

MARUWA CO., LTD.

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**Final Results for Fiscal 2007**

MARUWA CO., LTD. today announced its consolidated business results for the full fiscal year ended 31st March, 2007 as follows;

\*The financial statements are unaudited and 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 = 118.05yen.

\*Consolidated subsidiaries: 8 companies (Maruwa (Malaysia) Sdn. Bhd., Taiwan Maruwa Co., Ltd., MARUWA Electronics (Taiwan) Co., Ltd., Maruwa Europe Ltd., Maruwa America Corp., MARUWA QUARTZ Co., Ltd., MARUWA SHOMEI Co., Ltd., and Hokko Denshi Co., Ltd.)

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

	JPY million		Change %	USD thousand
	For year ended 31st March 2007	For year ended 31st March 2006		For year ended 31st March 2007
Net sales	21,062	20,278	3.9%	178,419
Operating income	1,924	1,693	13.6%	16,297
Income before income taxes	1,912	1,669	14.6%	16,200
Net income	1,334	1,135	17.5%	11,302
		JPY		USD
Net income per share	122.04	103.82	17.5%	1.03
Return on equity (ROE) (%)	4.9%	4.5%		
*Average number of issued shares	10,932,798	10,880,952		

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

	JPY million		Change %	USD thousand
	As of 31st March 2007	As of 31st March 2006		As of 31st March 2007
Total Assets	33,872	33,044	2.5%	286,928
Shareholders' equity	27,907	26,557	5.1%	236,396
Shareholders' equity ratio	82.4%	80.4%	2.0%	
		JPY		USD
Shareholders' equity per share	2,572.66	2,423.40	6.2%	21.79
*Number of issued shares at the year end	10,847,360	10,956,360		

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

	JPY million		Change %	USD thousand
	For year ended 31st March 2007	For year ended 31st March 2006		For year ended 31st March 2007
Net cash provided by operating activities	1,422	2,036	-30.2%	12,043
Net cash used in investing activities	(3,029)	(1,234)	145.5%	(25,660)
Net cash used in financing activities	(700)	51	1472.5%	(5,926)
Cash and cash equivalents at end of term	5,939	7,899	-24.8%	50,310

**II. Outlook for the fiscal 2008**

	JPY million	
	Interim	Full year
Net sales	10,200	22,600
Operating income	940	2,400
Net income	660	1,560
Net income per share	60.84	143.81

\*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.

## Review of Operations and Financial Condition

### I. Operating Results

Quarterly	JPY million							
	Fiscal 2006				Fiscal 2007			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	4,481	4,524	5,082	6,191	<b>4,878</b>	<b>4,885</b>	<b>5,644</b>	<b>5,655</b>
Operating income	398	321	522	452	<b>420</b>	<b>402</b>	<b>489</b>	<b>613</b>
Net income	51	231	399	454	<b>357</b>	<b>274</b>	<b>331</b>	<b>372</b>

Full year	JPY million	
	Previous	Current
	For year ended	For year ended
	31st March 2006	31st March 2007
Net sales	20,278	<b>21,062</b>
Operating income	1,693	<b>1,924</b>
Net income	1,135	<b>1,334</b>

#### (1) Review of operations

Japanese economy in this year moved steadily in spite of slow growth in private consumption, supported by a revenue increase in the corporate business sector in a continuing business sentiment improvement trend and increases in capital expenditures. The global economy continued to expand in general, showing high growth of Chinese economy and underlying strength of the U.S. economy for which slowdown had been concerned.

Under these circumstances, MARUWA's business situation in this fiscal year generally moved favorably, influenced by a positive production increase trend in IT related industries while raw materials prices sharply increased and product price competition was severe.

Therefore, consolidated net sales of this fiscal year were 21,062 million yen, up 3.9% compared to the previous fiscal year.

As for profits, operating income increased 13.6% to 1,924 million yen compared to the previous fiscal year. This increase was due to a revenue increase in Circuit Ceramics division and the contribution of Machinery Ceramics division which was enhanced in a profitable structure throughout the last year, while there was the burden of expenses for the reorganization of manufacturing equipment. Net income was 1,334 million yen, up 17.5% compared to the last fiscal year.

## (2) Review of operating results by segment

	JPY million	
	Previous	Current
	For year ended 31st March 2006	For year ended 31st March 2007
<b>Ceramic Components:</b>		
Net sales	16,628	<b>18,341</b>
Operating income	2,234	<b>2,576</b>
<b>Lighting Equipment:</b>		
Net sales	3,650	<b>2,721</b>
Operating income	(27)	<b>(73)</b>
<b>Total:</b>		
Net sales	20,278	<b>21,062</b>
Operating income	2,207	<b>2,503</b>
<b>Elimination:</b>		
Net sales	-	--
Operating income	(514)	<b>(579)</b>
<b>Consolidated:</b>		
Net sales	20,278	<b>21,062</b>
Operating income	1,693	<b>1,924</b>

### Quarterly sales results of Ceramic Components segment by product division

	JPY million							
	Fiscal 2006			Fiscal 2007				
	1Q	2Q	3Q	1Q	1Q	2Q	3Q	4Q
Circuit Ceramics	1,649	1,576	1,519	1,601	<b>1,778</b>	<b>1,908</b>	<b>2,227</b>	<b>1,690</b>
Machinery Ceramics	1,129	1,117	1,135	1,063	<b>1,148</b>	<b>1,189</b>	<b>1,354</b>	<b>1,255</b>
RF Products*	344	364	417	464	<b>407</b>	<b>354</b>	<b>504</b>	<b>370</b>
EMC Components	1,096	1,024	1,075	1,055	<b>1,046</b>	<b>1,013</b>	<b>1,069</b>	<b>1,029</b>
Total	4,218	4,081	4,146	4,183	<b>4,379</b>	<b>4,464</b>	<b>5,154</b>	<b>4,344</b>

\*RF=Radio Frequency

	JPY million	
	Fiscal 2006	Fiscal 2007
Circuit Ceramics	6,345	<b>7,603</b>
Machinery Ceramics	4,444	<b>4,946</b>
RF Products	1,589	<b>1,635</b>
EMC Components	4,250	<b>4,157</b>
Total	16,628	<b>18,341</b>

### 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.

Total sales of this division were 7,603 million yen, up 19.8% compared to the previous year, reflected solid orders in information communication devices such as digital home appliances and PCs and industrial machineries markets.

Ceramic substrates for chip resistors continuously enjoyed high demands, gradually showing positive effects

from preparation for a production increase. Also, a sharp increase of demand for large substrates for power modules and Aluminum Nitride substrates contributed to the increase in revenue.

### **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.

In this division, quartz glass products saw a sales increase due to favorable orders for semiconductor equipment-related; on the other hand, sales of some products for which demand comes to an end decreased. Therefore, total sales in this year were 4,946 million yen, up 11.3% compared to the last year.

### **Radio Frequency Products**

Radio Frequency Products include device products such as band pass filters for wireless communication appliances such as mobile phones and base stations, dielectric ceramics for filters used in mobile communications, and thin film substrates for optical information and communications.

Total sales of this division were 1,635 million yen, up 2.9% compared to the last term.

Sales of dielectric ceramics and device products increased thanks to products for base stations and wireless communications for commercial-use. Thin-film products were affected from inventory adjustments by customers.

### **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 were 4,157million yen, down 2.2% compared to the previous fiscal year.

EMI filters and chip varistors increased in sales, but a part of lineups were influenced by inventory adjustments at customers.

### **Lighting Equipment**

This segment includes lighting equipment for public works such as roads and bridges, and sales tend to be largely concentrated in the end of a fiscal term, and expenses exceed sales until then.

Total sales in this year were 2,721 million yen, a decrease of 25.5%, and operating loss was 73 million yen.

Although this segment has focused on the sales of LED lighting since this year, other lighting equipment decreased both sales and income due to the shrinking of public construction and severe price competition.

## II. Outlook for Full Fiscal 2008

	JPY million			
	For year ended 31st March 2007	For year ending 31st March 2008	Change Amount	%
Net sales	21,062	<b>22,600</b>	1,538	7.3%
Operating income	1,924	<b>2,400</b>	476	24.7%
Net income	1,334	<b>1,560</b>	226	16.9%

Ceramic Components segment is expected to have a good demand due to high performance and further multi-functions of electronics and demand expansion in newly developing countries.

Circuit Ceramics division had invested in plant and equipment to adapt to high demand for Alumina substrates, and positive effect from production increase is expected. Aluminum Nitride substrates will also reorganize the production system, aiming for share growth in the market. Total sales of Circuit Ceramics in next fiscal year, therefore, are expected to increase 9.5% to 8,325 million yen compared to this fiscal year.

In Machinery Ceramics division, some products are coming to an end, decreasing sales continuously; however, solid demand is expected for quartz glass products. Total sales of Machinery Ceramics in next year is expected to increase 10.0% to 5,440 million yen from this year.

For Radio Frequency Products, it is expected that products for communication devices and multi-layer substrates for automobiles will contribute to revenue increase, forecast total sales increase of 29.1% to 2,110 million yen in next term.

For EMC Components, demand is expected to expand for digital home appliances and automotive electronics as growth is expected for our components including EMI filters and inductors. The forecast total sales of EMC Components in next year are 5,225 million yen, up 25.7% from this year.

In Lighting Equipment segment, it is expected that sales of non-LED lighting will significantly drop due to budget cuts for public works and price competition following this year. MARUWA aims to accelerate the shift of a business model to private sector by providing our management resources into the R&D and marketing of LED lighting. Totals sales forecast of this segment for the next fiscal term is 1,500 million yen, down 44.9% from this term.

According to the above, forecast net sales for next year are 22,600 million yen, up 7.3%, operating income 2,400 million yen, up 24.7%, and net income 1,560 million yen, up 16.9% from this year.

In addition, forecast net income includes the loss of 240 million yen on disposal of facilities.

\*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.

### III. Financial condition

	JPY million					
	As of 31st March 2005	As of 31st March 2006	As of 31st March 2007	Change		
				Amount	%	
Total assets	28,465	33,044	<b>33,872</b>	828	2.5%	
Total liabilities	4,137	6,487	<b>5,965</b>	(522)	-8.0%	
Total shareholders' equity	24,328	26,557	<b>27,907</b>	1,350	5.1%	
Shareholders' equity ratio	85.5%	80.4%	<b>82.4%</b>	2.0%		
	For year ended 31st March 2005	For year ended 31st March 2006	For year ended 31st March 2007	Change		
				Amount	%	
Net cash provided by operating activities	3,319	2,036	<b>1,422</b>	(614)	-30.2%	
Net cash used in investing activities	(2,062)	(1,234)	<b>(3,029)</b>	(1,795)	-145.5%	
Net cash used in financing activities	(583)	51	<b>(700)</b>	(751)	1472.5%	
Cash and cash equivalents at end of term	6,935	7,899	<b>5,939</b>	(1,960)	-24.8%	
Net sales	15,529	20,278	<b>21,062</b>	784	3.9%	
Capital investment	1,253	1,737	<b>2,350</b>	613	35.3%	
Depreciation	1,481	1,614	<b>1,740</b>	126	7.8%	

Total assets at the end of this fiscal year were 33,872 million yen, an increase of 828 million yen from the end of last fiscal year as a result of operating activities through this year. Inventories increased 690 million yen, and net property, plant and equipment increased 639 million yen due to an increase of machineries with capital expenditures compared to last year end, respectively.

Total liabilities decreased 522 million yen to 5,965 million yen from the last year end due mainly to a decrease of accrued pension and severance costs.

Shareholders' equity increased 1,350 million yen with an increase of retained earnings.

As a result, shareholders' equity ratio at the end of this year was 82.4%, up 2.0 points from the previous year end.

**Net cash provided from operating activities** was 1,422 million yen, down 614 million yen compared to the previous year due mainly to 557 million yen of increase in notes and accounts receivable.

**Net cash used in investing activities** totaled 3,029 million yen, up 1,795 million yen compared to the previous year, due especially to capital expenditures to prepare for an increase of Ceramic Components production and 2,285 million yen in payment for purchase of net property, plant and equipment.

**Net cash used in financing activities** was 700 million yen, increasing 751 million yen from the last year particularly because of 328 million yen of purchase of treasury stock and 263 million yen of dividends payment.

Consequently, cash and cash equivalents at the end of this year were 5,939 million yen, a decrease of 1,960 million yen from the previous year end since the sum of net cash used in investing and financing activities were larger than net cash provided in operating activities.

Trends of cash-flows indices are as follows;

	JPY million				
	For year ended 31st March 2003	For year ended 31st March 2004	For year ended 31st March 2005	For year ended 31st March 2006	<b>For year ended 31st March 2007</b>
Shareholders' equity ratio	87.4%	87.9%	85.5%	80.4%	<b>82.4%</b>
Shareholders' equity ratio at market value	37.1%	62.8%	80.3%	100.8%	<b>76.2%</b>
Interest-bearing debt ratio	41.3%	29.2%	14.5%	16.4%	<b>13.2%</b>
Interest coverage ratio	124.0	967.7	316.1	251.9	<b>374.2</b>

Note)

Shareholders' equity ratio : Shareholders' equity / Total assets

Shareholders' equity ratio at market value : Total market value of shares / Total assets

Interest-bearing debt ratio : Interest-bearing debts / Cash flows from operating activities

Interest coverage ratio : Cash flows from operating activities / Interest payment

\*Each index is calculated with the consolidated financial figures.

\*Total market value of shares is calculated by multiplying the share value as of the end of the fiscal year by the total number of issued shares after deduction of own shares at the end of the year.

\*For cash flows from operating activities, the figure in the consolidated cash flows statement is used. Interest-bearing debt includes all debts for which interests are paid among the liabilities booked in the consolidated balance sheet. For interest payment, the figure of interest expenses paid booked in the consolidated cash flows statement is used.

#### **IV. Profit allocation policy and dividend payment in next term**

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 in response to management environment changes.

We focus on profit returns to shareholders while we hold the internal reserves for strategic investment required for the continuous expansion of our core business.

Meanwhile, annual dividend per share for next term will be 24.0 yen (12.0 yen each for interim and year-end).

## Consolidated Balance Sheet

	JPY million		USD thousand	
	As of 31st March 2007	As of 31st March 2006	Change	As of 31st March 2007
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash & deposits	6,593	7,899	(1,306)	55,850
Notes and accounts receivable, trade	7,797	7,003	794	66,049
Inventories	3,559	2,869	690	30,150
Deferred income taxes	277	226	51	2,351
Other current assets	411	608	(197)	3,481
Allowance for doubtful accounts	(16)	(17)	1	(139)
Total current assets	18,621	18,588	33	157,742
<b>Fixed assets:</b>				
<b>(Property, plant &amp; equipment)</b>				
Land	3,434	3,412	22	29,093
Building & structures	4,146	3,969	177	35,123
Machinery & equipments	4,300	3,949	351	36,421
Construction in progress	192	152	40	1,624
Other	654	605	49	5,544
Net property, plant & equipment	12,726	12,087	639	107,805
<b>(Investment &amp; other assets)</b>				
Investment securities	612	784	(172)	5,188
Deferred income taxes	149	152	(3)	1,263
Property & equipment for investments	961	960	1	8,138
Other	807	478	329	6,828
Allowance for doubtful accounts	(4)	(5)	1	(36)
Total investments & other assets	2,525	2,369	156	21,381
Total fixed assets	15,251	14,456	795	129,186
Total assets	33,872	33,044	828	286,928

	JPY million		USD thousand	
	As of 31st March 2007	As of 31st March 2006	Change	As of 31st March 2007
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Notes & accounts payable, trade	2,289	2,590	(301)	19,388
Current portion of long-term debt	53	147	(94)	446
Accrued income taxes	256	210	46	2,171
Accrued bonus	351	334	17	2,976
Accrued bonus for directors	7	--	--	55
Equipment notes payable	635	532	103	5,383
Other current liabilities	1,292	1,168	124	10,949
Total current liabilities	<u>4,883</u>	<u>4,981</u>	(98)	<u>41,368</u>
<b>Long-term liabilities:</b>				
Long-term debt	135	187	(52)	1,142
Accrued pension & severance costs	--	300	--	--
Deferred tax liabilities	234	62	172	1,984
Consolidation goodwill	315	579	(264)	2,664
Other	398	378	20	3,374
Total long-term liabilities	<u>1,082</u>	<u>1,506</u>	(424)	<u>9,164</u>
Total liabilities	<u>5,965</u>	<u>6,487</u>	(522)	<u>50,532</u>
<b>Shareholders' equity:</b>				
Common stock, authorized: 26,000,000 shares; issued & outstanding: 11,072,000 shares	6,710	6,710	--	56,839
Additional paid-in capital	9,747	9,747	--	82,565
Retained earnings	11,521	10,522	999	97,598
Net unrealized gain (loss) on other securities	8	38	(30)	64
Foreign currency translation adjustment	458	(206)	664	3,881
Treasury stock, at cost	(537)	(254)	(283)	(4,551)
Total shareholders' equity	<u>27,907</u>	<u>26,557</u>	1,350	<u>236,396</u>
Total liabilities & shareholders' equity	<u>33,872</u>	<u>33,044</u>	828	<u>286,928</u>

## Consolidated Statements of Income

	JPY million		Change	USD thousand
	For year ended 31st March 2007	For year ended 31st March 2006		For year ended 31st March 2007
Net sales	21,062	20,278	784	178,419
Cost of sales	15,003	14,494	509	127,090
Gross profit	6,059	5,784	275	51,329
Selling, general & administrative expenses	4,135	4,091	44	35,032
Operating income	1,924	1,693	231	16,297
Other income (expenses):				
Interest & dividend income	46	35	11	390
Interest expenses	(5)	(8)	3	(41)
Foreign exchange gain (loss), net	(196)	(158)	(38)	(1,660)
Other, net	143	107	36	1,214
Other income, net	(12)	(24)	12	(97)
Income before income taxes	1,912	1,669	243	16,200
Income taxes:				
Current	448	299	149	3,795
Deferred	130	235	(105)	1,103
	578	534	44	4,898
Minority interest in loss	0	--	--	0
Net income	1,334	1,135	199	11,302

## Consolidated Statement of Cash Flows

	JPY million		USD thousand	
	For year ended 31st March 2007	For year ended 31st March 2006	Change	For year ended 31st March 2007
<b>Operating activities:</b>				
Income before income taxes	1,912	1,669	243	16,200
Adjustments for:				
Depreciation	1,740	1,614	126	14,737
Amortization of consolidation goodwill	(208)	(214)	6	(1,760)
Increase (decrease) in allowance for doubtful accounts	(2)	7	(9)	(15)
Increase(decrease) in accrued pension & severance costs	(477)	(878)	401	(4,043)
Loss (gain) on sales of investment securities	(14)	(146)	132	(120)
Loss on disposal of property, plant & equipment	108	140	(32)	917
Interest & dividends income	(52)	(39)	(13)	(437)
Foreign exchange (gain) loss	(12)	159	(171)	(103)
(Increase) decrease in notes & accounts receivable	(557)	(303)	(254)	(4,721)
(Increase) decrease in inventories	(550)	(23)	(527)	(4,656)
Increase (decrease) in accounts payable	(448)	(250)	(198)	(3,796)
Other	338	389	(51)	2,855
Sub total	1,778	2,125	(347)	15,058
Interest & dividend income received	52	38	14	437
Interest expenses paid	(4)	(8)	4	(32)
Income taxes paid	(404)	(119)	(285)	(3,420)
Net cash provided by operating activities	1,422	2,036	(614)	12,043
<b>Investment activities:</b>				
Increase in time deposits	(653)	--	--	(5,531)
Payments for purchase of property, plant & equipment	(2,285)	(1,452)	(833)	(19,357)
Proceeds from sales of property, plant & equipment	349	78	271	2,955
Payments for disposal of property, plant & equipment	--	(47)	--	--
Payments for purchase of investment securities	(246)	(309)	63	(2,081)
Proceeds from sales of investment securities	242	163	79	2,053
Payments for investments in subsidiaries	(96)	(23)	(73)	(817)
Proceeds from purchase of stocks of subsidiaries	--	358	--	--
Increase in loan receivable	(354)	--	--	(3,002)
Increase in intangible fixed assets	14	(29)	43	121
Other	0	27	(27)	(1)
Net cash used in investing activities	(3,029)	(1,234)	(1,795)	(25,660)

	JPY million		USD thousand	
	For year ended 31st March 2007	For year ended 31st March 2006	Change	For year ended 31st March 2007
<b>Financing activities:</b>				
Payments of long-term debt	(147)	(147)	--	(1,249)
Proceeds from issue of new shares	--	52	--	--
Cash dividends paid	(263)	(180)	(83)	(2,227)
Sales of treasury stock	38	349	(311)	321
Purchase of treasury stock	(328)	(23)	(305)	(2,771)
Net cash provided by (used in) financing activities	(700)	51	(751)	(5,926)
Effect of exchange rate changes on cash & cash equivalents	253	111	142	2,142
Net increase (decrease) in cash & cash equivalents	(2,054)	964	(3,018)	(17,401)
Cash and cash equivalents at beginning of year	7,899	6,935	964	66,911
Increase in cash and cash equivalents from new consolidation	94	--	--	800
Cash and cash equivalents at end of year	5,939	7,899	(1,960)	50,310

## Segment Information

### (1) Consolidated business segment information

	JPY million	
	For year ended 2007	For year ended 2006
<b>Ceramic Components:</b>		
Net sales	18,355	16,628
Operating expenses	15,779	14,394
Operating income	2,576	2,234
Total assets	34,597	31,861
<b>Lighting Equipment:</b>		
Net sales	2,721	3,650
Operating expenses	2,794	3,677
Operating income	(73)	(27)
Total assets	1,602	2,764
<b>Total:</b>		
Net sales	21,076	20,278
Operating expenses	18,573	18,071
Operating income	2,503	2,207
Total assets	36,199	34,625
<b>Elimination:</b>		
Net sales	(14)	-
Operating expenses	(565)	514
Operating income	(579)	(514)
Total assets	(2,327)	(1,581)
<b>Consolidated:</b>		
Net sales	21,062	20,278
Operating expenses	19,138	18,585
Operating income	1,924	1,693
Total assets	33,872	33,044

## (2) Consolidated geographic segment information

	JPY million		Change	USD thousand
	For year ended 31st March 2007	For year ended 31st March 2006		For year ended 31st March 2007
<b>JAPAN</b>				
Net sales:				
Unaffiliated customers	15,427	16,170	(743)	130,680
Intersegment	1,536	830	706	13,015
Total	16,963	17,000	(37)	143,695
Operating cost	15,391	15,354	37	130,376
Operating income (loss)	1,572	1,646	(74)	13,319
<b>ASIA</b>				
Net sales:				
Unaffiliated customers	4,162	3,528	634	35,253
Intersegment	1,266	1,349	(83)	10,725
Total	5,428	4,877	551	45,978
Operating cost	4,474	4,206	268	37,894
Operating income (loss)	954	671	283	8,084
<b>EUROPE and AMERICA</b>				
Net sales:				
Unaffiliated customers	1,474	579	895	12,487
Intersegment	167	2	165	1,415
Total	1,641	581	1,060	13,902
Operating cost	1,571	617	954	13,310
Operating income (loss)	70	(36)	106	592
<b>TOTAL</b>				
Net sales:				
Unaffiliated customers	21,062	20,278	784	178,419
Intersegment	2,969	2,181	788	25,155
Total	24,031	22,459	1,572	203,574
Operating cost	21,436	20,177	1,259	181,580
Operating income (loss)	2,595	2,282	313	21,994
<b>ELIMINATION</b>				
Net sales:				
Total	(2,969)	(2,181)	(788)	25,155
Operating cost	(2,298)	1,592	(3,890)	19,458
Operating income (loss)	(671)	(589)	(82)	5,697
<b>CONSOLIDATED</b>				
Net sales:				
Total	21,062	20,278	784	178,419
Operating cost	19,138	18,585	553	162,122
Operating income (loss)	1,924	1,693	231	16,297

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

	JPY million		USD thousand	
	For year ended 31st March 2007	For year ended 31st March 2006	Change	For year ended 31st March 2007
<b>Overseas sales:</b>				
Asia	<b>6,434</b>	6,376	58	54,506
Europe	<b>933</b>	375	558	7,900
Others	<b>629</b>	495	134	5,330
Total	<b>7,996</b>	7,246	750	67,736
Consolidated net sales	<b>21,062</b>	20,278	784	178,419
<b>% of consolidated net sales:</b>				
Asia	<b>30.5%</b>	31.4%		
Europe	<b>4.4%</b>	1.8%		
Others	<b>3.1%</b>	2.4%		
Total	<b>38.0%</b>	35.7%		

\*Countries are divided in geographical vicinity.

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

Asia - Malaysia, Taiwan, Korea, Hong Kong

Europe - Germany, England

Others - United States

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