

MARUWA CO., LTD.

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FOR IMMEDIATE RELEASE**Consolidated financial results for the third quarter of fiscal 2006**

Note1) The third quarter results for fiscal 2005 and 2006 are unaudited.

Note2) Two consolidated subsidiaries merged on 1 January 2006. MARUWA QUARTZ Co., Ltd. absorbed MARUWA TFG Co., Ltd.

1. Summary of operating results

	JPY million				
	Current 3rd Qt		Previous 3rd Qt		(Reference)
	from 1 April 2005		from 1 April 2004		For fiscal 2005
	to 31 Dec. 2005		to 31 Dec. 2004		ended 31 Mar. 2005
		Change%		Change%	
Net sales	14,087	18.2%	11,914	35.7%	15,529
Operating income	1,241	16.4%	1,066	195.2%	1,357
Net income	681	-38.5%	1,107	204.1%	1,225
Net income per share :					JPY
(Basic)	62.67		102.29		112.40
(Diluted)	62.31		102.12		112.18

Note) Change figures indicate increases (decreases) percentages compared to the 3rd quarter results in the previous fiscal year, respectively.

2. Summary of consolidated financial conditions

	JPY million		
	Current 3rd Qt		(Reference)
	As of 31 Dec. 2005		As of 31 Mar. 2005
	As of 31 Dec. 2004		
Total Assets	31,740	28,523	28,465
Shareholders' equity	26,015	23,995	24,328
Shareholders' equity ratio	82.0%	84.1%	85.5%
Shareholders' equity per share	2,373.03	2,226.47	2,256.48

3. Outlook for fiscal 2006 ending 31 March 2006

As for the forecast of consolidated operating results for the fiscal 2006, the forecast figures announced on 5 August 2005 are unchanged.

* The forecasts stated above are based on currently available information as of the date of announcement of this document. Actual results may differ from these forecasts due to various factors.

Review of operations

Net sales in this third quarter increased 18.2% to 14,087 million yen compared to the third quarter of the previous fiscal year. For the Ceramic Components segment, total sales increased 4.5% compared to the previous third quarter results due to a recovery of demand in the electronic components market except for some semiconductor-related markets. For the Lighting Equipment segment, total sales were 1,642 million yen since this business characteristically sells intensively in the end of a fiscal year.

As for profits, operating income in the Ceramic Components segment increased 73.6% to 1,851 million yen compared to the previous third quarter thanks to the contribution to income by new developed products and other new product lineups, and the enhancement efforts for the acquired businesses and products. The Lighting Equipment segment posted a loss of 228 million yen. As a result, consolidated operating income was 1,241 million yen, 16.4 % increase compared to the previous third quarter results.

Net income in this third quarter decreased 38.5% to 681 million yen compared to the third quarter of the previous fiscal term because of the loss of 261 million yen due to the payment of allowances in terminating the retirement benefits system for directors, and 101 million yen loss on the disposal of fixed assets. Meanwhile, net income for the previous third quarter includes 498 million yen of a positive tax effect.

Sales by segment

	JPY million	
	Previous 3rd Qt from 1 Apr. 2004 to 31 Dec. 2004	Current 3rd Qt from 1 Apr. 2005 to 31 Dec. 2005
Ceramic Components:		
Net sales	11,914	12,445
Operating income	1,066	1,851
Lighting Equipment:		
Net sales	-	1,642
Operating income	-	(228)
Total:		
Net sales	11,914	14,087
Operating income	1,066	1,623
Elimination:		
Net sales	-	-
Operating income	-	(382)
Consolidated:		
Net sales	11,914	14,087
Operating income	1,066	1,241

Quarterly consolidated sales results of Ceramic Components segment by product division

Quarterly:	JPY million						
	For year ended 31st March						
	2005				2006		
	1st Qt	2nd Qt	3rd Qt	4th Qt	1st Qt	2nd Qt	3rd Qt
Circuit Ceramics	1,746	1,566	1,479	1,421	1,649	1,576	1,519
Machinery Ceramics	1,363	1,376	1,257	1,256	1,129	1,117	1,135
Radio Frequency Products	259	270	302	265	344	364	417
EMC Components	808	768	720	673	1,096	1,024	1,075
Total	4,176	3,980	3,758	3,615	4,218	4,081	4,146

9-month period from 1st quarter to 3rd quarter:

	JPY million	
	Previous 3rd Qt from 1 Apr. 2004 to 31 Dec. 2004	Current 3rd Qt from 1 Apr. 2005 to 31 Dec. 2005
Circuit Ceramics	4,791	4,744
Machinery Ceramics	3,996	3,381
Radio Frequency Products	831	1,125
EMC Components	2,296	3,195
Total	11,914	12,445

Circuit Ceramics

Total sales of Circuit Ceramics division decreased 1.0% to 4,744 million yen compared to the third quarter of the previous year. Sales of the substrates for chip resistors amounted to the same level as the previous third quarter result due to stable demands in Asia. On the other hand, sales of large substrates were adversely affected by the decrease of demand due to inventory adjustments by our customers. Aluminum Nitride substrates continuously acquired favorable orders related to power modules.

Machinery Ceramics

Total sales of Machinery Ceramics division were 3,381 million yen, a decrease of 15.4% compared to the third quarter of the last year. For the quartz glass products, sales largely decreased without a sign of recovery from order drops yet. We are determined to strengthen the foundation by quickening the development of materials and certain products suited for larger wafers in addition to securing profits through the improvement of manufacturing processes.

Radio Frequency Products

Total sales of Radio Frequency Products were 1,125 million yen, increasing 35.4% compared to the previous third quarter results. The products for base stations and radars showed steady sales due to the favorable markets of communication devices for Asia.

The thin-film substrates have been growing in DVD-related fields, continuously contributing to increasing revenues.

EMC Components

Total sales of EMC Components increased 39.2% to 3,195 million yen compared to the previous third quarter. This increase was due to increasing demands for the noise-absorbing components in the markets led by PCs and digital home appliances such as thin screen TVs, and sales contribution of new products such as inductors. We are focusing on the enhancement of the structure for next year as our efforts to expand sales for Asian major manufacturers are getting on the track.

Lighting Equipment segment

Total sales for this segment were 1,623 million yen, reflecting the characteristic that sales of lighting equipment for public works including roads and bridges are delivered intensively in March. Annual sales are expected to exceed the forecast. Also, the effects of cost reduction efforts from the beginning of the year will be seen.

Consolidated financial conditions for the third quarter of fiscal 2006

Total assets at the end of this third quarter were 31,740 million yen as a result of business operation in the 9-month period, an increase of 3,275 million yen compared to the end of the previous fiscal year. This is mainly due to an increase of current assets including accounts receivable by MARUWA SHOMEI Co., Ltd., a new consolidated subsidiary since April. As well as assets, total liabilities increased 1,588 million yen due to an increase of accounts payable by MARUWA SHOMEI. Total shareholders' equity increased 1,687 million yen to 26,015 million yen.

Capital investment in this 9-month period amounted to 1,296 million yen, and depreciation was 1,169 million yen.

1. Consolidated Balance Sheet (summary)

	JPY million			JPY million	
	Current 3rd Qt	Previous 3rd Qt	Change	Fiscal 2005 (Reference)	Change
	As of 31 Dec. 2005	As of 31 Dec. 2004		As of 31 Mar. 2005	
ASSETS					
Current assets					
Cash & deposits	7,340	6,804	536	6,935	405
Notes and accounts receivable, trade	6,242	4,993	1,249	4,712	1,530
Inventories	2,959	2,680	279	2,554	405
Other current assets	411	307	104	629	(218)
Total current assets	16,952	14,784	2,168	14,830	2,122
Property, plant & equipment	12,107	11,029	1,078	11,308	799
Investments & other assets	2,681	2,710	(29)	2,327	354
Total assets	31,740	28,523	3,217	28,465	3,275
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Notes & accounts payable, trade	1,983	904	1,079	797	1,186
Other current liabilities	2,188	1,778	410	1,614	574
Total current liabilities	4,171	2,682	1,489	2,411	1,760
Long-term liabilities:					
Long-term debt	224	375	(151)	335	(111)
Accrued pension & severance costs	320	859	(539)	858	(538)
Other	1,010	612	398	533	477
Total long-term liabilities	1,554	1,846	(292)	1,726	(172)
Shareholders' equity:					
Common stock, authorized: 26,000,000 shares issued: 11,050,000 shares in Dec. 2004 and Mar. 2005, and 11,072,000 in Dec. 2005	6,710	6,683	27	6,683	27
Additional paid-in capital	9,747	9,710	37	9,710	37
Retained earnings	10,068	9,459	609	9,577	491
Net unrealized gains (losses) on other securities	85	10	75	16	69
Foreign currency translation adjustment	(361)	(1,286)	925	(1,077)	716
Advance on subscription of own shares	1	-	1	-	1
Treasury stock	(235)	(581)	346	(581)	346
Total shareholders' equity	26,015	23,995	2,020	24,328	1,687
Total liabilities & shareholders' equity	31,740	28,523	3,217	28,465	3,275

2. Consolidated statement of income (summary)

	JPY million							
	Current 3rd Qt from 1 Apr. 2005 to 31 Dec. 2005		Previous 3rd Qt from 1 Apr. 2004 to 31 Dec. 2004		Change		(Reference) For fiscal 2005 ended 31 Mar. 2005	
	to net sales		to net sales		amount	%	to net sales	
Net sales	14,087		11,913		2,174	18.2%	15,529	
Cost of sales	9,927	70.5%	8,602	72.2%	1,325	15.4%	11,187	72.0%
Gross profit	4,160	29.5%	3,311	27.8%	849	25.6%	4,342	28.0%
Selling, general & administrative expenses	2,919	20.7%	2,245	18.8%	674	30.0%	2,985	19.2%
Operating income	1,241	8.8%	1,066	8.9%	175	16.4%	1,357	8.7%
Other income (expenses)	(119)	-0.8%	(50)	-0.4%	(69)	-	(177)	-1.1%
Income before income taxes	1,122	8.0%	1,016	8.5%	106	10.4%	1,180	7.6%
Income tax expenses	441	3.1%	(91)	-0.8%	532	-	(45)	-0.3%
Net income	681	4.8%	1,107	9.3%	(426)	-38.5%	1,225	7.9%

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