ended 31st Mar. 2004	For six-month period ended 30th Sept. 2004	
Circuit Ceramics	2,545	2,887	3,313	
Machinery Ceramics	1,308	1,399	2,739	
RF Products	462	526	529	
EMC Components	1,408	1,468	1,576	
Total	5,723	6,280	8,157	

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 3,313 million yen, an increase of 768 million yen (30.2%) compared with the first half period of the last year. Following the fourth quarter of the previous year, the market was strongly led by the brisk demand for digital home devices in the first quarter as well as solid demands for other home electronic appliances. Since the second quarter, the components markets in China and Taiwan have been forced into an adjustment phase because of the elevated inventory level of mobile phones in the markets of China. We aim to keep the high level of orders by sales in the favorable domestic market and the development of new markets.

The sales of Aluminum Nitride which particularly has excellent thermal conductivity have been growing since the second quarter especially in Europe and the United States. The solid demands for this product are continuously expected.

Machinery Ceramics

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

high precision process techniques.

Total sales for the first half of this year were 2,739 million yen, an increase of 1,431 million yen (109.4%) compared with the previous year's first half result. MARUWA QUARTZ CO., LTD., a new consolidated subsidiary since April 2004, held favorable orders from the semiconductor manufacturing markets through the first and second quarters. We expect our quartz glass business to grow as a major profit maker in the Machinery Ceramics division with a synergetic effect with MARUWA TFG Co., Ltd., which started the business in the previous year. Even though the semiconductor market entered an adjustment period in the latter half of the second quarter and orders are gradually slowing down, we will enhance sales activities to meet flexibly our customers' needs, taking advantage of our five production sites throughout Japan.

Ceramics for supporting magnetic heads enjoyed an extremely high level of orders for the regions with high demands for low-end PCs in the second quarter amid an accelerating reorganization of the industry.

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. The end products in which our products are used are particularly characterized with highly speedy development and remarkably short life cycles.

Device products are now on a moderate recovery trend due to the increase of demands for next-generation mobile phones, radio transmission for business use, and items for base stations although sales were low due to a lingering adjustment in the market of communication devices for China that had been highly expected in the beginning. Sales of thin film substrates are increasing for DVD devices in the markets overseas as well as dielectric ceramics, including growing LNB (Low Noise Block) products. As a result, total interim sales are 529 million yen, an increase of 67 million yen (14.5%) 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 industrial machineries.

EMI filters, especially feed-through types, were sold well mainly for base stations of mobile phones. Chip varistors have been growing especially for automobile components.

Multi-layer ceramic capacitors are supplied as power supply-related parts for digital cameras and industrial machineries. From the end of the previous term to the first quarter of the current year, the sales of capacitors were well on a recovery trend. Since the second quarter, orders showed a downturn especially for power supply-related parts for domestic semiconductor manufacturers. As a result, total sales in the first half of this year were 1,576 million yen, an increase of 168 million yen (11.9%) compared to the previous interim result.

II. Outlook of the Full Fiscal 2005

	JPY million			
	For year ended 31st March 2004	For year ending 31st March 2005*	Changes	%
Net sales	12,003	15,700	3,697	30.8%
Operating income	686	1,226	540	78.7%
Net income	475	870	395	83.2%

*Forecasts announced in May 2004

In regard to outlook for the full fiscal year, business in the latter half of this term is unclear since the entire electronic components market entered in an adjustment phase.

For Circuit Ceramics division, we will try to develop new products including Aluminum Nitride products and to acquire new orders while consistently responding to orders from favorable domestic manufacturers pulled by digital-related products.

The revenue of Machinery Ceramics now highly depend on quartz glass products due to absorbing the business of MARUWA QUARTZ CO., LTD. Orders from the semiconductor market are forecasted to decrease in the second half of the year; we will establish a more flexible operating system, promoting the reorganization of production sites.

As for Radio Frequency Products in the second half of this year, we expect sales increase of all products compared to the first half. The efforts made for new product areas are starting to bear fruit, and we will keep expanding this strategy.

Regarding to EMC Components, an order decrease from the semiconductors equipment market is expected, but we will try to make up for sales downturn by extending sales of chip varistors as circuit-protecting components, and developing new types of EMI filters.

Meanwhile, we will not planning to report large amount of non-operating expenses in the second half of the current year.

Considering above, even though the future of the market is uncertain, we are relatively upbeat about achieving the estimated sales and profits which were announced in May 2004.

*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. 2003	As of 31st Mar. 2004	As of 30th Sept. 2004	Changes compared to 31st Mar. 04	
Total assets	26,750	26,664	28,443	1,779	6.7%
Total liabilities	3,230	3,235	4,333	1,098	33.9%
Total shareholders' equity	23,520	23,429	24,110	681	2.9%
Shareholders' equity ratio	87.9%	87.9%	84.8%	-3.1%	

	JPY million				
	For six-month period	For six-month period	For six-month period	Changes compared to	
	ended 30th Sept. 2003	ended 31st Mar. 2004	ended 30th Sept. 2004	six-month period ended 31st Mar. 2004	
Net cash provided by operating activities	1,125	977	1,286	309	31.6%
Net cash used in investing activities	(432)	(276)	(953)	(677)	245.3%
Net cash used in financing activities	(155)	(251)	(428)	(177)	70.5%
Cash and cash equivalents at end of term	5,782	6,202	6,154	(48)	-0.8%
Net sales	5,723	6,280	8,157	1,877	29.9%
Capital investment	373	369	453	84	22.8%
Depreciation	714	752	715	(37)	-8.9%

Total assets at the end of the first half of this year were 28,443 million yen, an increase of 1,779 million yen as a result of operating activities in the six-month period, compared to the end of the previous year, including 1,442 million yen due to the acquisition of MARUWA QUARTZ CO., LTD., a new consolidated subsidiary since this fiscal year. Increasing new customers, trade notes and accounts receivable increased 1,191 million yen while inventories are reduced 425 million yen due to our efforts to cut inventories at the existing productions. Net property, plant and equipment increased 631 million yen due mainly to the acquisition of MARUWA QUARTZ. 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 309 million yen to 1,286 million yen from the six-month period ended 31st March 2004. The principal factors of cash increase are income before income taxes of 511 million yen, and a decrease of 779 million yen of inventories resulted from our company-wide efforts in cutting inventories. Cash flows are adjusted due to depreciation of 715 million yen to increase, and amortization of consolidated adjustment account of 78 million yen to decrease. On the other hand, the major factor of cash decrease is an increase of 523 million yen in trade notes and accounts. Taxes paid were 99 million yen.

Net cash used in investing activities totaled 953 million yen. We invested mainly in facilities such as 465 million yen for the purchase of property, plant and equipment, and 644 million yen for the purchase of stocks of MARUWA QUARTZ CO., LTD., a new consolidated subsidiary. At the same time, since cash assets of MARUWA QUARTZ were also transferred, actual cash-out amount was 497 million yen.

Net cash used in financing activities amounted to 428 million yen, including payments for the long-term debt of 74 million yen, the purchase of treasury stocks of 279 million yen, and cash dividends paid of 76 million yen.

Consequently, cash and cash equivalents at the end of the first half period of this year decreased 48 million yen to 6,154 million yen compared to the end of the previous year .

Consolidated Balance Sheets

	JPY million	JPY million		JPY million		USD thousand
	As of	As of		As of		As of
	30th Sept.	30th Sept.	Change %	31st March	Change %	30th Sept.
	2004	2003		2004		2004
ASSETS						
Current assets:						
Cash & deposits	6,154	5,782	6.4%	6,202	-0.8%	55,413
Notes and accounts receivable, trade	4,931	3,261	51.2%	3,740	31.8%	44,400
Inventories	2,855	3,536	-19.3%	3,280	-13.0%	25,707
Other current assets	798	365	118.6%	333	139.6%	7,192
Allowance for doubtful accounts	(4)	(1)	--	(1)	--	(33)
Total current assets	<u>14,734</u>	<u>12,943</u>	13.8%	<u>13,554</u>	8.7%	<u>132,679</u>
Property, plant & equipment:						
Building & structures	3,660	3,597	1.8%	3,449	6.1%	32,956
Machinery & equipments	3,963	4,381	-9.5%	4,006	-1.1%	35,690
Land	2,920	2,536	15.1%	2,548	14.6%	26,295
Other	607	591	2.7%	555	9.4%	5,463
Construction in progress	191	154	24.0%	152	25.7%	1,717
Net property, plant & equipment	<u>11,341</u>	<u>11,259</u>	0.7%	<u>10,710</u>	5.9%	<u>102,121</u>
Investment & other assets:						
Investment securities	638	630	1.3%	662	-3.6%	5,749
Other	1,730	1,918	-9.8%	1,738	-0.5%	15,583
Total investments & other assets	<u>2,368</u>	<u>2,548</u>	-7.1%	<u>2,400</u>	-1.3%	<u>21,332</u>
Total assets	<u>28,443</u>	<u>26,750</u>	6.3%	<u>26,664</u>	6.7%	<u>256,132</u>
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Notes & accounts payable, trade	789	482	63.7%	670	17.8%	7,106
Accrued bonus	195	127	53.5%	137	42.3%	1,752
Other	1,559	1,312	18.8%	1,223	27.5%	14,048
Total current liabilities	<u>2,543</u>	<u>1,921</u>	32.4%	<u>2,030</u>	25.3%	<u>22,906</u>
Long-term liabilities:						
Long-term debt	409	556	-26.4%	482	-15.1%	3,680
Accrued pension & severance costs	730	143	410.5%	176	314.8%	6,573
Other	651	610	6.7%	547	19.0%	5,863
Total long-term liabilities	<u>1,790</u>	<u>1,309</u>	36.7%	<u>1,205</u>	48.5%	<u>16,116</u>
Total liabilities	<u>4,333</u>	<u>3,230</u>	34.1%	<u>3,235</u>	33.9%	<u>39,022</u>
Shareholders' equity:						
Common stock, authorized: 26,000,000 shares; issued & outstanding: 11,050,000 shares in 2002	6,683	6,683	0.0%	6,683	0.0%	60,184
Additional paid-in capital	9,710	9,710	0.0%	9,710	0.0%	87,441
Retained earnings	9,187	8,232	11.6%	8,516	7.9%	82,732
Net unrealized gains on other securities	2	28	-92.9%	38	-94.7%	13
Foreign currency translation adjustment	(891)	(931)	--	(1,216)	--	(8,032)
Treasury stock, at cost	(581)	(202)	--	(302)	--	(5,228)
Total shareholders' equity	<u>24,110</u>	<u>23,520</u>	2.5%	<u>23,429</u>	2.9%	<u>217,110</u>
Total liabilities & shareholders' equity	<u>28,443</u>	<u>26,750</u>	6.3%	<u>26,664</u>	6.7%	<u>256,132</u>

Consolidated Statements of Income

	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.		2004	30th Sept.
	2004	2003			2004
Net sales	8,157	5,723	42.5%	12,003	73,451
Cost of sales	5,962	4,463	33.6%	9,022	53,687
Gross profit	2,195	1,260	74.2%	2,981	19,764
Selling, general & administrative expenses	1,507	1,132	33.1%	2,295	13,570
Operating income	688	128	437.5%	686	6,194
Other income (expenses):					
Interest & dividend income	8	5	60.0%	12	70
Interest expenses	6	8	-25.0%	(13)	54
Foreign exchange gain (loss), net	(22)	6	--	30	(197)
Other, net	(169)	77	--	(4)	(1,520)
Other income (expenses), net	(177)	96	--	25	(1,593)
Income before income taxes	511	224	128.1%	711	4,601
Income taxes:					
Current	207	65	218.5%	112	1,862
Deferred	(451)	44	--	124	(4,060)
	(244)	109	--	236	(2,198)
Net income	755	115	556.5%	475	6,799

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.		2004	30th Sept.
	2004	2003			2004
Operating activities:					
Income before income taxes	511	224	128.1%	711	4,601
Adjustments for:		(60)			
Depreciation	715	714	0.1%	1,466	6,167
Amortization of consolidate adjustment account	(78)		--	(119)	(701)
Increase (decrease) in allowance for doubtful accounts	1	(1)	--	(20)	11
Decrease in accrued pension & severance costs	(21)	3	--	36	(188)
Loss on disposal/sales of property, plant & equipment	10	22	-54.5%	51	88
Interest & dividend income	(9)	(6)	--	(13)	(82)
Foreign exchange (gain) los	0	5	--	7	(1)
(Increase) decrease in notes & accounts receivable	(523)	(76)	--	(605)	(4,707)
(Increase) decrease in inventories	779	256	204.3%	477	7,012
Increase (decrease) in accounts payable	(89)	2	--	207	(797)
Other	86	102	-15.7%	(6)	1,041
Sub total	<u>1,382</u>	<u>1,185</u>	16.6%	<u>2,192</u>	<u>12,444</u>
Interest & dividend income received	9	6	50.0%	12	81
Interest expenses paid	(6)	(7)	--	(2)	(54)
Income taxes paid	(99)	(59)	--	(100)	(895)
Net cash provided by operating activities	<u>1,286</u>	<u>1,125</u>	14.3%	<u>2,102</u>	<u>11,576</u>
Investment activities:					
Payments for purchase of securities	--	(100)	--	--	--
Payments for purchase of property, plant & equipment	(465)	(358)	--	(733)	(4,187)
Proceeds from sales of property, plant & equipment	16	21	-23.8%	39	144
Payments for purchase of investment securities	(3)	(26)	--	(41)	(26)
Proceeds from sales of investment securities	0	133	--	133	4
Acquisition of new consolidated subsidiary	(497)	--	--	--	(4,473)
Increase in intangible fixed assets	(4)	(103)	--	(109)	(39)
Other	0	1	--	3	(12)
Net cash used in investing activities	<u>(953)</u>	<u>(432)</u>	--	<u>(708)</u>	<u>(8,589)</u>
Financing activities:					
Payments of long-term debt	(74)	(78)	--	(152)	(664)
Purchase of treasury stock	(279)	0	--	(154)	(2,512)
Proceeds from sales of treasury stock	1	--	--	--	
Cash dividends paid	(76)	(77)	--	(100)	(687)
Net cash provided by (used in) financing activities	<u>(428)</u>	<u>(155)</u>	--	<u>(406)</u>	<u>(3,857)</u>
Effect of exchange rate changes on cash & cash equivalents	47	(47)	--	(77)	432
Net increase (decrease) in cash & cash equivalents	(48)	491	--	911	(438)
Cash and cash equivalents at beginning of year	6,202	5,291	17.2%	5,291	55,848
Cash and cash equivalents at end of the period	<u>6,154</u>	<u>5,782</u>	6.4%	<u>6,202</u>	<u>55,410</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		JPY million	USD thousand
	Six-month period ended 30th Sept. 2004	Six-month period ended 30th Sept. 2003	Change %	Year ended 31st March 2004	Six-month period ended 30th Sept. 2004
JAPAN					
Net sales:					
Unaffiliated customers	5,948	4,316	37.8%	8,877	53,559
Intersegment	470	192	144.8%	567	4,235
Total	6,418	4,508	42.4%	9,444	57,794
Operating cost	5,845	4,267	37.0%	8,776	52,633
Operating income (loss)	573	241	137.8%	668	5,161
ASIA					
Net sales:					
Unaffiliated customers	1,951	1,231	58.5%	2,707	17,570
Intersegment	557	413	34.9%	1,003	5,014
Total	2,508	1,644	52.6%	3,710	22,584
Operating cost	2,066	1,458	41.7%	3,127	18,608
Operating income (loss)	442	186	137.6%	583	3,976
EUROPE and AMERICA					
Net sales:					
Unaffiliated customers	258	176	46.6%	419	2,322
Intersegment	1	1	0.0%	2	12
Total	259	177	46.3%	421	2,334
Operating cost	297	225	32.0%	508	2,673
Operating income (loss)	(38)	(48)	--	(87)	(339)
TOTAL					
Net sales:					
Unaffiliated customers	8,157	5,723	42.5%	12,003	73,451
Intersegment	1,028	606	69.6%	1,572	9,261
Total	9,185	6,329	45.1%	13,575	82,712
Operating cost	8,208	5,950	37.9%	12,411	73,914
Operating income (loss)	977	379	157.8%	1,164	8,798
ELIMINATION					
Net sales:					
Total	1,028	606	69.6%	1,572	9,261
Operating cost	739	355	108.2%	1,094	6,658
Operating income (loss)	289	251	15.1%	478	2,603
CONSOLIDATED					
Net sales:					
Total	8,157	5,723	42.5%	12,003	73,451
Operating cost	7,469	5,595	33.5%	11,317	67,256
Operating income (loss)	688	128	437.5%	686	6,194

(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.		2004	30th Sept.
	2004	2003			2004
Overseas sales:					
Asia	3,117	2,294	35.9%	5,019	28,067
Europe	187	128	46.1%	287	1,683
Others	229	170	34.7%	376	2,060
Total	3,533	2,592	36.3%	5,682	31,810
Consolidated net sales	8,157	5,723	42.5%	12,003	73,451
% to consolidated net sales:					
Asia	38.2%	48.0%		47.7%	
Europe	2.3%	2.2%		2.4%	
Others	2.8%	3.0%		3.1%	
Total	43.3%	52.3%		47.3%	

*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.