

MARUWA CO., LTD.

3-83, Minamihonjigahara-cho, Owariasahi-city, Aichi-pref., 488-0044 JAPAN

MARUWA CO., LTD. announces Interim Results for the six-month period ended 30th September 2005

*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 = 109.93 yen.

*Consolidated subsidiaries: 7 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. 2005	For six-month period ended 30th Sept. 2004	Change %	For year ended 31st March 2005	For six-month period ended 30th Sept. 2005
Net sales	9,005	8,157	10.4%	15,529	81,914
Operating income	718	688	4.4%	1,357	6,536
Income before income taxes	547	511	7.0%	1,180	4,976
Net income	282	755	-62.6%	1,225	2,561
		JPY		JPY	USD
Net income per share	26.06	69.58		112.40	0.20

(2) Summary of consolidated financial condition

	JPY million	JPY million		JPY million	USD thousand
	As of 30th Sept. 2005	As of 30th Sept. 2004	Change %	As of 31st March 2005	As of 30th Sept. 2005
Total Assets	30,538	28,443	7.4%	28,465	277,794
Shareholders' equity	25,272	24,110	4.8%	24,328	229,889
Shareholders' equity ratio	82.8%	84.8%	-2.4%	85.5%	
		JPY		JPY	USD
Shareholders' equity per share	2,315.35	2,237.07		2,256.48	20.80

(3) Summary of consolidated statement of cash flows

	JPY million	JPY million		JPY million	USD thousand
	For six-month	For six-month		For year ended	For six-month
	period ended	period ended		For year ended	period ended
	30th Sept.	30th Sept.	Change %	31st March	30th Sept.
	2005	2004		2005	2005
Cash flows from operating activities	423	1,286	-67.1%	3,319	3,844
Cash flows from investing activities	(181)	(953)	--	(2,062)	(1,646)
Cash flows from financing activities	164	(428)	--	(583)	1,489
Cash and cash equivalents					
at the end of the period	7,401	6,154	20.3%	6,935	67,322

2. Projections

Consolidated earnings forecast for full fiscal 2006 ending 31st March 2006

	JPY million
Net sales	21,230
Net income	1,120

*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

Based on the basic corporate principle - The three roots of our trunk: Advancement of the company, Welfare of the workforce, and Satisfaction of the shareholders,- MARUWA group strives to differentiate us from our peers by consistently being professional of material technology and following quality first policy, and to enhance the corporate value to meet the expectations of all the stakeholders.

Based on this policy, it is MARUWA' s management policy to expand into new fields and to survive among severe global business competition as well as to develop N.1 products in global niche markets by reinforcing its core business with a selection and concentration strategy.

(2) Dividend policy

As a profit allocation policy, MARUWA considers to allocate acquired cash-flows through operations to active investment into new growing areas, consolidated results-considered dividends, and the appropriation of retained earnings for flexible use against management environment changes. We are determined to expand our business and to improve dividend payout ratio continually.

(3) Targeted management indices

MARUWA emphasizes operating income ratio as an important index to indicate profitability. We set a medium-to-long term target, operating income ratio 20%. For this goal, we are determined to establish profit-acquiring system of production and sales together toward solid growth in the electronic components industry amid rapid changes and severe competition.

(4) Business strategies in medium-to-long term 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, has accumulated base technologies such as ceramic material technology, electronic device technology, and multi-layering technology, and lined up unique electronic components with combinations of these technologies, promoting its business mainly in information-communication and digital home appliances areas. Recently, we are also focusing on components for near-future automobiles as a ceramic manufacturer while seeking for possibilities in new fields such as a lighting equipment business started in this year. Also, developing our fields from quartz glass to semiconductor manufacturing, we supply our products for the electronic components industry from a wider range of materials. MARUWA continues to increase our corporate value by improving profitability and growth potential, aiming to become a strong specialist based on manufacturing, focusing on quality rather than size, instead of being a multi-line company.

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/department-wide efforts.

We have enforced to build up an operational system responsive to market changes, learning from the management lessons of the IT bubble and its collapse in 2000 and 2001. While we aimed to extend into new fields with our new business and products which either had been developed in-house or acquired through M&A, we also thoroughly strengthened the internal system to enhance defensiveness to keep up with rapidly-changing markets in fiscal 2003, followed by actions to promote aggressiveness including the enhancement of R&D activities and a sales system in fiscal 2004. In last year, fiscal 2005, we continued to enhance operations focusing on cash-flows in each business and production division while restructuring businesses acquired through M&A in the past, and promoting mass-production and profit contribution of newly-developed items to firm the foundation for growth to next level.

This fiscal 2006 is considered as our starting point for growth based on the past enhancement efforts. MARUWA is determined to found a solid, unique management system with an eye on a global development. For a medium-to-long term growth strategy, in addition to the development and creation of new products and businesses within the company, we will maintain our M&A strategy to acquire business or products that could create a synergetic effect with our material technology and other base technologies and product line-ups.

Aiming for further expansion in Asian markets, we acquired our second overseas production site for electronic components in Chennai, India, next to the Malaysian plant, now preparing for operations to be started in January, 2006. This plant, as a core plant, is expected to contribute to increasing of production capacity among the other 3 plants overseas.

As for entry into the automotive components industry, which is expected to grow in the future, as a intensive strategic field, we are at the final phase of R&D of products for automobiles promoted in recent years with our ceramic material and processing technologies, now advancing the preparation of mass production to be started in next year or later.

(5) Corporate governance

1. Basic policy for corporate governance

MARUWA is enhancing our governance structure based on our principal management issue to realize efficient management, approaching promptly and resiliently 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 in order to 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.

i. Governance structure

MARUWA adopts the auditing system for governance. Our governance structure consists of the board of directors, the board of auditors, and the internal auditing office under the direct control of the president. There are 5 directors. They discuss important issues at regular or special meetings of the board of directors.

MARUWA introduced operating officers from this term for the purpose of clarifying power and responsibility, and enhancing corporate governance by separating decision-making and supervision, and operations. Moreover, directors and officers responsible for business divisions, including operating officers, started to have a meeting together every month to carry on business strategies proactively.

There is no outside director.

There are 3 auditors, including 2 outside auditors. They attend every meeting of the board of directors to audit the directors in principle. In addition, they work with internal audit officers who directly belong to the management to audit directors and operating officers who are responsible on a practical level and to propose improvement measures.

ii. Interest and personal relationship with outside auditors

There is no special interest between MARUWA and outside auditors.

Review of Operations and Financial Condition

I. Interim Operating Results

	JPY million					
	Previous				Current	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	4,176	3,980	3,758	3,615	4,481	4,524
Operating income	308	380	378	291	398	321
Net income	156	599	352	118	51	231

	Previous		Current	
	For six-month period ended 30th Sept. 2004	For six-month period ended 31st Mar. 2005	For six-month period ended 30th Sept. 2005	
Net sales	8,157	7,372	9,005	
Operating income	688	669	718	
Net income	755	470	282	

(1) Review of operations

The electronic components market eventually shifted to a recovery trend, except for the semiconductor-related market, after a series of inventory adjustments since the latter half of the previous year, as still facing severe dropdown of product prices.

Under these circumstances, MARUWA group also generally benefited from the recovery of the electronic components market. Net sales increased 10.4% to 9,005 million yen due to new product lineups of EMC Components compared to the interim results of last year which had enjoyed an active market of digital home devices.

Net income except for Lighting Equipment segment also increased 74.1% to 1,198 million yen compared to the interim results in the previous year thanks to effects of the various measures carried on in recent years, including cut-down of inventories, lead-time reduction, quality and yield rate improvement, production enhancement by saving cost, restructuring of acquired businesses which had been in deficit and product lineups, and profitability improvement of new products.

The Lighting Equipment business, however, resulted in a loss of 244 million yen because of its particularity different from our other businesses that its sales concentrate in the second half of a fiscal term, and until then its expenses largely exceed sales. This amount of loss is within the estimate at the beginning of this year.

As a result, operating income was 718 million yen, an increase of 4.4% compared to the previous interim results.

Net income was 282 million yen due mainly to the payment of 261 million yen as retirement benefits for directors on the termination of this retirement benefits system, and 77 million yen loss on the sales of surplus plant assets as a result of integration of quartz glass manufacturing. Net income largely decreased 62.6% in comparison with 755 million yen of the previous interim result which included 452 million yen of positive tax effect due to the merger of a subsidiary.

From these operating situations above, as for dividends, we resolved to pay 9 yen per share, an increase of 1.5 yen compared to the last year-end as we announced in May.

(2) Review of interim operating results by product divisions

Consolidated sales results by segment

	JPY million		
	Previous	Current	
	For six-month period ended 30th Sept. 2004	For six-month period ended 31st Mar. 2005	For six-month period ended 30th Sept. 2005
Ceramic Components:			
Net sales	8,157	7,372	8,299
Operating income	688	669	1,198
Lighting Equipment:			
Net sales	--	--	--
Operating income	--	--	--
Total:			
Net sales	8,157	7,372	9,005
Operating income	688	669	954
Elimination:			
Net sales	--	--	--
Operating income	--	--	(236)
Consolidated:			
Net sales	8,157	7,372	9,005
Operating income	688	669	718

Consolidated sales results of Ceramic Components segment by product divisions

	JPY million					
	Previous			Current		
	1Q	2Q	3Q	4Q	1Q	2Q
Circuit Ceramics	1,746	1,566	1,479	1,421	1,649	1,576
Machinery Ceramics	1,363	1,376	1,257	1,256	1,129	1,117
RF Products	259	270	302	265	344	364
EMC Components	808	768	720	673	1,096	1,024
Total	4,176	3,980	3,758	3,615	4,218	4,081

	Previous		Current	
	For six-month period ended 30th Sept. 2004	For six-month period ended 31st Mar. 2005	For six-month period ended 30th Sept. 2005	
	Circuit Ceramics	3,312	2,900	3,225
Machinery Ceramics	2,739	2,513	2,246	
RF Products	529	567	708	
EMC Components	1,576	1,393	2,120	
Total	8,156	7,373	8,299	

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) for FAX or barcode label printers, large ceramic substrates for hybrid ICs, and Aluminum Nitride (AlN) for power modules and automobiles.

This division was reflected a recovery trend for information communication markets such as mobile phones and PCs, although its sales decreased 2.7% to 3,225 million yen compared to the remarkably favorable sales in the first half of the previous year.

AlN substrates posted solid sales due to favorable demands for power modules-related products since the second half of the first quarter, and are expected further contribution to net profits in the latter half of this year.

Machinery Ceramics

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

Total sales for this division were 2,246 million yen, a decrease of 18.0% compared to the previous interim results due to inactive orders for quartz glass products, a core of this division.

Radio Frequency Products

Radio Frequency Products include device products such as VCO (voltage controlled oscillators) for mobile phones and other wireless communication appliances, device products such as band pass filters, dielectric ceramics for filters used in mobile communications or antennas, and thin film substrates for optical information and communications.

Total sales of this division increased 33.8% to 708 million yen compared to the previous interim results blessed by good demands from communications and digital home device industries.

Device products showed stable sales due to favorable orders for business wireless communications and base stations. Thin-film products also had increasing sales, starting the enhancement of manufacturing equipment for the expansion of mass-production, and the development of new fields and customers for further expansion.

EMC Components

EMC Components include multi-layer ceramic capacitors of high-voltage/high-capacitance mainly for digital cameras, LCD backlights, and power supply of electronic devices, and components as a countermeasure against noise/surge, including EMI filters, chip varistors, chip beads, and inductors. Such components against noise/surge are expected to be more required in the future for various electronic appliances such as information communication tools including mobile phones and PCs, digital home appliances, amusement equipment, and automotive electronics.

Total sales of EMC Components increased 34.5% to 2,120 million yen compared to the previous interim results due to a recovery trend in the electronic components market and new product lineups added in this term.

EMI filters gained stable orders for base stations for mobile phones, digital home devices such as digital TVs and DVDs, and amusement-related equipment. To respond to a future demand increase, we started to improve productivity and to enhance manufacturing capacity. Chip varistors are anticipated to gain solid sales due to favorable orders for automobiles also in the latter half of the year.

Lighting Equipment

This segment started since this year as a new business; it posted total sales in the midterm 706 million yen, and operating loss 244 million yen.

This segment includes lighting equipment for public works such as roads and bridges, and sales tend to be concentrated in the fourth quarter, especially in March, accounting for expenses exceeding a sales amount up to then.

The amount of loss was reduced greater than the estimate at the beginning of the year due to our various efforts for cost reduction by the review of sales location or cutting of purchases cost since the beginning of the year. We are determined to continue to make these efforts in the second half of this term so as to improve annual profitability of this division significantly.

II. Financial Condition

	JPY million				
	As of 30th Sept.2004	As of 31st Mar.2005	As of 30th Sept.2005	Changes	
				compared to 31st Mar.2004	
Total assets	28,443	28,465	30,538	2,073	7.3%
Total liabilities	4,333	4,137	5,266	1,129	27.3%
Total shareholders' equity	24,110	24,328	25,272	944	3.9%
Shareholders' equity ratio	84.8%	85.5%	82.8%	-2.7%	

	JPY million				
	For six-month period ended 30th Sept.2004	For six-month period ended 31st Mar.2005	For six-month period ended 30th Sept.2005	Changes	
				compared to six-month period ended 31st Mar. 05	
Net cash provided by operating activities	1,286	2,033	423	(1,610)	-79.2%
Net cash used in investing activities	(953)	(1,109)	(181)	928	83.7%
Net cash used in financing activities	(428)	(155)	164	319	-205.8%
Cash and cash equivalents at end of term	6,154	6,935	7,401	466	6.7%
Net sales	8,157	7,372	9,005	1,633	22.2%
Capital investment	453	800	746	(54)	-6.8%
Depreciation	715	766	756	(10)	-1.3%

Total assets at the end of the first half of this year were 30,538 million yen, an increase of 2,073 million yen as a result of operating activities in this six-month period, including an increase of 1,487 million yen due to the acquisition of MARUWA SHOMEI Co., Ltd. ("MARUWA SHOMEI"), a new consolidated subsidiary from this year. Net property, plant and equipment increased 543 million yen due mainly to the assets of MARUWA SHOMEI.

Total liabilities were 5,266 million yen, an increase of 1,129 million yen also due mainly to 1,381 million yen of liabilities that MARUWA SHOMEI held.

As for the use of internal reserve, MARUWA aims to invest in the mass production of new products and, to pursue high proactiveness and timely M&A strategies.

Net cash provided from operating activities was 423 million yen, a decrease of 1,610 million yen from the second half of the last year. The major negative factors are a decrease of accrued pension and severance costs, 856 million yen, and a decrease of 1,416 million yen of trade notes and trade accounts payable. On the other hand, the main factors of cash increase were a 903 million decrease of trade notes and accounts receivable, and the positive adjustment of depreciation, 756 million yen. Taxes paid were 70 million yen. The business particularity of MARUWA SHOMEI mainly contributed to the increase and decrease of trade notes and accounts payable and receivable.

Net cash used in investing activities totaled 181 million yen, a decrease of 927 million yen compared to the cash used in the latter six-month period of the previous term. The principal investments in this term were 466 million yen of the purchases of net property, plant and equipment, and 9 million yen of the acquisition of the shares of MARUWA SHOMEI Co., Ltd. As for the acquisition of MARUWA SHOMEI, the actual cash flow was positive 358 million yen since cash assets were acquired together.

Net cash provided in financing activities amounted to 164 million yen, including 311 million yen of proceeds from sales of own shares upon the exercises of stock options, and payments for long-term debt, 74 million yen.

Consequently, cash and cash equivalents at the end of the first half period of this year increased 466 million yen to 7,401 million yen compared to the end of the previous year since net cash provided from operating and financing activities were larger than net cash used in investing activities.

III. Outlook of the Full Fiscal 2006

	JPY million			
	For year ended	For year ending	Change	
	31st March 2005	31st March 2006	Amount	%
Net sales	15,529	21,230	5,701	36.7%
Operating income	1,357	2,100	743	54.8%
Net income	1,225	1,120	-105	-8.6%

As for the ceramic components business, MARUWA generally anticipates that favorable sales will continue in the second half of the year due to a desirable level of demands. As for the lighting equipment business, greater sales than our expectation as of the beginning of the term as well as the improvement of benefits are anticipated due to our continual efforts to enhance operations.

In Circuit Ceramics division, MARUWA plans to increase production capacity for next term as well as responding to orders from domestic manufacturers led by favorable digital electronics markets.

In Machinery Ceramics division, we endeavor to strengthen sales capacity as well as to establish an efficient operating system by centralizing and streamlining of management through the merger between MARUWA QUARTZ Co., Ltd. and MARUWA TFG Co., Ltd. scheduled in January, 2006 despite a slow recovery of demands from the semiconductor equipment market

As for Radio Frequency Products, we will keep up with a remarkably short product life cycle of end products, making efforts to expand sales for new applications according to demand trends. In strong production divisions such as thin-film products, we aim to enhance manufacturing capacity and to increase sales even further.

In EMC Components division, we are determined to promote sales activities for new applications and of newly developed items to gain orders.

In addition, a large amount of loss is not expected in the second half of this year.

As a result, forecast figures for the fiscal 2006 are unchanged from the announced in August.

*Cautionary statements: the above forecasts are based on the present business environment and currently-available information, and include forward-looking statements involving risks and uncertainties. The reader is cautioned not to place reliance entirely on the above forecasts for making investment decisions. Due to a number of factors such as future economic situations and market environment changes, actual results may differ significantly from these estimates. Also, please refer to Risks for business operations.

IV. Risks for business operations

MARUWA considers following issues as risks which may have influence on operating results, share price, and financial conditions of MARUWA group.

Forward-looking statements contained in this document are due to discussion by MARUWA group as of the date this document was released.

1. Reliance on the electronic components market

Our major customers are electronic components makers which are influenced by the semiconductor market. The semiconductor market has been fluctuating cyclically by the influence of the market's distinctive "silicon cycle" due to market prices and technological innovation progress in addition to general economic influence.

In the past, our operations were impacted by plunge in orders when the electronics and semiconductor markets declined. Even though we expect the electronics market will expand in the medium-term led by smaller sized products with multi-functions and rapidly developing automotive components, our operations may be adversely affected in case that the growth of the electronics market slows down due to influences of general economy or cyclical slump of the semiconductor market.

2. Response to technological innovation

Amid the rapidly changing market requiring quick adjustment and sustainable growth, MARUWA group aims to increase our corporate values by enhancing profitability and growth, promoting product development in new areas with integration of our developed core technologies. For this purpose, we believe it is important to recruit necessary personnel and train employees.

In principle, MARUWA group conducts technological development in response to market needs, and will keep developing new products in the future. In case, however, we fail to catch up with development speed the market requires and to enhance production capacity, our operations may be affected along with the drop of our market shares.

3. Product cycle in the electronic components market (risks of inventories at the market)

In electronics markets, new products are constantly supplied supported by continuous technological innovation. Especially, when demands for new products with non-conventional functions are heightened in a full scale, orders rush temporarily due to competition for components among set makers. However, overestimation for demands among those set makers may cause an excess of inventories supply in the markets and saturation of the markets. In such market environment, our group business operations may be affected.

4. Regulations for environmental protection

Various regulations are applied to us about the usage, storage, destruction and disposal of chemical products used in manufacturing processes. We have never been complaint regarding environmental regulations, and we

believe that we comply with currently applicable environmental law and regulations. In case, however, that we are imposed any compensation or fine regarding a delay in response to future tightening of regulations and forced to halt production or terminate businesses, that we are required a large amount of expenditure for equipment or other expenses, and that we are accused of failing to comply with regulations for the usage, control and disposal of hazardous materials, operating results of the group may be impacted.

5. Risks on a growth strategy through M&A

MARUWA group focuses on M&A (merger, acquisition and affiliation of businesses) as a part of our growth strategy. Regarding the cases which we were involved, acquired businesses were improved into revenue sources relatively in a short period with intensive investment in personnel and materials after M&A, following careful preliminary assessment. In the future, we are also planning on expanding business areas and exploring new fields, continuously carrying on M&A. Future M&A, however, may not be linked to the resources of profits unlike our past M&A cases. In case that restructuring at acquired businesses is prolonged or operating costs are mounted, the group's operating results and financial condition may be impacted.

6. Reliance on material suppliers

For ceramics production, we purchase low materials such as alumina from several low material refining companies outside MARUWA group. Although we have ensured supply by appropriately increasing a number of trading suppliers according to materials price trend or our production volume, there is no guarantee that we will never have shortage of materials. The shortage of materials may cause escalating of materials prices, slowdown of supply, or increase of materials costs at our group, consequently affecting operating results and financial condition of the group.

7. Dependence on key persons

The future growth of MARUWA group highly depends on key figures such as competent researchers or engineers since we mainly engage in manufacturing of electronic materials and components in rapid technological innovation. Therefore, it is essential for the management to ensure those core figures and to train them; otherwise, the future growth and operating results of the group may be impacted.

On the other hand, active employment of highly capable or experienced engineers may largely increase recruitment and labor costs, influencing our operating results and financial status.

8. Violations of intellectual property rights of other companies

MARUWA group aggressively promotes the development of new products, and prepare against the risks of violations at research and development with full preliminary research about intellectual property rights held by other companies. If we become an object of a suit for the fact of violations happened beyond our control, the group's business results and financial condition may be influenced.

9. Exchange rate fluctuations

MARUWA group trades in foreign currency including U.S. dollar, euro or Malaysia ringgit other than in yen. Also, we hold production and sales sites around the world, and some items on consolidated financial statements are converted into yen from originally traded foreign currency. Consequently, at the time of consolidation of financial statements, conversion into yen may affect the results of overseas companies of the group. MARUWA uses foreign exchange forward contracts if necessary to manage exposures resulting from fluctuations in foreign currency exchange, but it is impossible to avoid all the influences of foreign currency exchange. Therefore, our operating results may be affected by the fluctuations of foreign currency exchange.

10. Political and economic situations in Malaysia

Maruwa (Malaysia) Sdn.Bhd., a 100% owned consolidated subsidiary of MARUWA, produces and sells products of Circuit Ceramics and Machinery Ceramics divisions, consisting of 17.8% of total sales for the midterm in September 2005. Since there are instability factors in Malaysian political situation because of being a multiethnic state, future political conditions and financial instability may influence our operating results in case that there are difficulty for the Malaysian subsidiary to continue its operations.

11. Dependence on public works

The lighting equipment business largely depends on public projects. It is a trend for public works in Japan to be focused on efficient projects such as for major/core cities, sightseeing cities matched with a national plan for promoting sightseeing, and development of central urban areas fit for an aging society, shifting from conventional pork-barrel projects. Compensating for this change of public works, MARUWA has promoted sales expansion and product development; however, our business results may be affected in case that the proceeding of public project delays due to various factors.

Consolidated Balance Sheets

	JPY million	JPY million		JPY million		USD thousand
	As of	As of		As of		As of
	30th Sept.	30th Sept.		31st March		30th Sept.
	2005	2004	Change %	2005	Change %	2005
ASSETS						
Current assets:						
Cash & deposits	7,403	6,154	20.3%	6,935	6.7%	67,344
Notes and accounts receivable, trade	5,719	4,931	16.0%	4,712	21.4%	52,021
Inventories	2,723	2,855	-4.6%	2,554	6.6%	24,772
Other current assets	448	798	-43.9%	633	-29.2%	4,078
Allowance for doubtful accounts	(7)	(4)	--	(4)	--	(67)
Total current assets	16,286	14,734	10.5%	14,830	9.8%	148,148
Property, plant & equipment:						
Building & structures	3,991	3,660	9.0%	3,703	7.8%	36,307
Machinery & equipments	3,917	3,963	-1.2%	3,829	2.3%	35,635
Land	3,246	2,920	11.2%	2,957	9.8%	29,523
Other	563	607	-7.2%	577	-2.4%	5,118
Construction in progress	134	191	-29.8%	242	-44.6%	1,221
Net property, plant & equipment	11,851	11,341	4.5%	11,308	4.8%	107,805
Investment & other assets:						
Investment securities	809	638	26.8%	701	15.4%	7,356
Other	1,592	1,730	-8.0%	1,626	-2.1%	14,486
Total investments & other assets	2,401	2,368	1.4%	2,327	3.2%	21,841
Total assets	30,538	28,443	7.4%	28,465	7.3%	277,794

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Notes & accounts payable, trade	1,403	789	77.8%	797	76.0%	12,763
Accrued bonus	233	195	19.5%	195	19.5%	2,122
Other	1,959	1,461	34.1%	1,419	38.1%	17,816
Total current liabilities	3,595	2,445	47.0%	2,411	49.1%	32,702

Long-term liabilities:

Long-term debt	261	409	-36.2%	335	-22.1%	2,376
Accrued pension & severance costs	322	828	-61.1%	858	-62.5%	2,931
Other	1,088	651	67.1%	533	104.1%	9,896
Total long-term liabilities	1,671	1,888	-11.5%	1,726	-3.2%	15,203
Total liabilities	5,266	4,333	21.5%	4,137	27.3%	47,904

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%	60,797
Additional paid-in capital	9,735	9,710	0.3%	9,710	0.3%	88,555
Retained earnings	9,768	9,187	6.3%	9,577	2.0%	88,854
Net unrealized gains on other securities	44	2	--	16	175.0%	400
Foreign currency translation adjustment	(680)	(891)	--	(1,077)	--	(6,186)
Advance on subscription of own shares	8	--	--	--	--	72
Treasury stock, at cost	(286)	(581)	--	(581)	--	(2,604)
Total shareholders' equity	25,272	24,110	4.8%	24,328	3.9%	229,889
Total liabilities & shareholders' equity	30,538	28,443	7.4%	28,465	7.3%	277,793

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.		2005	30th Sept.
	2005	2004			2005
Net sales	9,005	8,157	10.4%	15,529	81,914
Cost of sales	6,342	5,962	6.4%	11,187	57,688
Gross profit	2,663	2,195	21.3%	4,342	24,226
Selling, general & administrative expenses	1,945	1,507	29.1%	2,985	17,690
Operating income	718	688	4.4%	1,357	6,536
Other income (expenses):					
Interest & dividend income	18	9	100.0%	22	164
Interest expenses	(4)	(6)	--	(10)	(38)
Foreign exchange gain (loss), net	70	(22)	--	19	634
Other, net	(255)	(158)	--	(208)	(2,321)
Other income (expenses), net	(171)	(177)	--	(177)	(1,560)
Income before income taxes	547	511	7.0%	1,180	4,976
Income taxes:					
Current	97	207	-53.1%	170	878
Deferred	168	(451)	--	(215)	1,536
	265	(244)	--	(45)	2,414
Net income	282	755	-62.6%	1,225	2,561

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.		2005	30th Sept.
	2005	2004			2005
Operating activities:					
Income before income taxes	547	511	7.0%	1,180	4,976
Adjustments for:					
Depreciation	756	715	5.7%	1,481	6,881
Amortization of consolidated adjustment account	(107)	(78)	--	(156)	(971)
Increase (decrease) in allowance for doubtful accounts	(4)	1	--	1	(39)
Decrease in accrued pension & severance costs	(856)	(21)	--	108	(7,784)
Loss on disposal/sales of property, plant & equipment	79	10	690.0%	122	720
Interest & dividend income	(18)	(9)	--	(22)	(164)
Foreign exchange (gain) loss	56	(1)	--	(29)	510
(Increase) decrease in notes & accounts receivable	903	(523)	--	(331)	8,212
(Increase) decrease in inventories	82	779	-89.5%	1,089	748
Increase (decrease) in accounts payable	(1,416)	(89)	--	(86)	(12,885)
Other	457	87	425.3%	105	4,156
Sub total	480	1,382	-65.3%	3,462	4,359
Interest & dividend income received	17	9	88.9%	22	159
Interest expenses paid	(4)	(6)	--	(10)	(38)
Income taxes paid	(70)	(99)	--	(155)	(636)
Net cash provided by operating activities	423	1,286	-67.1%	3,319	3,844

Investment activities:

Payments for purchase of property, plant & equipment	(466)	(465)	--	(1,236)	(4,243)
Proceeds from sales of property, plant & equipment	8	16	-50.0%	18	74
Payments for disposal of property, plant & equipment	(46)	--	--	--	(422)
Payments for purchase of investment securities	(59)	(3)	--	(59)	(536)
Proceeds from sales of investment securities	5	0	--	1	41
Acquisition of new consolidated subsidiary	358	(497)		(774)	3,257
Increase in intangible fixed assets	(10)	(4)	--	(6)	(93)
Other	29	0		(6)	275
Net cash used in investing activities	<u>(181)</u>	<u>(953)</u>	--	<u>(2,062)</u>	<u>(1,646)</u>

Financing activities:

Payments of long-term debt	(74)	(74)	--	(147)	(671)
Proceeds from sales of treasury stock	311	1	--	1	
Advance on subscription	8	--	--	--	72
Purchase of treasury stock	0	(279)	--	(280)	(2)
Cash dividends paid	(81)	(76)	--	(157)	(740)
Net cash provided by (used in) financing activities	<u>164</u>	<u>(428)</u>	--	<u>(583)</u>	<u>1,489</u>
Effect of exchange rate changes on cash & cash equivalents	<u>60</u>	47	27.7%	<u>59</u>	<u>551</u>
Net increase (decrease) in cash & cash equivalents	<u>466</u>	(48)	--	733	4,238
Cash and cash equivalents at beginning of year	<u>6,935</u>	6,202	11.8%	6,202	63,084
Cash and cash equivalents at end of the period	<u>7,401</u>	<u>6,154</u>	20.3%	<u>6,935</u>	<u>67,322</u>

Segment Information

(1) Consolidated business segment information

	JPY million	JPY million		JPY million	USD thousand
	Six-month	Six-month		Year ended	Six-month
	period ended	period ended		Year ended	period ended
	30th Sept.	30th Sept.	Change %	31st March	30th Sept.
	2005	2004		2005	2005
Ceramic Components:					
Net sales:					
Unaffiliated customers	8,299	--	--	--	75,494
Intersegment	--	--	--	--	--
Total	8,299	--	--	--	75,494
Operating cost	7,101	--	--	--	64,599
Operating income (loss)	1,198	--	--	--	10,895
Lighting Equipment:					
Net sales:					
Unaffiliated customers	706	--	--	--	6,420
Intersegment	--	--	--	--	--
Total	706	--	--	--	6,420
Operating cost	950	--	--	--	8,640
Operating income (loss)	(244)	--	--	--	(2,220)
Total:					
Net sales:					
Unaffiliated customers	9,005	--	--	--	81,914
Intersegment	--	--	--	--	--
Total	9,005	--	--	--	81,914
Operating cost	8,051	--	--	--	73,239
Operating income (loss)	954	--	--	--	8,675
Elimination:					
Net sales:					
Total	--	--	--	--	--
Operating cost	236	--	--	--	2,139
Operating income (loss)	(236)	--	--	--	(2,139)

Consolidated:

Net sales:

Total	9,005	--	--	--	81,914
Operating cost	8,287	--	--	--	75,378
Operating income (loss)	718	--	--	--	6,536

NOTE) Segment breakdown is not applicable for the previous interim and final results.

(2) Consolidated geographic segment information

	JPY million	JPY million		JPY million	USD thousand
	Six-month	Six-month		Year ended	Six-month
	period ended	period ended		Year ended	period ended
	30th Sept.	30th Sept.	Change %	31st March	30th Sept.
	2005	2004		2005	2005
JAPAN					
Net sales:					
Unaffiliated customers	6,991	5,948	17.5%	11,641	63,597
Intersegment	355	470	-24.5%	805	3,234
Total	7,346	6,418	14.5%	12,446	66,830
Operating cost	6,685	5,845	14.4%	11,131	60,824
Operating income (loss)	661	573	15.4%	1,315	6,007
ASIA					
Net sales:					
Unaffiliated customers	1,767	1,951	-9.4%	3,384	16,073
Intersegment	621	557	11.5%	1,068	5,652
Total	2,388	2,508	-4.8%	4,452	21,725
Operating cost	1,987	2,066	-3.8%	3,725	18,075
Operating income (loss)	401	442	-9.3%	727	3,650
EUROPE and AMERICA					
Net sales:					
Unaffiliated customers	247	258	-4.3%	504	2,244
Intersegment	1	1	0.0%	2	8
Total	248	259	-4.2%	506	2,252
Operating cost	284	297	-4.4%	584	2,578
Operating income (loss)	(36)	(38)	--	(78)	(327)

TOTAL

Net sales:

Unaffiliated customers	9,005	8,157	10.4%	15,529	81,914
Intersegment	977	1,028	-5.0%	1,875	8,893
Total	9,982	9,185	8.7%	17,404	90,807
Operating cost	8,956	8,208	9.1%	15,440	81,477
Operating income (loss)	1,026	977	5.0%	1,964	9,330

ELIMINATION

Net sales:

Total	977	1,028	-5.0%	1,875	8,893
Operating cost	669	739	-9.5%	1,268	6,099
Operating income (loss)	308	289	6.6%	607	2,794

CONSOLIDATED

Net sales:

Total	9,005	8,157	10.4%	15,529	81,914
Operating cost	8,287	7,469	11.0%	14,172	75,378
Operating income (loss)	718	688	4.4%	1,357	6,536

(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		Year ended	period ended
	30th Sept.	30th Sept.	Change %	31st March	30th Sept.
	2005	2004		2005	2005
Overseas sales:					
Asia	3,055	3,117	-2.0%	5,677	27,795
Europe	200	187	7.0%	356	1,818
Others	217	229	-5.2%	430	1,970
Total	3,472	3,533	-1.7%	6,463	31,583
Consolidated net sales	9,005	8,157	10.4%	15,529	81,914
% to consolidated net sales:					
Asia	33.9%	38.2%		36.6%	
Europe	2.2%	2.3%		2.3%	
Others	2.5%	2.8%		2.7%	
Total	38.6%	43.3%		41.6%	

*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, Shanghai

Europe - Germany, England

Others - United States

END.